Franco-Italian summit makes strategic deals, calls for bailout of Greece

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The April 9 Franco-Italian summit in Paris, between Italian Prime Minister Silvio Berlusconi and French President Nicolas Sarkozy, allowed the two heads of state to sign a series of industrial and military deals, and state joint positions on the rising political crisis in Europe. The two principals pressed for a financial bailout of Greece and warned against moves to develop a German-Russian axis.

The summit sealed a large-scale agreement on nuclear energy. French nuclear energy firm Areva signed agreements with Italy's Ansaldo Nucleare (part of the Finmeccanica group) on nuclear engineering and building reactor parts on French designs. Areva and the French government also agreed to train Italian nuclear technicians. The public utilities Electricité de France (EDF) and ENEL created a joint venture to build four nuclear plants, starting in 2013.

Italy has not used nuclear energy since 1986, after the Chernobyl nuclear disaster in the USSR. The Italian daily *La Repubblica* noted that Berlusconi "has acknowledged the need to convince the public about the safety of future power plants."

Italy's imports account for 80 percent of its energy use, including a substantial amount of electricity from France's 58 nuclear power plants, and Berlusconi hopes to improve competitiveness by producing cheaper energy at home. He claimed the agreements would allow Italy to "save several years" of research on technological expertise in nuclear design. Rome aims to produce 25 percent of its nuclear energy usage by 2030, and to reduce its dependency on oil and gas imported from Russia or the Middle East.

For Paris, it was an occasion to market France's nuclear energy industry, after losing a $20 billion contract in the United Arab Emirates to South Korea's public electricity firm, Kepco.

French auto firm Renault also signed a deal with ENEL on building supply points for electric cars. ENEL had signed a deal in 2008 with the German company Daimler, which is currently working on plans for a strategic alliance with Renault-Nissan, to install 400 charging stations for electric cars in Rome, Milan, and Pisa. Renault plans to market electric cars in Europe starting at the end of the year.

France's national rail company SNCF also agreed to open up its rail network to competition from the Italian state railways, Ferrovie dello Stato. SNCF had provoked concern in Italy by acquiring a stake in the private Italian rail operator, NTV, which was also purchasing its rolling stock from French engineering firm Alstom.

The summit also allowed France and Italy to press for a bailout of debt-stricken Greece, which has until now been strongly opposed by Germany. It came amid rising concerns over a potential Greek state bankruptcy, as the interest rate charged for Greek state debt surged last week to 7.5 percent, more than twice the rate paid by Germany.

On April 8, share prices for several French banks—heavily exposed to Greek debt, and operating their own branches in Greece—fell on the Paris stock market. Banque de France governor Christian Noyer claimed French authorities were "not particularly worried," but that since French banks' exposure to Greek public debt was roughly €50 billion, they were "closely" monitoring the situation.

At the press conference after the summit, Sarkozy and Berlusconi both called for a bailout of Greece, in line with plans agreed to at the March 25-26 EU summit in Brussels. Berlusconi said, "We are in perfect agreement that Greece belongs to the eurozone, and we must give it our support, or else there will be very negative consequences on our currency."

Sarkozy said, "A bailout plan has been approved by all the

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states of the eurozone. We are ready to activate it immediately to support Greece." He insisted that "it will fall to European authorities to decide on the appropriate moment." He added, "Each time Europe has faced a crisis—the financial crisis, the Hungarian crisis, the Latvian crisis—each time Europe has been able to react in time. No one should doubt that the same will be true for Greece."

Sarkozy's comments came as several top European officials pressed for a Greek bailout. At an April 8 press conference, European Central Bank President Jean-Claude Trichet said, "A payment default by Greece is out of the question." In a joint April 9 interview with leading European newspapers—*Frankfurter Allgemeine Zeitung*, *De Standaard*, *El Pais*, and *Le Monde*—European Council President Herman van Rompuy called for a bailout and insisted he did not "need to ask permission from anyone for what I do."

Interviewed on April 8 by *Le Figaro*, Italian Foreign Minister Franco Frattini laid out the views of his government on the summit's agenda. Asked if Greece would be on the agenda at the meeting, Frattini replied: "We must proclaim that our support [for Greece] will be total, not only on the political but on the economic level. If we abandoned Greece to its fate, the markets might deduce from it that other countries would be in turn. That would threaten the eurozone."

Though Frattini did not say it, Italy itself faces concerns over its debt. It is one of the countries with the highest debt levels in the eurozone, at 116 percent of GDP. It has found it hard to compete with German imports while the two countries share a common currency. In 2005, after the failure of the EU constitution referendum, Italian Welfare Minister Roberto Maroni called for Italy to abandon the euro and return to the lira.

Frattini and *Le Figaro* alluded to the rising strategic tensions in Europe, especially over the handling of the 2008 Georgian war—where the US-backed Georgian government of President Mikhail Saakashvili attacked Russian troops stationed in South Ossetia—and fears that Germany might develop a closer alliance with Russia.

Asked if he agreed with analysts who "consider that Germany is turning away from Paris," Frattini replied: "Frankly, no. It would not be in its interest to do so. On the contrary, Germany, like Italy and France, must do everything it can to bring Russia closer to Europe. This was how things turned out in crises like that in Georgia, when Silvio Berlusconi and Nicolas Sarkozy worked together very closely. Thus, France and Italy both agree on the need to maintain the NATO-Russia council which has given very good results."

At the summit, Italy and France announced plans to increase their military cooperation, creating a joint alpine brigade. The Elysée presidential palace described it as an "integrated military staff" capable of "planning and executing operations in mountainous areas...and notably in Afghanistan." Press reports suggested it would be based on the model of the 5,000-strong Franco-German brigade.

Italy and France already cooperate on the development of a next-generation surface warship, the so-called FREMM (Multi-Mission European Frigate), which is scheduled for launching in 2012. They also signed an agreement to develop a tanker for refueling naval vessels.

Plans to help reinforce Franco-Italian participation in the occupation of Afghanistan would deepen their collaboration with US and British imperialism, despite the NATO occupation's profound unpopularity, both in Afghanistan and the NATO countries themselves. The Dutch government fell in February over its secret negotiations to keep its troops in Afghanistan past a departure deadline at the end of 2010.

A Green Book published by the British Ministry of Defence on April 7 called for closer military cooperation between the UK and other European Union countries. It noted, "France's return to the integrated military structures of NATO [in 2009] allows increased opportunities for military cooperation with a key partner in a range of defence activities."

Bastian Giegerich, a European defence analyst at London's International Institute for Strategic Studies, told *Le Figaro*: "The UK and France are the two countries that invest the most in defence as a percentage of gross domestic product, and the only ones to have a strategic intervention capacity worldwide. These two countries are the best placed to benefit from better military cooperation in Europe and the elaboration of joint armament programmes."

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