

## Timing Is Everything: Italy Withdraws from the Belt and Road Initiative

by Aurelio Insisa

After months of rumours and speculations, on 6 December 2023, the Italian newspaper of record, the *Corriere della Sera*, broke the news that Rome had finally withdrawn from China's Belt and Road Initiative (BRI), via a note sent to Beijing three days earlier.<sup>1</sup> In the absence of an explicit request to withdraw before the end of December, the memorandum of understanding (MoU) instrumental to Italy's participation in the BRI would have automatically been renewed for another five years starting from March 2024.

Italy's subdued withdrawal from the BRI marked the epilogue of a long, laborious, yet ultimately successful diplomatic process that reflected a reassessment of its bilateral relations with China. The origins of this reassessment can be traced back to the government led by Mario Draghi

between 2021 and 2022. In June 2021, during the first post-pandemic, post-Trump G7 Leaders' Summit in Carbis Bay, Draghi stated that his government would "examine [...] carefully" the MoU.<sup>2</sup> Draghi's words reflected a deeper awareness of the broader implications of Beijing's assertiveness in international politics and a close alignment with the Biden administration in Rome. This shift also reflected the absence of tangible economic benefits from BRI membership for Italy, although this was also due to the devastating effect of the Covid-19 pandemic on the designed trajectory of Sino-Italian economic relations.<sup>3</sup> Furthermore, the security-driven decision of the Draghi

<sup>1</sup> Marco Galluzzo, "L'Italia è uscita dalla Via della Seta: la nota d'addio consegnata a Pechino", in *Corriere della Sera*, 3 December 2023, [https://www.corriere.it/politica/23\\_dicembre\\_06/italia-uscita-via-seta-caed5644-9423-11ee-bf17-27011c9bfd8d.shtml](https://www.corriere.it/politica/23_dicembre_06/italia-uscita-via-seta-caed5644-9423-11ee-bf17-27011c9bfd8d.shtml).

<sup>2</sup> Italian Government, *G7 Summit: PM Draghi's Press Conference*, 13 June 2021, <https://www.sitiarcheologici.palazzochigi.it/www.governo.it/ottobre2022/www.governo.it/en/node/17346.html>; Stefano Polli, "Al G7 Biden detta la linea della sfida occidentale alla Cina", in *AffarInternazionali*, 14 June 2021, <https://www.affarinternazionali.it/archivio-affarinternazionali/?p=88523>.

<sup>3</sup> For instance, 2020 was supposed to be the Italy-China Year of Culture and Tourism, kickstarting a new wave of Chinese tourism in the country.

government to repeatedly exercise its “golden power” to veto Beijing’s investments in Italy’s strategic sectors contributed to shaping the MoU’s outcome.<sup>4</sup>

This course correction in Rome’s China policy survived the fall of the Draghi government in July 2022 and the victory of the centre-right coalition led by Giorgia Meloni and her Fratelli d’Italia (Brothers of Italy, FdI) party in the legislative elections of September that year. After all, Meloni and her party had consistently opposed the MoU with China from the very beginning, a decision arguably also linked to the perceived need to bolster the party’s credentials as a reliable partner in the eyes of Washington – as in the case of the clear support for Ukraine well before the September electoral victory.

### *Finding the right moment*

Meloni and her government began publicly discussing the possibility of an Italian withdrawal from the BRI only in the spring of 2023.<sup>5</sup> Archival research in the years to come may provide an exhaustive explanation of the “when”

<sup>4</sup> Giuseppe Fonte and Ella Cao, “Italy’s PM Draghi Vetoes Technology Transfer to China”, in *Reuters*, 7 June 2022, <http://reut.rs/3zovesV>; Michelangelo Cocco, “Quinto ‘golden power’ di Draghi contro Pechino: i brevetti di Robox non andranno in Cina”, in *Domani*, 9 June 2022, <https://www.editorialedomani.it/politica/mondo/tecnologia-mario-draghi-brevetticina-golden-power-shanghai-newsletter-weilai-sfjjuzik>.

<sup>5</sup> Carlo Marroni, “Italia-Cina, l’incognita della ‘Via della Seta’: il dossier scottante sul tavolo di Giorgia Meloni”, in *Il Sole 24 Ore*, 19 May 2023, <https://www.ilsole24ore.com/art/italia-cina-incognita-via-seta-dossier-scottante-tavolo-giorgia-meloni-AESm9TVD>.

and “how” of Italy’s withdrawal. Nonetheless, it is possible to advance a few informed guesses at this stage. First, the protracted timeframe of the withdrawal likely reflected Italian diplomacy’s efforts to defuse any potential blowback from China. Close to the December deadline, behind-the-scenes diplomacy was thus coupled with high-profile contacts between the two sides. In September, Foreign Minister Antonio Tajani’s visited China, while Meloni met with Chinese Prime Minister Li Qiang at the annual G20 Summit in India.<sup>6</sup> The possibility of a Chinese blowback against Italy was not remote, given the damage that Rome’s decision inflicted on the international image of the BRI, and Beijing’s own penchant for implicit economic coercion.<sup>7</sup>

A second potential reason for the delay may have been the necessity to handle domestic opposition to the withdrawal. As late as October, an unnamed high-level figure within FdI lamented on the *Corriere della Sera* the “strong pressure” exerted on the Meloni government by “certain industrial sectors”, as well as by “cultural environments”, “universities”, and “foundations” to remain in the BRI. The FdI politician claimed that pressure from these environments be evidence of Beijing’s capacity to effectively “penetrate” the fabric of Italian society,<sup>8</sup>

<sup>6</sup> Federico Maccioni, “Italian PM Meloni, China’s Li Qiang Discuss Closer Ties at G20 Summit”, in *Reuters*, 9 September 2023, <http://reut.rs/45OR32f>.

<sup>7</sup> Charles Miller, “Explaining China’s Strategy of Implicit Economic Coercion: Best Left Unsaid?”, in *Australian Journal of International Affairs*, Vol. 76, No. 5 (2022), p. 507-521, DOI 10.1080/10357718.2022.2061418.

<sup>8</sup> Francesco Verderami, “Via della Seta, l’Italia

even though the entity of the pushback and above all a causal link with a possible influence operation from Beijing are difficult to assess. Another probable reason for the delayed withdrawal could have been the scheduling of the Third Belt and Road Forum in October, and Rome's desire to avoid any potential source of embarrassment for Beijing in the period leading up to the event.

Ultimately, the efforts of Italian diplomacy appear to have paid off, with no visible repercussions for Rome. As Dalia Parete noted, Chinese state and state-adjacent media, along with the country's tightly managed social media, have simply ignored news of the Italian withdrawal – a stark contrast with the wave of criticism against Rome that emerged on the same media in the summer.<sup>9</sup> In fact, just days before news of the withdrawal became public, Italy was even included among a small number of EU countries now granted a 15-day visa-free entry to China.<sup>10</sup>

### *The rise and fall of the MoU*

To fully understand the relevance and implications of Italy's withdrawal from

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dirà addio. La spinta Usa per uscire, ma la crisi internazionale allunga i tempi", in *Corriere della Sera*, 27 October 2023, [https://www.corriere.it/politica/23\\_ottobre\\_27/via-seta-l-italia-dira-addio-spinta-usa-uscire-ma-crisi-internazionale-allunga-tempi-1eb06afa-74fd-11ee-aa09-fdc5b793a6b9.shtml](https://www.corriere.it/politica/23_ottobre_27/via-seta-l-italia-dira-addio-spinta-usa-uscire-ma-crisi-internazionale-allunga-tempi-1eb06afa-74fd-11ee-aa09-fdc5b793a6b9.shtml).

<sup>9</sup> Dalia Parete, "As Italy Exits BRI, Radio Silence", in *China Media Project*, 13 December 2023, <https://chinamediaproject.org/?p=57824>.

<sup>10</sup> Ethan Wang and Joe Cash, "China Offers Visa-Free Entry for Citizens of France, Germany, Italy", in *Reuters*, 24 November 2023, <https://www.reuters.com/world/china-offers-visa-free-entry-citizens-france-germany-italy-2023-11-24>.

the BRI, one should look back to how the decision to join was taken in the first place in 2019. Drawing from extensive interviews and detailed process-tracing analysis, Giulio Pugliese, Francesca Ghiretti and I argued that this was not simply a disruptive move imposed by the then-populist "yellow-green" coalition government between the Five Star Movement and the League, led by Giuseppe Conte.<sup>11</sup> The decision to join was coherent with the previous, under-the-radar deepening of bilateral relations pursued with China under the centre-left Renzi and Gentiloni governments between 2014 and 2018. Furthermore, BRI membership was pursued within the framework of the 2015 EU-China Connectivity Platform; it featured – unlike other EU member states – a public MoU; and it was ultimately aimed at bringing Chinese foreign direct investments (FDIs) to Italy at levels comparable to those of the other major Western European countries.

However, the yellow-green government's tendency to conceive foreign policy in terms of political marketing profoundly damaged domestic and international perceptions of the MoU. Engaged in a confrontation with the EU and its key member states on budgetary matters and migration policies, the Italian government made use of the "BRI brand to repackage the engagement with China pursued by its predecessors with the aim of signalling

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<sup>11</sup> Giulio Pugliese, Francesca Ghiretti and Aurelio Insisa, "Italy's Embrace of the Belt and Road Initiative: Populist Foreign Policy and Political Marketing", in *International Affairs*, Vol. 98, No. 3 (May 2022), p. 1033-1051, <https://doi.org/10.1093/ia/iia039>.

Italy's supposedly new-found freedom of action".<sup>12</sup> The yellow-green government was willing to leverage Italy's status as the first G7 member state joining the BRI vis-à-vis a Chinese government intensively concerned with its international image. Crucially, however, Rome failed to perceive the shifting ground both in Washington and Brussels by the time the MoU was signed. The China policy of the Trump administration had become more confrontational, while engagement with Beijing in Europe had become more circumspect.<sup>13</sup> This shift, in turn, exposed Rome to diplomatic isolation and intense criticism.

### *The weight of Chinese and international politics*

The same wider undercurrents of international politics that damaged Italy's standing following the MoU signature also eased the country's efforts in negotiating its exit from the BRI. China finds itself in a much more complex position in 2023 than at the end of the 2010s. Domestically, Beijing has been affected by weak economic growth after the country's post-pandemic "re-opening", with long-standing structural issues never fully addressed in the past – such as the bubble in the real estate market and the indebtedness of local governments, as well as the impact of a steep demographic decline – now in full sight. The regime has also experienced severe political instability given the

purges of former Foreign Minister Qin Gang, former Minister of National Defence Li Shangfu, and the upper echelons of the People's Liberation Army Rocket Force.<sup>14</sup>

In the international arena, China has faced the strengthening of transatlantic relations under the Biden presidency after the Trump shock – an alignment to which Beijing arguably contributed with its pro-Russian neutrality in the Russia-Ukraine war.<sup>15</sup> Moreover, in recent months, relations with the EU and its member states have been further complicated by an emerging row on Chinese electric vehicle exports to the EU, and the Commission launching an anti-subsidy investigation targeting Beijing.<sup>16</sup> Simply put, the Xi administration has been busy halting the freefall in bilateral relations with the US after the crisis that followed then-US House Speaker Nancy Pelosi visit to Taiwan in 2022, while at *same time* attempting to resort to well-honed wedge strategies targeting Washington's allies and the EU-US relationship.<sup>17</sup>

<sup>12</sup> Ibid., p. 1036.

<sup>13</sup> Thomas Wright, "Europe Change Its Mind on China", in *Brookings Reports*, July 2020, <https://www.brookings.edu/?p=905229>.

<sup>14</sup> Katsuji Nakazawa, "Inside Xi Jinping's Great Military Purge", in *Nikkei Asia*, 5 October 2023, <https://asia.nikkei.com/Editor-s-Picks/China-up-close/Analysis-Inside-Xi-Jinping-s-great-military-purge>.

<sup>15</sup> Nien-Chung Chang-Liao, "The Limits of Strategic Partnerships: Implications for China's Role in the Russia-Ukraine War", in *Contemporary Security Policy*, Vol. 44, No. 2 (2023), p. 226-247, DOI 10.1080/13523260.2023.2174702.

<sup>16</sup> European Commission, *Commission Launches Investigation on Subsidised Electric Cars from China*, 4 October 2023, [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_23\\_4752](https://ec.europa.eu/commission/presscorner/detail/en/ip_23_4752).

<sup>17</sup> Timothy W. Crawford, *The Power to Divide. Wedge Strategies in Great Power Competition*, Ithaca, Cornell University Press, 2021.

The scenario outlined above may explain why Italy appears to have avoided repercussions for leaving the BRI. While the ebbs and flows of the triangular US-EU-China relations severely penalised Italy at the time of its BRI accession, these very same dynamics facilitated Italy's withdrawal from the Chinese flagship initiative. Against this backdrop, it remains doubtful that Rome will be able to effectively relaunch its bilateral relations with Beijing through the previous "strategic partnership" framework – as the Italian government claims. Beijing's diplomatic course correction in relations with the EU in 2023 has certainly improved the "atmospherics" of the relationship. However, broader geo-economic trends will continue to pose powerful constraints. The downward trajectory of Chinese FDI in the EU, coupled with the emergence of firmer screening mechanisms on said FDI in Europe, and a looming confrontation over the future of the automotive industry between Beijing and Brussels, could stifle any attempt to achieve that qualitative shift in Sino-Italian relations that the BRI failed to bring about.

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