



Italy Withdraws from China's BRI

For Prelims: Italy Withdraws from China's BRI, [Belt and Road Initiative](#), [G7 Nation](#), [Russia-Ukraine Conflict](#), [FDI \(Foreign Direct Investment\)](#), [International Solar Alliance \(ISA\)](#).

For Mains: Italy Withdraws from China's BRI, Bilateral, regional and global groupings and agreements involving India and/or affecting India's interests

Source: [IE](#)

Why in News?

Italy has withdrawn from [China's Belt and Road Initiative](#), more than four years after becoming the **only G7 nation to sign up**.

- Italy's potential withdrawal from China's BRI stems from a combination of **economic, geopolitical, and strategic factors** that have led the country to reassess its participation.



What are the Reasons for Italy's Withdrawal From BRI?

- **Economic Imbalance:**

- Italy had joined the BRI in 2019 at a time it was desperate for investment and infrastructure building, having survived **three recessions in 10 years**.
- However, the anticipated economic benefits haven't materialized as in these four years later, the agreement hasn't done much for Italy.
 - According to figures from the Council on Foreign Relations, Chinese **FDI (Foreign Direct Investment)** in Italy dropped from USD 650 million in 2019 to just USD 33 million in 2021.
 - In terms of trade, since joining BRI, Italy's exports to China increased from 14.5 billion euros to a mere 18.5 billion euros, while Chinese exports to Italy expanded from 33.5 billion euros to 50.9 billion euros.
- **Geopolitical Realignment:**
 - Italy's reconsideration is part of a broader trend **among European nations to reassess their relationships with China**.
 - Concerns over China's increasing influence, geopolitical alignments, and strategic implications, particularly amid **global events like the Russia-Ukraine conflict**, have prompted Italy to reevaluate its stance toward the BRI.
 - In April, **the EU-China Comprehensive Agreement on Investment (CAI)** collapsed. Last year, **Estonia and Latvia quit the 17+1**, China's diplomatic push in Central and Eastern European countries. **Lithuania had walked out in 2021**.
- **Alignment with Western Allies:**
 - Italy's inclination to align itself more closely with its Western allies, especially in the G7, might influence its decision regarding the BRI.
 - With the G7 presidency upcoming, **Italy might see leaving the BRI as a gesture of solidarity with Western allies**.
- **Negative Press and Debt Concerns:**
 - The BRI has faced criticism globally for **potential debt traps and lack of transparency in financial dealings**.
 - Reports of other countries facing substantial debt burdens due to their participation in the **BRI might be contributing to Italy's Withdrawal**.

How Have India-Italy Relations Been?

- **Historical and Cultural Links:**
 - India and Italy share **ancient ties that date back thousands of years**, with historical connections through trade routes and cultural exchanges.
 - Personalities like Rabindranath Tagore and Mahatma Gandhi have had **notable interactions with Italy**, contributing to the historical tapestry of bilateral relations.
- **Setbacks in Bilateral Relations:**
 - **Italian Marines Case:** In 2012, the case involving two Italian marines accused of killing Indian fishermen off the Kerala coast strained relations. The issue escalated politically and legally, impacting diplomatic ties between the countries. The case was eventually resolved after compensation was paid by Italy to India, closing in 2021.
 - **AgustaWestland Allegations:** Corruption allegations regarding the AgustaWestland deal further strained relations. Investigations into unethical dealings and corruption in a major defence deal led to legal battles in both Italy and India.
 - Despite the cancellation of the contract and legal proceedings, the Italian courts dismissed all charges due to insufficient evidence.
- **Efforts Towards Repair:**
 - **Diplomatic Engagement:** Efforts to mend ties began around 2018. Official visits, cultural exchanges, and high-level engagements between officials from both countries aimed to rebuild relations.
 - **Strategic Partnerships:** Indian Prime Minister's visit to Italy for the **G20 summit in 2021** and subsequent engagements with Italian leadership marked significant milestones. Bilateral agreements and strategic partnerships **were established, focusing on various sectors like defense, trade, and technology**.
 - **Economic Cooperation:** Bilateral trade has witnessed significant growth, with **Italy emerging as a key trading partner for India** within the EU. The emphasis on economic cooperation, including collaborations in defense and technology, has strengthened ties.
 - **Rethinking Engagement with China:** Both India and Italy have reevaluated their

engagements with China, especially concerning initiatives like the Belt and Road Initiative (BRI). Italy's rethinking on the BRI, driven by economic imbalances and unmet expectations, aligns with India's opposition to the BRI due to territorial concerns.

▪ **Cooperation in Other Areas:**

- **Science, Technology and Research Collaboration:** In 2021 both countries established Thematic Working Groups as a method of work between the Italian Space Agency (ASI) and the [Indian Space Research Organisation \(ISRO\)](#) as well as the creation of the first joint **ASI-ISRO working group in heliophysics**.
 - **Heliophysics is the study of the effects of the Sun on the Solar System.**
- **Cooperation for Counter-Terrorism and Security:** Both sides pledged to strengthen cooperation in the fight against [terrorism](#) and transnational crime both at a bilateral level and in multilateral fora.
 - Both nations also agreed to hold the next meeting of the **'India-Italy Joint Working Group on Counter-Terrorism'** to further advance cooperation, exchange of expertise and capacity building.
- **Regional Cooperation and Connectivity:** India and Italy have acknowledged the potential of new international organisations such as the [Coalition on Disaster Resilient Infrastructures \(CDRI\)](#) and the [International Solar Alliance \(ISA\)](#).
 - India welcomed Italy joining ISA after the universalisation of ISA.

Way Forward

- With Italy stepping away from the BRI, there's potential for increased economic collaboration between India and Italy. Both countries can explore avenues for trade, investment, and joint ventures in sectors like technology, manufacturing, renewable energy, pharmaceuticals, and infrastructure development.
- India and Italy can elevate their strategic partnership across various domains, including defense, cybersecurity, counterterrorism, and maritime security. Collaborative efforts in defense production, joint military exercises, and information sharing can bolster security ties.

UPSC Civil Services Examination, Previous Year Questions (PYQs)

Prelims

Q. 'Belt and Road Initiative' is sometimes mentioned in the news in the context of the affairs of (2016)

- (a) African Union
- (b) Brazil
- (c) European Union
- (d) China

Ans: (d)