



Italy and the EU: The logic of confrontation

by Luigi Scazzieri

Four months after being sworn in, Italy's League-Five Star coalition government has set a more confrontational tone in its relations with the European Union. Although Rome has not immediately begun a spending splurge or vetoed EU sanctions on Russia as some feared, it has picked fights with the bloc on migration, on the EU budget and on Italy's finances.

Matteo Salvini, leader of the League, has largely driven the agenda. As interior minister, he has taken ownership of immigration, Italy's most highly charged political issue. He has claimed credit for a reduction in the number of migrants arriving in Italy, even though this was achieved by the previous government. And by blocking ships arriving in Italy from disembarking migrants, he showed that he can force the EU to make concessions; on several occasions after Italy refused to let ships disembark on its soil, some member-states agreed to distribute migrants among themselves. Along with a strict line on law and order, this has propelled the League from 17 per cent in the general election to over 30 per cent in recent polls. By contrast, Five Star has been left to compete on less headline-grabbing issues, such as tackling corruption, reducing the cost of politics and introducing a universal basic income. Its efforts have been less successful, and it has haemorrhaged votes.

In financial terms, Rome seems to be backing away from major confrontation with the EU. The draft 2019 budget, released at the end of September sets Italy's deficit at 2.4 per cent of GDP. This violates eurozone rules and will create

conflict with the EU, which wants Italy to cut spending and reduce its debt. But in reality, the draft budget represents a massive retreat from the coalition manifesto promises, which implied a deficit of around 7 per cent. The weakness of Italy's financial position forced Rome to compromise. The League's promise to lower taxes will be implemented partially and gradually, while increased social spending sought by the Five Star will largely be deferred. Additionally, the draft is an opening shot and the final budget could be lower than 2.4 per cent. As long as both the Five Star and the League can claim victory, the optics of a confrontation with the EU will matter more than the substance of the budget.

Although Italy's coalition government is likely to back down and implement a more conservative budget than many feared, the EU should expect more confrontation on other issues. Criticising 'Brussels' is a vote winner for the League and the Five Star. Above all, Italy is likely to clash with the EU on migration. Despite the lower number of arrivals, Salvini will try to keep the migration in the headlines, to highlight the EU's alleged lack of solidarity. Rome wants other member-states to take in a share of the people landing in

Italy. Other member-states agreed at the June European Council to help by setting up migrant processing centres within the EU and in third countries, but there has been no progress.

Italy's foreign policy could also become increasingly erratic and assertive. Rome is likely to align itself increasingly with Donald Trump's criticisms of Germany, France and the European Commission. Italy could draw closer to Russia, for instance by striking high profile business deals and signalling a willingness to ease sanctions. Italy is also likely to clash with France, which has openly criticised Rome's migration policy. Italy blames France for reducing Italy's clout in Libya and destabilising the country through an ill-advised push for early elections in pursuit of influence and business opportunities.

Finally, Italy's coalition government will continue to be torn in dealing with Hungary. Angered by Prime Minister Viktor Orbán's refusal to take in migrants from Italy, the Five Star has called for cuts in EU structural funds for Hungary and its MEPs also voted in favour of triggering the Article 7 disciplinary procedure against the country. But Salvini has pledged to work with Orbán to oppose the EU's 'open-door' migration policy, a straw man given the bloc's increasing efforts to reduce the number of people attempting to reach Europe and deport those whose asylum applications have been rejected.

The rivalry between the Five Star and the League, and the popularity of EU-bashing, will continue to shape Italian politics and generate confrontation with Brussels. While the coalition is unstable, neither a change of government nor new elections is likely until the 2019 European Parliament elections. However, in the coming years, it is possible that Italy will have a League-led government. This could result in even greater friction with the EU on migration, foreign policy and economic policy.

How relations between Italy and the EU develop depends in part on the EU's actions. Italians are increasingly disillusioned with the EU, believing it did not show solidarity with Italy during the eurozone and migration crises. There appears to be little chance of eurozone reform, meaning that Italian economic grievances are likely to fester. However, with the migration crisis under control it would be relatively inexpensive for willing member states to set up a mechanism to share asylum-seekers between them. The League and Five Star would claim victory, but ultimately such a visible sign of European solidarity would weaken their anti-EU rhetoric.

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CER in the press

BBC News

11th September 2018
 "The only countries that have managed to remove the need for health checks on food being exported to the EU," says Sam Lowe, a senior research fellow at the CER, "are the European Economic Area members and Switzerland. They have not only implemented EU rules in this area domestically, they also apply EU checks on all imports of animal origin entering from the rest of the world."

The Financial Times

7th September 2018
 Camino Mortera-Martinez of the CER says Britain will definitely have to leave the European Arrest Warrant after Brexit. "Many EU states have a constitutional ban on extraditing their own

nationals outside the EU. So to accommodate the British, they would have to change their constitutions and, in some cases, hold a referendum. That isn't going to happen."

The National

31st August 2018
 Ian Bond, director of foreign policy at the CER, equated the idea of border changes to "sticking a hand into a hornet's nest". "The question is whether you can contain territory swaps between Serbia and Kosovo and say this doesn't set a precedent for anyone else," Mr Bond told The National.

The Telegraph

17th August 2018
 "The EU-27 believe that the costs of conceding to the UK and giving it a sweetheart

deal would be of greater danger to the single market and to the European project than the gap in the EU budget itself," said Agata Gostyńska-Jakubowska from the CER.

The Guardian

16th August 2018
 Luigi Scazzieri of the CER, said Salvini's remarks were clearly "trying to deflect all kinds of responsibility", but may strike a chord with Italian voters weary of austerity.

The Economist

2nd August 2018
 Brexiteers may call this Project Fear 2.0, but the evidence is against them. Market confidence would suffer. John Springford, deputy director of the CER, says a no-deal Brexit would

trigger both a recession and a run on the pound. No deal is not a serious option, even if today's febrile politics pretends it is.

The Times

1st August 2018
 Charles Grant, director of the CER, said: "The French have been the toughest on Brexit on a range of issues, including financial services and Galileo (the satellite-navigation system being created by the EU). They are doing this both to grab business and because they genuinely fear how well the Eurosceptic movement will do in the European elections next May, when the National Front could conceivably win more votes [than Macron]. So I think France needs to demonstrate that Brexit doesn't pay."