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Italy: A case study of the Silk Road Project in Europe

A year after the signing of the 2019 Memorandum of Understanding: Has it brought about change or does it remain largely symbolic?

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In Partnership with

School of Security Studies

Foreword

Since its announcement in 2013 at the New Silk Road, what evolved into the Belt and Road Initiative (BRI) over the next two years has become the key framework for Chinese foreign policy under President Xi Jinping. This has been characterised as a confident, assertive era for the People's Republic of China as it continues to grow economically and geopolitically. At the heart of this lies the BRI. In Chinese domestic language, and in the ways in which the country speaks to and of the outside world, this concept has become almost ever present. There is one issue with it, however, and that is that very few seem to have a clear and precise idea of what in practice the BRI actually is.

This paper, the first of a new series issued by the Lau China Institute at King's College, London in partnership with the School of Security Studies, seeks to unpack this question by looking at a very specific case – that of Italy. Italy merits examination because it alone signed a Memorandum of Understanding (MoU) with China during a state visit by Xi to the country in March 2019. For other members of the European Union (EU) and for the US, this proved a contentious move. The Chinese government had been keen to secure the validation and backing of a major Western economy. During Theresa May's visit to the country in early 2017, effort had gone into getting the UK to sign up. The failure then only whetted the appetite of Chinese officials even more. Getting Italy to become a formal partner for the BRI was regarded as a significant diplomatic coup, both by the Chinese state and outside observers.

What the MoU actually entails, the reasons why it was signed, and why the Italian government at the time thought that this was a move worth making (it irritated the administration of President Trump during a difficult period in Sino-American relations) is something that Alice Politi's paper is able to examine in detail. As a native Italian she is able to use not just English, but also Italian language sources to try to work out what the calculations of the government in Rome were when they made the decision to sign the agreement. But more importantly, she is able to describe in detail what difference, if any, the MoU made. In doing this, she also sheds a little more much needed light on the question of what sense outsiders can really make of this grand, but often very abstract, Chinese idea, and whether it is one that is worth engaging with, or is problematic, or simply rhetoric.

The Lau China Institute exists for the purposes of Education, Research and Engagement about issues relating to contemporary China. It is a multi-disciplinary centre, with post graduate and doctoral students, cited at the heart of London. With this policy series, and with papers like this one, we hope to create greater understanding about matters related to China in the 21st century as the country becomes an increasingly important, but also increasingly controversial, geopolitical influence.

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Abstract

Italy is the European country that has made the biggest commitment so far to China's Belt and Road Initiative (BRI). This was during the visit by Xi Jinping to the country in March 2019. Despite pressure from the US, Italy became the first European country to accord the BRI this kind of recognition. In China, this obviously was important for publicity and propaganda. For Italy, it caused tensions with other partners in the EU, many of whom had resisted going along a similar route. The question is whether it was worth it. With over a year elapsing since the deal was signed, that is the question this paper asks. What has Italy got from the BRI?

This paper identifies the risks (of both geopolitical and financial nature) run by Italy by signing the Memorandum of Understanding (MoU), and analyses the content of the MoU and the data describing China's involvement in Italy and vice versa. The aim is to recognise if the signing of the MoU has brought about any concrete change in addressing Italy's core needs or if it has mainly provided China with valuable validation from an EU founding country and through part of the G7 becoming part of the BRI. Data prove that the MoU, with bilateral agreements between Italy and China, is not fit to address Italian problems and has not translated into any material change for Italy. Based on this evidence, the paper offers recommendations to try to find a more secure and concrete strategy within the framework of the EU and to improve Italy's flagship sectors, which are also those that data show as being the ones of greater Chinese involvement. The recommendations are offered to the Italian Ministry of Foreign Affairs and International Cooperation directly, as well as to the Italian Trade Agency and to the Italian Ministry of Economic Development.

1. The Italian view of the Italy–China relationship – criticism and the following repentance after the COVID-19 pandemic

This is not just an issue of international reaction. Domestically, the Italian public has raised concerns that mainly revolve around three points. Firstly, China's human rights record, particularly in Xinjiang. Secondly, questions about economic reciprocity: the possibility of access to the Chinese market is still limited due to restrictions on foreign investment. Finally, the problem of security, as the Chinese BRI has clear geopolitical ramifications.[1] According to the survey conducted by the Demopolis Institute,[2] the Italian public opinion is divided. Fifty-one per cent of people interviewed on the topic think that the signing of the MoU will have positive consequences in attracting foreign investments and new markets for the 'Made in Italy' label. However, 30 per cent of respondents expressed concerns over risks of competition with cheaper Chinese goods, penalising the Italian manufacturing industry. Moreover, one in three fears Chinese control over certain Italian ports, while 27 per cent would prefer to avoid tensions with US and EU partners. Criticisms regarding China's human rights record, economic reciprocity and geopolitical intentions are not just problems for Italy, but for the majority of countries who have relations with China. Instead, concerns about the effects on the manufacturing sector are particularly relevant in Italy, where the production of 'Made in Italy' goods is the country's flagship and reflects the high quality and uniqueness of Italian manufacturing, with high costs of production. The fear is that a closer relationship with China would intensify the import of Chinese textiles and other manufactured products, penalising Italian production, which already sees cheaper, Chinese-manufactured goods as a threat.

The COVID-19 pandemic has represented a crucial moment of change for Italian public opinion on China. Whilst in the rest of the world the image of China as a global superpower has been damaged because of reliability and transparency issues emerging during the COVID-19 emergency, the pandemic has played a different role in changing Italians' perceptions of China.

As shown by a survey by the Institute of International Affairs (Istituto Affari Internazionali, IAI) and Siena University's Laboratory of Political and Social Analysis (Laboratorio Analisi Politiche e Sociali, LAPS),[3] Italians' opinion on China has changed. Whilst on the one hand the Chinese authorities are almost unanimously perceived as responsible for the spread of the virus, on the other hand, this does not translate into a feeling of hostility towards China. Instead, not only do Italians believe that China has managed the health emergency efficiently, but they have also grown a feeling of trust and gratitude for the support provided by China to Italy in facing the pandemic during the peak phase of the emergency. In that moment, many Italians felt abandoned even by the EU, especially after the stark words of Christine Lagarde, President of the European Central Bank (ECB), who, in the initial stage of the emergency, showed no intention for the ECB to concretely help Italy. It followed a firm answer by President of the Italian Republic Sergio Mattarella, who reminded the EU how Italy should have rightfully been treated with solidarity and not with actions aimed to obstruct its recovery. If not out of a genuine feeling of integrity, this should have happened at least out of being a common interest for all EU members, as Italy was the first EU country to face the emergency and its case set an example for everyone. In this context, while Italians were counting the dead, they were also shocked by an overwhelmed healthcare system and by images of military trucks carrying bodies out of Bergamo; it was then they saw a new powerful ally reaching out: China.

On 12 March, Chinese authorities sent medical equipment and a team of doctors from Shanghai to Italy. Sentences describing China's willingness to help Italy, written in both Chinese and Italian, were placed on aid packages. An example is: 'You recognise the certain friend in uncertain times,' subtly highlighting the initial lack of solidarity coming from other actors, such as the EU.

The initiative has been widely publicised by the Chinese Embassy in Italy, through the main social network channels. However, social networks have not been the only means through which China's acts of solidarity have been advertised. A big role has been played by traditional media in Italy, such as TV channels and newspapers, in a country where TV is the main source of information. In this instance, the 2019 MoU has contributed to reinforcing China's publicity. Several editorial agreements between Chinese and Italian media outlets were also signed.[4]

This resulted in the arrival of aid from China to Italy, which was widely publicised on Italian TV. This is confirmed by data analysis conducted by Data Stampa, (a Rome-based media intelligence company) in collaboration with news organisation Formiche, which aimed to compare the Italian media coverage of Chinese, Russian, and US aid

1 Tramballi, U., March 2019. *Via della seta e di potere*, ISPI Analysis. Available at: ispionline.it/it/pubblicazione/della-seta-e-di-potere-22614

2 The survey was carried out by the Demopolis Institute, directed by Pietro Vento, for the *Otto e Mezzo* (LA7) TV programme (21–22 March 2019) on a stratified sample of 1,080 respondents, representative of the adult population in Italy. Supervision of the survey was conducted by Marco E. Tabacchi. Co-ordination was conducted by Pietro Vento, in collaboration with Giusy Montalbano and Maria Sabrina Titone. More information at: demopolis.it/?p=6010

3 Angelucci, D., Colombo, S., Greco, E., Isernia, P., Piccolino, G., LAPS, 2020. *Gli italiani e la politica estera 2020*, Rome: IAI.

4 The main Italian media outlets, including press agencies, newspapers, and TV; entered into partnerships with the Chinese state agency Xinhua, the China Economic Daily, and the China Media Group (CMG). Source: atlanticcouncil.org/blogs/new-atlanticist/polls-show-concerning-effect-of-chinese-coronavirus-charm-offensive-in-italy arrivals in Italy. The parameters used was the difference in time dedicated by Radiotelevisione Italiana (Rai), the state-owned national public broadcasting company of Italy, to deliver news regarding aid arriving from China, Russia and the US.

China had the highest media coverage, with the arrival of Chinese aid having more than triple the visibility when compared to US financial aid sent to Rome. As the analysis reports, Rai dedicated 63 segments to reporting aid received from China (12–13 March), Russia (23–24 March) and the US (30–31 March). The disproportion in numbers is impressive and it gives an idea of how much China's aid arrival has been publicised. In total, 1,904 seconds of visibility was dedicated to the arrival of Chinese aid, 741 seconds to Russian aid and 589 seconds to aid sent by the US.

Despite 52 per cent of the Italians interviewed in Data Stampa's and Formiche's survey believing 'the aid policy for Italy is to be considered as a move by Beijing aimed at increasing Chinese political influence in Italy'[5] the above-mentioned IAI and LAPS survey highlights how 77 per cent of respondents believe that the aid from China is 'a gesture of solidarity towards Italians'.[6]

As a result, the COVID-19 emergency has damaged the public perception of the EU in Italy, with 79 per cent of respondents 'believing the pandemic has demonstrated the complete failure of the EU'.[7]

Moreover, an opinion poll conducted by the SWG research institute in April 2020 has shown that, for the first time, Italians would prefer China to the US as a potential international partner outside Europe. The survey asked, 'Who should Italy look to more to develop their international alliances outside of Europe?' and 36 per cent of respondents answered China, while the 30 per cent indicated the US.

As suggested by Carlotta Ventura, Director of the Center for American Studies based in Rome, the swift change in Italian public opinion regarding China during the COVID-19 pandemic is mainly linked to communication and emotions. It is therefore difficult to predict whether this new perception of China will last in the long term. Italy has been, and is, interconnected with the EU and the US for a considerable time in many respects – both culturally and economically – hence, it is difficult that Italy has radically changed its traditional geopolitical position so quickly.

2. Italy needs Chinese investment, but are the bilateral agreements signed alongside the 2019 MoU the best strategy?

It is clear enough what China wants. Italy is a favourable destination for Chinese investments in Europe, as China is particularly interested in the acquisition of Italian niche industries of excellence. Rhodium Group and Mercator Institute for China Studies (MERICS)'s 2019 report on Chinese foreign direct investment in Europe and the Italian Ministry of Foreign Affairs and International Cooperation's data show how between 2000 and 2019 Italy was the third country in Europe for Chinese investments, after Great Britain and Germany.[8, 9]

Italy needs Chinese investments, as China is a key trading partner for Italy in terms of exports, imports, tourism (in a country where tourism constitutes 13 per cent of the national GDP) and important collaborations in educational and research sectors (see paragraph 'Chinese Investments in Italy: Key areas and trends,' pages 10–18). Three per cent of total exports from Italy in 2018, equal to about €13,188.66 million (see Table 1, page 16), was destined for China. As a destination for Italian exports, China ranks after the EU (55.5 per cent), the US (9.1 per cent) and Switzerland (4.6 per cent). In the context of Italian imports from other countries, China is second only to the EU, with 7.1 per cent of the total imported to Italy, equal to €30,831.65 million in 2018 (see Table 2, page 17).

Another reason why Italy needs Chinese investments is that Italy urgently needs to fund social welfare costs – particularly those related to small-and medium-sized enterprises, renewable energy and a wide range of infrastructure projects, including public roads, railways and shipping.

Despite the need for Chinese investment, a year has passed since the signing of the 2019 MoU. It is therefore legitimate to question if this is the right path to follow. The signing of the bilateral agreements in the MoU has come with considerable risks for Italy. Given the size of the geopolitical and economic risks for Italy brought about by the MoU, the signing should bring concrete changes and advantages for the country; instead, it seems that the document lacks substance. Italy could work towards balancing co-operation with China within the framework of the EU, which is bigger and already has a consolidated commercial relationship with China, as they are two of

5 Bechis, F., 2020. Polls show concerning effect of Chinese coronavirus charm offensive in Italy. Atlantic Council [Online]. Available at: atlanticcouncil.org/blogs/new-atlanticist/polls-show-concerning-effect-of-chinese-coronavirus-charm-offensive-in-italy

6 Bechis, F., 2020. No all'Ue, sì alla Cina. L'opinione degli italiani nel sondaggio IAI/APS. Formiche [Online]. Available at: formiche.net/2020/05/no-ue-si-cina-opinione-italiani-sondaggio-iai-laps/

7 Angelucci, D., Colombo, S., Greco, E., Isernia, P., Piccolino, G., Laboratorio Analisi Politiche e Sociali (LAPS), 2020. *Gli italiani e la politica estera 2020*, Rome: IAI.

8 Arcesati, R., Hanemann, T., Huotari, M., Kratz, A., 2020. *Chinese FDI In Europe: 2019 Update Special Topic: Research Collaborations*, Rhodium Group and MERICS.

9 Fondazione Italia Cina, Centro Studi per l'Impresa. *Cina 2019. Rapporto annuale-scenari e prospettive per le imprese*. Annual Report. Available at: esteri.it/mae/resource/doc/2019/07/highlights.pdf the largest economies in the world (with the EU being the second-largest commercial partner for China, after the US).

There is a reason why the signing of the MoU has brought about such risks for Italy: it lacks certainty on the points of interest for Italy, such as investment of Chinese capital in Italian infrastructure and indications of actual intensification of exports of 'Made in Italy' goods to China. On the other hand, for China, the signing of the MoU has a symbolic value of validation from a major EU country becoming part of the BRI. The meaning of the signing of a country like Italy is different from that of the other 13 European countries who have already signed an MoU with China. Italy is one of the founding countries of the EU and is still one of its pillars. Italy is also one of the founding members of NATO and would be the first G7 country to sign an MoU with China.

The first risk taken by Italy in the signing of the MoU is of geopolitical nature. The US has expressed concerns regarding Chinese interference in strategic national security and for the consequences regarding the role of Italy in the NATO. Moreover, the EU has expressed concerns about Italy's choice to sign bilateral agreements with China, since this contrasts with the position of the EU, which has sought for a long time to build a shared position within the EU on economic relations with China. Italy risks isolation from the EU, which published a Joint Communication with a strategic outlook on EU–China relations on 12 March 2019.[10] It includes precise rules and principles that the EU is committed to follow in co-operation with China, having as its cornerstone the Joint Communication on the EU strategy on China of July 2016.[11] The 2019 strategic outlook highlights how the relationship between the EU and China is consolidated and has been in place for a long time, and how they are two of the three greatest economies and traders in the world. The Joint Communication of 2019 was released by the European Commission on 12 March 2019 – probably too late, as the Italy–China MoU was to be signed on 23 March 2019. However, it represents a tool to reflect on how trying to find a balance with China in the framework of the EU would be a less risky and a more certain option for a medium-sized country like Italy, instead of pursuing an incredibly ambitious target alone. The signing of the MoU has, so far, mainly brought about publicity for China but no particular concrete changes for Italy, as this paper will illustrate.

A key financial risk is that Italy has the potential to fall into a 'debt trap' as has been observed in other countries that have taken part in the BRI in the past. According to the study released in March 2018 by the Center for Global Development, the BRI brought some of the countries involved in the initiative into a 'debt trap'.[12] The study states that, among 68 countries identified as potential BRI borrowers, 23 are at risk of debt distress today and 8 of them (Djibouti, Kyrgyzstan, Laos, Maldives, Mongolia, Montenegro, Pakistan and Tajikistan) will be vulnerable to debt distress due to future BRI-related financing.[13]

The Asian Infrastructure Investment Bank (AIIB) has, in fact, financed the construction of large infrastructure works, like pipeline projects associated with the BRI, giving 'generous' loans to these countries;, but in some cases it has led to negative debt implications. The AIIB is also the bank referred to in the 2019 MoU with Italy as the bank for project loans.

The case of Sri Lanka is an example of a country falling into the BRI's debt trap. Because of its inability to repay the debt contracted with China, Sri Lanka was forced to surrender the control rights of the Port of Hambantota in December 2017. As described by the *Financial Times*, the Port of Hambantota cost 1.3 billion USD and was built by a Chinese state-owned company. The Port's budget has always been negative since the beginning and, because of the debt remaining unpaid, Sri Lanka had to sign a 99-year concession to the People's Republic of China (PRC) for the harbour, with clear repercussions on the country's national sovereignty.[14]

Italy's condition is naturally different from that of the above-mentioned developing countries that have fallen into the debt trap, as it is the third most important economy in the eurozone. However, it is also important to consider that Italy already has a huge public debt, being the third most indebted country in the world in terms of percentage of GDP and in per-capita terms.[15]

In the following paragraphs, this paper analyses the content of the MoU and the fields of Chinese involvement in Italy (and vice versa) and considers the trends in trading levels over the past three years. It emerges how the signing of the 2019 MoU hasn't yet brought about any concrete changes for Italy, but it has provided a publicity opportunity for China. Evidence shows the importance of co-operation and Chinese investments for Italy, but it also

10 European Commission, 12 March 2019. *Joint Communication To The European Parliament, The European Council And The Council: EU–China – A strategic outlook*, Strasbourg: Available at: ec.europa.eu/commission/sites/beta-political/files/communication-eu-china-a-strategic-outlook.pdf

11 European Commission, 22 June 2016. *Joint Communication To The European Parliament And The Council: Elements For A New Eu Strategy On China*, Brussels: Available at: eeas.europa.eu/archives/docs/china/docs/joint_communication_to_the_european_parliament_and_the_council_-_elements_for_a_new_eu_strategy_on_china.pdf

12 Hurley, J., Morris, S., Portelance, G, 2018. *Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective*, Washington, DC: Center for Global Development.

13 Hurley, J., Morris, S., Portelance, G, 2018. *Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective*, Washington, DC: Center for Global Development, pp 2–8.

14 Kiran, S., 2017., China Signs 99-year Lease on Sri Lanka's Hambantota Port. *Financial Times*. [Online]. Available at: ft.com/content/e150ef0c-de37-11e7-a8a4-0a1e63a52f9c

15 OECD, 2019. Government at a Glance 2019: Country Fact Sheet: Italy. Available at: oecd.org/gov/gov-at-a-glance-2019-italy.pdf shows how the signing of the 2019 MoU hasn't yet brought about any relevant change. In light of this, questions remain as to whether it is worth the risk Italy is currently taking.

3. The content of the MoU and the key areas involved

The MoU for the BRI, signed by Italian and Chinese authorities on 23 March 2019 in Rome, defines the objectives, fields and modalities of the collaboration between the two countries.

In defining the objectives and principles of the collaboration, the parties state that they will co-operate in the BRI, using their complementary strengths to reach reciprocal advantages for a concrete collaboration and sustainable growth, focusing on strengthening political and economic relations and trade between the two countries, as well as taking into account the EU–China Connectivity Platform discussions.

The principles on which the bilateral collaboration is based guided by those of the United Nations Charter, respecting national laws and regulations and conforming with international obligations. The parties aim to grant coherence and complementarity with the mechanisms of bilateral and multilateral collaborations and with already existing regional platforms of co-operation. This sets out the intention of intensifying collaboration between the two countries, but it lacks certainty. It is not clear what Italy will get out of it in the areas in which it is principally concerned – for instance, in terms of the number of jobs created by Chinese investments in Italy and how this would grow with signing the MoU. In the next paragraph, areas of China's involvement in Italy, and vice versa, are analysed in terms of sectors such as tourism, education, research, trading levels and infrastructure. However, data show how signing the MoU didn't translate into a definite increase in co-operation between the two countries in these fields beyond that of previous years, and, consequently, didn't translate into the creation of new jobs directly deriving from the signing of bilateral agreements. Of course, the analysis also takes into account external factors that have shaped 2020 (eg the COVID-19 pandemic's influence on tourism initiatives planned for 2020 such as the 'China–Italy year of culture and tourism') but in any case in the major fields of collaboration there haven't been any relevant changes for Italy in accord with its core needs.

The MoU continues by illustrating the different key areas in which the parties aim to co-operate.

The first is promoting dialogue on policies adopted in relation to initiatives of connectivity and technical and regulatory standards. Again, this point lacks content related to Italian needs. It is not clear how these ambitious targets can be realised within the framework of bilateral agreements between Italy and China.

The second area involved is transportation, logistics and infrastructure. It implies the development of infrastructure connectivity, including aspects such as financing arrangements, interoperability and logistics, in areas of mutual interest. The parties express their interest in developing synergies between the BRI, the Italian transport and infrastructure system and the Trans-European Transport Network. Moreover, the parties welcome discussions on the EU–China Connectivity Platform aimed at improving the efficiency of connectivity between Europe and China. Once again, the MoU is vague on Italy's core need of building public infrastructure, concentrating instead on the broader Chinese vision of improving connectivity related to BRI. This is in line with the 2015 White Paper released by the PRC State Council, stressing the idea of facilities, connectivity as 'a priority area to implement the BRI'.[16]

The MoU illustrates another key area of collaboration is trade and investments without impediments. The parties will endeavour to increase investments and trade flows in both directions, as well as bilateral industrial collaboration, together with co-operation in third-party markets, through the identification of useful methods to promote an effective mutual collaboration.

Financial collaboration is also highlighted, as Italy and China will strengthen bilateral communication and co-ordination on tax and broader financial and structural reforms, in order to create an environment conducive to economic and financial co-operation. This includes establishing an Italy–China financial dialogue between the Italian Ministry of Economy and Finance and the Chinese Ministry of Finance. The parties will foster partnerships between their respective financial institutions to jointly enable collaboration on investments and financing, bilaterally and multilaterally, and towards third-party countries, within the framework of the BRI.

These points, which stress connectivity between the two countries, are in line with the Chinese narrative of the BRI promoting connectivity projects among different countries. Hence, the MoU perfectly aligns with China's advertised rhetoric, having represented an occasion for publicity and propaganda, but it is confusing as to how the MoU could actively address Italy's core needs. With more than a year having passed since the signing of the 2019 MoU, this paper illustrates how data shows that it hasn't brought about relevant changes beyond pre-existing arrangements between the two countries. It seems that, so far the only relevant effects of the signing of the MoU have been the geopolitical risks taken by a medium-sized country (Italy) with regard to its relationships with the EU and the US and publicity gained by China in relation to obtaining

16 Full text: The State Council of the People's Republic of China, March 30, 2015. Action plan on the Belt and Road Initiative. Available at: english.www.gov.cn/archive/publications/2015/03/30/content_281475080249035.htm

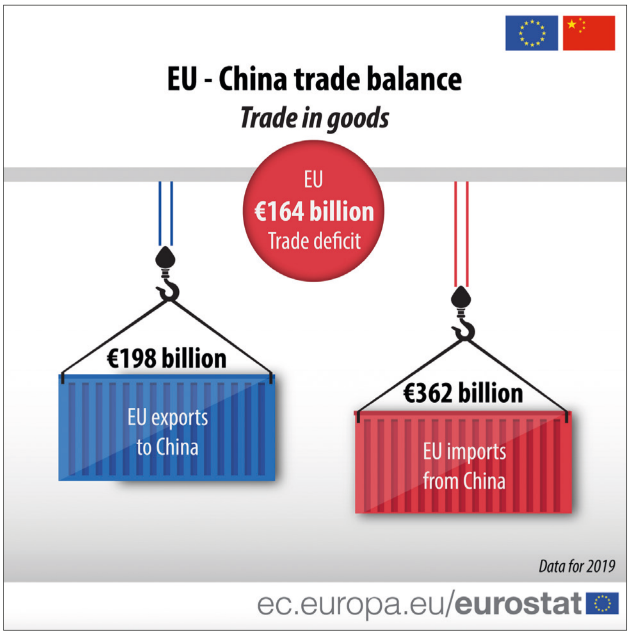

Figure 1. EU–China trade balance, 2019. Source: Eurostat. ec.europa.eu/eurostat

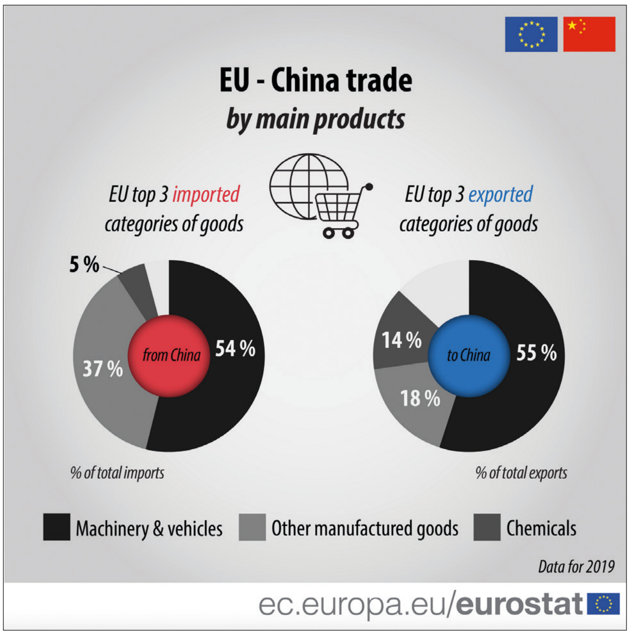

Figure 2. EU–China trade by main products, 2019. Source: Eurostat. ec.europa.eu/eurostat

validation from a major Western nation by its entering the BRI, as previously discussed.

Another area of China–Italy cooperation presented by the MoU is interpersonal connectivity. The parties will seek to expand interpersonal exchanges, develop the network of twinned cities, and enhance the Italy–China Cultural Forum for the realisation of twinning projects between Italian and Chinese sites registered by UNESCO as World Heritage Sites. They will promote forms of partnerships between the respective administrations on the issues of culture, education, health, innovation, public welfare, science and tourism. The parties will promote exchanges and collaborations between their respective local authorities, the media, think tanks, universities and young people.

It is important to note how the reciprocal involvement of the two countries in these sectors has grown in intensity in recent years. As seen later in the paper, the MoU once again hasn't translated into concrete changes in interpersonal connectivity. Tourism, education and research have already seen development over previous years but minimal changes can be seen following the MoU as Italy had hoped and expected.

The parties will also co-operate in the field of green development. They fully support the goal of developing a sustainable and environmentally friendly approach. They will exchange views on green development and actively promote the implementation of the 2030 Agenda for Sustainable Development and the Paris Agreement on climate change. The Ministry for Environment, Land and Sea Protection of Italy will actively participate in the International Green Development Coalition as part of the BRI initiative launched by the Ministry of Ecology and Environment of the PRC and the United Nations Environment Programme.[17]

Targets set in the MoU are incredibly ambitious for a medium-sized country like Italy and the document is vague on several points, lacking certainty in fulfilling Italy's core needs through the Italy–China bilateral agreements. As the following paragraph explains, evidence shows how the signing of the MoU hasn't brought about concrete changes beyond pre-existing co-operation in different fields between the two countries and it hasn't given concrete answers to Italian core needs, proving that it isn't fit to address Italy's issue. A more profitable and less risky strategy for Italy would be to find a balance with China through the EU framework, instead of through bilateral agreements between Italy and China. The EU is greater in size and power compared to Italy, and together with China it is one of the three greatest economies in the world. Italy, however, is a medium-sized country and the risks it runs with bilateral agreements with China are higher than finding a balance with China through the EU framework.

The relationship between the EU and China is of particular relevance, and, in 2019, China was the third-largest partner for exports of goods (9 per cent of total extra-EU exports) and the largest for the EU imports of goods (19 per cent of total extra-EU imports). The trade deficit with China in 2019 was equal to €164 billion, since the imports from China to the EU (equal to €362 billion)

17 Memorandum of Understanding between the Government of the Italian Republic and the Government of the People's Republic of China on Cooperation withing the Framework of the Silk Road Economic Belt and the 21st-Century Maritime Silk Road Initiative, March 23, 2019. Available at: governo.it/sites/governo.it/files/Memorandum_Italia-Cina_EN.pdf

EU-27 imports of goods from China, 2019

	EUR million	% of China in extra EU-27 imports
Netherlands	88 414	26.1
Germany	76 772	18.8
Italy	31 665	17.3
France	31 426	15.1
Spain	24 821	16.4
Poland	20 536	25.9
Belgium	16 704	10.9
Czechia	14 806	35.6
Sweden	8 424	17.4
Hungary	7 470	24.9
Denmark	6 253	21.4
Austria	5 606	14.3
Romania	4 537	19.3
Greece	4 061	14.9
Ireland	3 146	5.8
Portugal	2 953	14.0
Slovakia	2 904	17.2
Finland	2 296	11.2
Slovenia	2 016	13.6
Luxembourg	1 509	42.7
Bulgaria	1 484	13.8
Lithuania	929	8.7
Croatia	726	13.6
Estonia	651	16.7
Latvia	511	12.1
Cyprus	410	12.2
Malta	255	8.6

Source: Eurostat (online data code: ext_st_eu27_2019sitc and DS-018995)

eurostat

Figure 3. EU–27 imports of goods from China, 2019. Source: Eurostat. ec.europa.eu/eurostat

EU-27 exports of goods to China, 2019

	EUR million	% of China in extra EU-27 exports
Germany	96 283	15.2
France	20 959	8.5
Netherlands	13 906	6.3
Italy	12 993	5.5
Ireland	8 207	8.6
Belgium	7 108	5.1
Spain	6 799	5.6
Sweden	6 763	9.9
Denmark	4 837	10.2
Austria	4 611	9.0
Finland	3 548	12.0
Poland	2 651	4.3
Czechia	2 146	5.9
Slovakia	1 690	10.5
Hungary	1 456	6.1
Greece	892	5.5
Bulgaria	814	7.8
Romania	612	3.3
Portugal	604	3.4
Slovenia	435	3.9
Lithuania	277	2.1
Luxembourg	198	6.7
Estonia	173	3.8
Latvia	159	3.0
Croatia	108	2.1
Malta	36	2.9
Cyprus	34	1.9

Source: Eurostat (online data code: ext_st_eu27_2019sitc and DS-018995)

eurostat

Figure 4. EU–27 exports of goods to China, 2019. Source: Eurostat. ec.europa.eu/eurostat

have been considerably larger than the export from the EU to China (equal to €198 billion) (see Figure 1). During the period 2009 to 2019, the EU's trade in goods with China varied between €104 billion and €164 billion. In both EU exports and imports of goods with China, the categories machinery and vehicles, chemicals, and other manufactured goods. Together these manufactured goods accounted for 87 per cent of EU exports of goods to China and 97 per cent of EU imports of goods from China (see Figure 2).[18]

Among the member states, Italy ranked third for the import of goods from China (see Figure 3) and fourth for the export of goods to China (see Figure 4). It ranked second in terms of the size of the trade deficit with China (see Figure 5). Italy's amount of trade in goods compared to other EU member states further highlights how finding a balance with China through the EU framework could be a winning strategy; as not only the risks would diminish, as explained above, but the EU has proven to be a frame in which Italy stands out for trade with China and where Italy hasn't been limited or held back in its cooperation with China.

4. Chinese investments in Italy: Key areas and trends

The Rhodium Group and MERICS's 2018 and 2019 report on Chinese foreign direct investments (FDI) in Europe, and the Italian Ministry of Foreign Affairs and International Cooperation's data, show how between 2000 and 2019 Italy ranked third in Europe for Chinese investments, after Great Britain and Germany.

In 2018 in particular, the countries that received the highest Chinese FDI were Great Britain (€4.2 billion), Germany (€2.1 billion) and France (€1.6 billion). However, a broader view over Chinese FDI in Europe highlights how, in the period between 2000 and 2019, Italy was the third-highest-ranked European country for receiving Chinese FDI. In particular, in 2018 the main Chinese investments in Italy were the acquisition of NMS Group by SARI and the full acquisition of the biomedical group Esaote by a consortium of Chinese investors.[19, 20, 21] Chinese investment in Italy is seen in numerous sectors.

4.1 Tourism

Chinese tourism is increasing in Italy. According to ANSA (Agenzia Nazionale Stampa Associata) data, the number of Chinese tourists choosing Italy as their favourite destination in Europe has recently increased.

18 Eurostat, 2020. China–EU Trade in Goods: €164 Billion Deficit in 2019. Available at: ec.europa.eu/eurostat/web/products-eurostat-news/-/DDN-20200320-1#:~:text=In%202019%20the%20trade%20deficit%20stood%20at%20%E2%82%AC164%20billion.&text=For%20both%20EU%20exports%20and,imports%20of%20goods%20from%20China.

19 Nerviano Medical Science Group is the largest research and development group in Italy, committed to research and development in oncology.

20 A Chinese market-leader biotech investment company. The acquisition of the 90 per cent interests in NMS Group S.p.A. became effective in March 2018.

21 Beijing Wandong Medical Technology, Shanghai FTZ Fund Management, Shanghai Tianyi Industries Holding, Jiangsu Yuyue Science & Technology Development (holding of Jiangsu Yuyue Medical Equipment & Supply), Shanghai Kangda Medical Equipment Group Corporation.

ANSA presents data exposed by Civita Association and Unindustria in 2019 that show Italy as being in 'a position of great advantage'.[22] In 2018, the EU–China Tourism Year, 149 million Chinese tourists travelled abroad – a 14.77 per cent increase from 2017.[23] Half of these 149 million Chinese tourists chose Macao and Hong Kong, while 6 million of them arrived in Europe, which is Chinese tourists' favourable destination after Asia. Chinese tourists visiting Italy in 2018 totalled a registered 3 million arrivals (5 million when including those already in the country), consisting of 2.4 per cent of the total international arrivals in Italy.[24] Numbers are consistently growing, with an 8.2 per cent increase registered in the first half of 2019. In 2019, Italy and France were the most favoured destinations chosen by Chinese tourists in Europe.

An element that has contributed to attracting Chinese tourists to Italy is that, since 2015, Italy has started issuing visas for individual tourism and for businesses within 36 hours of the arrival of the passport to the Consulate. Moreover, in April 2016, new outsourcing visa centres were opened in China, with a total of 15 in the whole country. In this way, the Italian diplomatic network in China facilitates the process of issuing visa requests for Chinese tourists.[25]

According to Stefano Fiori, President of Unindustria's Tourism and Leisure Time section, the behaviour of Chinese tourists is changing. While in the past they have typically travelled in big groups, many now prefer to travel individually. Moreover, the number of Chinese Millennials travelling abroad is growing, making up 59 per cent of the total amount of Chinese tourists going abroad in 2017.[26] Chinese Millennials have normally already travelled abroad and they are mainly interested in entertainment and trying new experiences. It is notable that Chinese tourists are technological, as they normally book their holidays online and use apps and social networks.[27] As National Tourism Observatory data shows, the presence of Chinese tourists in hotels has seen a 4.1 per cent increase, and interestingly, it has grown even more (+12.8 per cent) in other sectors, such as agritourism and bed and breakfasts.

The most relevant data relate to expenditure, showing a 40.8 per cent increase in 2018, with €650 million coming from Chinese tourism.[28] Looking at the expenditure, it is possible to identify in which Italian regions Chinese tourists spend the most money. In 2018, those regions

EU-27 trade balance of goods with China, 2019
(EUR million)

	EUR million
Germany	19 511
Ireland	5 061
Finland	1 252
Malta	-219
Latvia	-352
Cyprus	-376
Estonia	-478
Croatia	-618
Lithuania	-652
Bulgaria	-671
Austria	-995
Slovakia	-1 214
Luxembourg	-1 311
Denmark	-1 416
Slovenia	-1 580
Sweden	-1 662
Portugal	-2 349
Greece	-3 169
Romania	-3 925
Hungary	-6 014
Belgium	-9 596
France	-10 467
Czechia	-12 660
Poland	-17 885
Spain	-18 022
Italy	-18 673
Netherlands	-74 508

Source: Eurostat (online data code: ext_st_eu27_2019sitc and DS-018995)

eurostat

Figure 5. EU–27 trade balance of goods with China, 2019. Source: Eurostat. ec.europa.eu/eurostat

were Lombardy (€174.3 million), Lazio (€126.9 million), Tuscany (€122.7 million), Veneto (€103.6 million) and Piedmont (€47 million). Chinese tourists' expenditure in these regions accounted for 88.4 per cent of the total expenses made by Chinese tourists in Italy.[29]

As highlighted by the Italian Ministry of Cultural Heritage and Activities and Tourism (MIBACT), Chinese tourism is particularly significant for Italy, as the two countries share a common bond of rich heritage and culture, being the only two countries in the world with 55 UNESCO sites. This is further amplified as 2020 has been nominated the year of culture and tourism between Italy and China, with cultural tourism as a focus.

It is also notable that Chinese tourists have spent €353 million for 'cultural holidays', equivalent to 56.8 per cent of the total expenditure in 2018.[30] A significant challenge that Italy faces is how to manage sustainable tourism: redirecting the flow of tourists around the whole country, rather than only in the most touristic cities such as Rome and Venice. It seems that Italy is succeeding in this, as, in 2018, Chinese tourists started consistently visiting Italian

22 Data presented by Civita Association and Unindustria during the Conference *Turismo Italia-Cina: pronti a partire? Le nuove frontiere di un trend in crescita* in Rome on 11 November 2019.
23 Fondazione Italia Cina, 2019. *Turismo Cinese in Italia*. Annual Report. Data source: Ministero dei Beni e delle Attività Culturali e del Turismo. Available at: turismoroma.it/sites/default/files/Turismo%20cinese%202019_0.pdf
24 Data presented by Giorgio Palmucci, President of the Italian National Tourism Agency, during the Civita Association and Unindustria Conference *Turismo Italia-Cina: pronti a partire? Le nuove frontiere di un trend in crescita* in Rome, 11 November 2019.
25 Source: Italian Ministry of Foreign Affairs and International Cooperation. Available at: infomercatiesteri.it/turismo_out.php?id_paesi=122
26 Source: Italian Ministry of Foreign Affairs and International Cooperation. Available at: infomercatiesteri.it/turismo_out.php?id_paesi=122
27 Data presented by Giorgio Palmucci, President of the Italian National Tourism Agency, during the Civita Association and Unindustria Conference *Turismo Italia-Cina: pronti a partire? Le nuove frontiere di un trend in crescita* in Rome on 11 November 2019.
28 Data source: Italian National Tourism Observatory (Osservatorio Nazionale del Turismo). Available at: ontit.it/ont
29 Data source: Italian National Tourism Agency. Data from Bank of Italy (Banca d'Italia).
30 Data source: Italian National Tourism Agency. Data from Bank of Italy (Banca d'Italia).

mountains, with a 1,118 per cent increase in expenditure and bookings in the Alto Adige region.[31] The COVID-19 pandemic has affected the 2020 year of culture and tourism project between Italy and China, as the project included an intensification of international mobility between the two countries, with an increase in the number of flights and the 2019 permit for 56 Italy–China bilateral weekly arrivals. Of course, the COVID-19 emergency has meant that, at least for the majority of 2020, this project could not take form. In 2018, there were 3 million Chinese visitors/arrivals in Italy, based on the number of visas issued; there was a 20 per cent increase in 2019. For 2020, 4 million tourists were expected to visit Italy, with a €400 million income coming from Chinese tourism, according to estimates made before the COVID-19 pandemic.[32, 33]

However, after the COVID-19 emergency, it will be necessary for Italy to continue to concentrate on Chinese tourism, as China remains the biggest tourist market both in terms of expenditure and number of trips abroad. Especially as, overall, the tourism sector alone is worth 13 per cent of Italian GDP.[34]

Even if the data have shown a progressive increase in the flow of Chinese tourists visiting Italy, so far the factors contributing to the growth in visitors has been independent of the BRI and signing of the MoU. One factor causing the increase in the number of Chinese tourists coming to Italy is that Italy has facilitated the process of issuing visas for Chinese tourists, reducing waiting time for visas and opening new visa centres in China. Another factor influencing the process has been an increase in the number of Chinese people with a passport and choosing to travel abroad. The World Tourism Organization has predicted that, by the end of 2020, the number of Chinese citizens with a passport will reach 250 million; there was a 14.77 per cent increase in the number of Chinese tourists travelling abroad from 2017 to 2018, rising from 133 million people to 149 million people. Moreover, the fact Chinese tourists are becoming more technological has allowed them to discover Italy beyond the traditional destinations of Rome, Florence and Venice: locations such as Amalfi, Riviera Ligure, Sicily and Sorrento.[35]

In relation to tourism, the signing of the MoU has had more of a symbolic value, without having particularly affected the number of Chinese tourists visiting Italy at present. However, its symbolic value could lead to an increase in Chinese tourism in Italy in the long term, as Italy would gain notability among Chinese people. 2020 was due to be the year of culture and tourism between Italy and China – a a tourism initiative promoted by the MoU hoping to develop Italy's notability; however, the COVID-19 emergency has prevented this from going ahead and, unfortunately, we cannot know the effects of the initiative. MIBACT is yet to confirm if and when the year of culture and tourism initiative will resume. If this initiative were to happen in the near future, whilst also bearing in mind the project to consistently increase the number of flights connecting Italy and China, it could lead to an increase in tourism. However, whether this initiative will be postponed indefinitely is unknown and so far the role of the MoU in Italy–China tourism has been more symbolic than concrete.

4.2 Education and research

Other fields showing Chinese involvement in Italy and Italian involvement in China are those of education and research, with a high number of Chinese students studying in Italian universities, and Italian researchers and students going to China – often through Chinese Government Scholarships, agreements between Italian and Chinese universities or Chinese research projects that are accessible to Italian researchers.[36] China is ranked third in terms of the number of foreign students studying in Italy by nationality, and it is ranked first among Asian students.[37] Moreover, the presence of 15 Confucius Institutes in Italy and one in San Marino is testament to the Chinese commitment to investing in Italy in the field of education, promoting the knowledge of Chinese language and culture.[38, 39]

According to Italian Institute for International Political Studies (Istituto per gli Studi di Politica Internazionale, ISPI) data, during the 2017–18 academic year, Chinese students formed 9 per cent of the total number of foreign

31 Source: ANSA news. Available at: ansa.it
32 Fondazione Italia Cina, 2019. *Turismo Cinese in Italia*. Annual Report. Data source: MIBACT. Available at: turismoroma.it/sites/default/files/Turismo%20cinese%202019.pdf
33 Bartolini, M., 2020. Il coronavirus minaccia l'anno del turismo Cinese: a rischio 4 milioni di arrivi [Online]. Available at: ilsole24ore.com/art/il-coronavirus-minaccia-l-anno-turismo-cinese-rischio-4-milioni-arrivi-ACifMeEB?refresh_ce=1
34 Data source: ANSA (Italian National Tourism Agency data). Available at: ansa.it/canale_viaggiart/it/notizie/mondo/2020/01/21/turismo-cresce-tra-italia-e-cina-i-numeri_f9597101-9de2-4a48-87e1-a787e38a209e.html
35 Data source: Italian Ministry of Foreign Affairs and International Cooperation. Available at: infomercatiesteri.it/turismo_in.php?id_paesi=122
36 The list of Chinese Government scholarships for Italian students and researchers is available at: campuschina.org/scholarships/index.html
37 Amighini, A., Gili, A., Sciorati, G., 2019. *Cina e Italia: sfide e opportunità di una partnership discussa*. [Online]. Available at: ispionline.it/it/pubblicazione/cina-e-italia-sfide-e-opportunita-di-una-partnership-discussa-22615
38 Organisations welcoming the Confucius Institute in Italy: Sapienza Università di Roma, Università degli Studi di Napoli 'L'Orientale', Università degli Studi di Torino, Sant'Anna Scuola Universitaria Superiore di Pisa, Università di Bologna, Università Ca' Foscari Venezia, Università degli Studi di Padova, Università Cattolica del Sacro Cuore di Milano, Università degli Studi di Milano, Università di Macerata, Università degli Studi di Firenze, Convitto Nazionale 'Marco Foscarini' di Venezia, Istituto Statale di Istruzione superiore 'Dante Alighieri'di Gorizia, Associazione Uni-Italia China Radio International (Rome), Università di Enna 'Kore'. Source: istitutoconfucio.it/italia/presentazione-istituti-confucio/
39 Organisation welcoming the Confucius Institute in San Marino: Università di San Marino. Source: istitutoconfucio.it/italia/presentazione-istituti-confucio

students in Italy.[40] According to the statistics provided by the Italian Ministry of Education, the number of Chinese students studying in Italian universities, had multiplied 33 times between 2003–4 and 2017–18, with 7,500 Chinese students in Italy in 2019.[41] The most popular programmes of study in Italy chosen by Chinese students are the Marco Polo and Turandot programmes; this provides an example of co-operation between the two countries in the field of education. The Marco Polo programme was strongly advocated by the Italian president and was signed in 2004 by the Conference of Italian Universities Rectors, starting in 2005. The aim of the project was to promote the Italian university system in China and to facilitate the teaching of Chinese students in Italian universities. The Turandot programme specifically addresses arts, design and music faculties. The project started in 2009 and allows Chinese students to access Italian academic institutions of higher education in art and music. As ISPI suggests, the Italian academic faculties that hosted the highest number of Chinese students during the 2017–18 academic year were industrial engineering, architecture, construction, design, linguistic mediation, business administration and management. Regarding the geographical areas preferred by Chinese students, according to ISPI the majority of Chinese students chose to study at universities situated in the Lombardy and Piedmont regions.

The agreement about the Marco Polo and Turandot programmes between the Italian and Chinese governments facilitates the process of issuing student visas for Chinese students who want to study in Italy.[42] The commitment of the two countries to co-operate in the field of education is shown by the increase in the number of Chinese students participating in the Marco Polo and Turandot programmes, total 1,099 participants in 2009 and 2,178 participants in 2017.[43]

Italy–China co-operation in the field of education had previously taken form through a series of agreements signed by former Italian Minister of Education and Research Letizia Moratti, former Chinese Minister of Education Zhou Ji, the former Chinese Minister of Research Xu Guanhua and former President of the Chinese Academy of Sciences Lu Yongxiang.[44] Former Minister Moratti's 2005 visit to in Beijing represented a crucial moment for Italy–China collaboration and mutual interest in educational fields. Not only was the agreement of the equivalence of Italian and Chinese academic titles agreed on this occasion, but also the establishment of the first Confucius Institute in Italy (the second in Europe) at the University of Rome, was agreed and signed.[45, 46]

As suggested by Luo Ping, Counsellor of the Office of Educational Affairs of the Chinese Embassy in Italy, the number of Italian students in China has increased. With an average of 6,400 students per year, China is the most popular non-EU country for Italian students studying abroad.[47]

One possibility for Italian students who want to study in China is to go through one of a diverse range of scholarships, sponsored by Hanban/Confucius Institutes Headquarters. Scholarships can be of different types, consisting of separate Doctor's, Master's and Bachelor's degrees in Teaching Chinese to Speakers of Other Languages (DTCSOL, MTCSOL and BTCSOL, respectively), the Scholarship for One-Academic-Year Study, the Scholarship for One-Semester Study and the Scholarship for Four-Week Study.

It is difficult to calculate the number of Italian students going to China with Hanban scholarships, because the number of scholarships available changes every year and data are not available, as the lists of students obtaining the Scholarships are not public. However, it is useful to highlight that 45,000 students worldwide studied in China through Hanban scholarships between 2009 and 2018, and annual financing to Confucius Institutes worldwide grew considerably, from 44,871,794 USD in 2006 to 310,854,000 USD in 2015. This shows Hanban's commitment to attracting international students to China. It is interesting how 56 per cent of the 45,000 international students who have used Hanban scholarships to study in China come from countries that are part of the BRI.[48] However, these data refer to the period between 2009 and 2018, and the Italy–China MoU was not signed until March 2019, the MoU cannot be considered a factor that has increased the participation of Italian students in Hanban's scholarship programmes.

40 Amighini, A., Gili, A., Sciorati, G., 2019. *Cina e Italia: sfide e opportunità di una partnership discussa*. ISPI [Online]. Available at: ispionline.it/it/pubblicazione/cina-e-italia-sfide-e-opportunita-di-una-partnership-discussa-22615 ISPI, https://www.ispionline.it/it/pubblicazione/cina-e-italia-sfide-e-opportunita-di-una-partnership-discussa-22615

41 Shanghai International Studies University: it.shisu.edu.cn/resources/news/content9509#:~:text=Secondo%20le%20statistiche%20fornite%20dal,China%20Education%20Quotidiano%20riferito%20a

42 Università per Stranieri di Perugia: unistrapg.it/it/rel/articoli/che-cosa-sono-i-programmi-marco-polo-e-turandot

43 Livia Fossati, 25 March 2018. 'I programmi Marco Polo e Turandot', Confucius Institute, p. 26.

44 Roberto Schmid, 2006. 'Cina, non solo mercato: il ruolo delle università', Rivista Universitas, p. 102.

45 Sapienza Università di Roma.

46 Caterina Steiner, 'L'evoluzione del sistema di istruzione in Cina', in *Cina non solo mercato: il ruolo delle università*, Rivista Universitas, p. 102.

47 Shanghai International Studies University, 2019. Studenti italiani in Cina seguono le tracce di Marco Polo. SISU News Centre [Online]. Available at: it.shisu.edu.cn/resources/news/content9509#:~:text=Secondo%20le%20statistiche%20fornite%20dal,China%20Education%20Quotidiano%20riferito%20a

48 Annual Financing to Confucius Institutes in the world in USD (2006–15). Data available in Hsiao, H.H.M., Yang, A.,H., 2019. 'Confucius Institutes in Southeast Asia: Assessing the New Trends in China's Soft Diplomacy', in Dionko, M. S. I., Hsiao, H.H.M., Yang, A.H. (eds), *China's Footprint in Southeast Asia*, p. 199.

In the context of shared involvement in academic and research fields, in 2018 the China–Italy Science, Technology & Innovation Week – an annual event promoted by Città della Scienza di Napoli – took place in Milan, Naples, Cagliari and Rome between 4 and 7 December and represented an important step. On this occasion, promoted in Italy by the Ministry of Education, University and Research in collaboration with the Ministry of Foreign Affairs and International Cooperation, 19 agreements regarding academia and research were signed, including several partnerships between Italian and Chinese universities, summer schools and new programmes for Italian and Chinese students.

The first is the Blue Italian Growth and Haiyang Municipal People's Government National Technological Cluster, regarding collaboration projects between the two countries on technology research and innovation for the field of maritime economy.

The second is for the establishment of the Matteo Ricci Network, with 20 universities participating in the project, both Chinese (Tsinghua, Peking, Jiao Tong, Fudan, Tongji, Wuhan, the South China University of Technology and Beijing Normal University) and Italian (Parthenope, Bologna, Turin, Venice Ca' Foscari, Genoa, Macerata, Sassari, Federico II and L'Orientale). The aim is to establish an interdisciplinary academic agreement on all disciplines of interest to these universities. In each university, the different departments can establish thematic agreements, taking advantage of different options (as ministerial or European funding, private sponsors, etc.). This academic network also aims to develop projects in collaboration with partners of the financial and industrial world, leading to future development collaboration agreements that includes national and regional partners capable of bringing scientific and technological innovations to the territory, deriving from research.

It continues with implementing agreements for the mobility of students and researchers within the China–Italy Joint Laboratory on Advanced Manufacturing (CI-LAM), signed by the University of Bergamo, the University of Naples Federico II and Tsinghua University, with a duration of four years (2019–22). The object of the agreement is to activate a joint summer school programme between the partners of CI-LAM, for Master's degree students of the signatory universities.

It follows an agreement for a five-year academic collaboration signed by the Fundamental Industry Training Center, Tsinghua University, the Politecnico di Milano Graduate School of Business, and Sidera Srl. for the exchange of students, researchers and joint educational programmes.[49]

These agreements were signed in 2018, a year before the signing of the 2019 China–Italy MoU. However, the fifth point of the second paragraph of the 2019 MoU, regarding the interpersonal connectivity projects between the two countries, particularly focuses on co-operation in the fields of education, science and innovation; the China–Italy Science, Technology & Innovation Week annual project was developed through the creation of a China–Italy technological park in Jinan in November 2019. The technological park, inaugurated by Italian Minister of Research Lorenzo Fioramonti and Chinese Minister of Science and Technology Wang Zhigang, is intended to host Italian companies, start-ups, spin-offs and companies involved in partnerships with Chinese companies. It aims to develop the creation of new relationships in innovative sectors such as quantum technologies, life sciences, the pharmaceutical industry and artificial intelligence, actively promoting industry co-operation between the two countries.[50]

Moreover, a number of Chinese research projects and programmes accessible to Italian researchers in the fields of high-tech and science were published in the 2015 'Science and Technology: for an Italian strategy in China' document released by the Italian Ministry of Foreign Affairs and International Cooperation, showing how collaboration between the two countries in these fields

49 List of agreements signed during the 2018 China–Italy Science, Technology & Innovation Week: cittadellascienza.it/cina/wp-content/uploads/media4dic-LISTA-ACCORDI-SIGLIATI-ITALIA-CINA.pdf Other agreements are an MoU between Shanghai Aircraft Design and Research Institute of Commercial Aircraft Corporation of China and the Italian Aerospace Research Centre; the strategic agreement of co-operation between Smart Robots and Aubo; the agreement for the establishment of the China–Italy Start-ups & Innovation Partners alliance; the MoU of co-operation between Campania NewSteel, the International Technology Transfer Network and the Suzhou Center for International Innovation; the MoU between the Chinese Association for Pharmaceuticals and Medical Devices Technology Exchange, the International Technology Transfer Network and the IDIS Foundation – Science City for the creation of an Italy–China Technological Transfer about Science and Medicine. Other agreements are the Cooperation Agreement between the Istitute of Innovation and Development of Sciences and Technology CAS and BDO Italia S.p.A.; the Cooperation Agreement between the CNR and the National Agricultural Scientific and Technological Fruit Transformation Unit; the Cooperation Agreement between the CNR Institute of Nutrition Science and the Xinhua Children's Food Quality Research and Development Center; the Agreement of strategic partnership between H-Farm S.p.A, UN Letron (Beijing) Culture & Technology Ltd and the National Culture and Technology Innovation Service Alliance; the cooperation between Italy and China on Technology and Musical Technologies; the Memorandum of Intent between the Accurate International Biotechnology LTD and IFOM, the FIRC Institute of Molecular Oncology; the Cooperation Agreement between the Politecnico University of Turin and Beijing International Aerotropolis Technology Research Institute; the C-operation Agreement between China's Building Material Federation (Jianhua Construction Materials (China) Co. Ltd) and Salento University; the Cooperation Agreement between Salento University and Beijing China United National Industry Institute; the Cooperation Agreement between the Politecnica University of Marche and the National Technological Innovation Strategic Union of Food, Nutrition and Health Industry.

50 National Research Council, 2019. *Italia-Cina, nasce il Parco tecnologico di Jinan* [Online]. Available at: cnr.it/it/news/9089/italia-cina-nasce-il-parco-tecnologico-di-jinan was already intense and making progress, even before the signing of the 2019 MoU.[51]

It is interesting how the China–Italy collaboration and involvement in the educational and research fields, particularly in science and technology, had started and was seeing the most important developments before Italy took part in the BRI by signing the 2019 MoU. The aforementioned academic and research agreements were signed in 2018 and the China–Italy Science, Technology & Innovation Week project was born 11 years before in 2008. The main agreements regarding the collaboration of the two countries in academic fields were signed in 2005, with the Marco Polo project starting in 2005 and Turandot in 2009. As mentioned before, the agreement regarding the establishment of the first Confucius Institute in Italy was signed in 2005 and its presence in the territory had grown considerably before Italy signed the 2019 MoU. Of course, the 2019 China–Italy technological park, created in the wake of the 2019 MoU, is an additional step in Italy–China cooperation in research and education. However, as the above-mentioned agreements show, a path of intense mutual cooperation in these fields already existed and was developed before the 2019 MoU, and there is no reason to think it wouldn't have continued to progress even without the MoU being signed. Therefore, this furthers the argument that the signing of the 2019 MoU has a mainly symbolic value in relation to education. Even if it has not yet brought about concrete changes, it did play a role in representing the willingness to continue investing and co-operating in the fields of research and education, and symbolically brings prestige to both countries. For China, this consists of validation from a country that is both part of the BRI and the EU and for Italy it represents the prestige of co-operating in these fields with such a big power as China.

4.3 Acquisition of Italian niche industries and involvement in high-tech, fashion and entertainment

During the period from 2000 to 2019, Chinese investments have mainly been concentrated on the acquisition of Italian niche industries of excellence, with a particular involvement in high-tech machines, high-quality products and Italian expertise. Between 2014 and 2016, Chinese investments have concentrated on industrial companies, with the acquisition of controlling shares in Pirelli (€7.2 billion) and shares in Ansaldo Energia and CDP Reti, becoming Chinese partners. More recently, Chinese investments have been focused on the field of fashion, as the acquisitions of Caruso and Buccellati (85 per cent) show, and high-tech and entertainment fields, as demonstrated by the acquisition of FC Inter and AC Milan in the world of football. In the last two years, there has been a tendency for Chinese investors to acquire Italian companies with highly developed technology, regardless of the size of the company. This tendency has had advantages and risks. It is undoubtedly beneficial for Italian companies to receive a new flow of capital, research and development projects. However, the risk for these companies, which is the major advantage for Chinese investors, is the transfer of Italian know-how to China.

4.4 Trading levels

It is necessary to have a full picture of trading levels between Italy and China, in order to understand if and how the signing of the 2019 MoU has had an impact on trade. The Italian Trade & Investment data,[52] processed by the Italian Embassy and published by the Italian Ministry of Foreign Affairs and International Cooperation, show trading levels between the two countries in the period between 2017 and 2019 and in the first quarter (January to March) of 2020 (see Table 1).

Regarding export from Italy to China, the total annual amount remained quite stable between 2017 and 2018, with a slight increase in 2019, rising from €13,188.66 million in 2018 to €12,992.63 million in 2019. A comparison between the first quarter of 2019 and the first quarter of 2020 shows a decrease, from €3,025.75 million in the first quarter of 2019 to €2,538.58 million.

Looking at specific sectors, between 2017 and 2019, there was an increase in the export of agricultural, fishing and silviculture products from Italy to China, with a slight decrease from €41 million in 2017 to €31.79 million in 2018, but then an increase in 2019 reaching €58.27 million. Mineral and mining product exports increased too, from €186.24 million in 2017 to €201.57 million in 2019, staying stable between 2018 and 2019. The export of groceries remained quite stable, with a slight increase between 2017 and 2019. The export of beverages remained stable, with an increase from €154.79 million in 2017 to €164.34 million in 2019. It is particularly interesting to note how the export of textile products slightly decreased, even if remaining quite stable, from €463.14 million in 2018 to €425.93 million in 2019. The amount of Italian exports to China in this sector remained quite low compared to other fields, and criticisms have been made as to how the 2019 signing of the MoU, with the consequent entering of Italy into the BRI, has penalised the Italian textile sector, which was already threatened by the Chinese competition. The Chinese textile industry is favoured, with an increase in the import of cheaper Chinese textile products (see Table 2) and a decrease in the export and production of Italian textile goods, which have a higher price due to the

51 Ministry of Foreign Affairs and International Cooperation, 2015. *Scienza e tecnologia: per una strategia italiana in Cina*. pp 24–29. Available at: esteri.it/mae/resource/doc/2015/06/studiocina.pdf

52 Italian Trade and Investment (ICE) data (source: Italian National Institute of Statistics, ISTAT) processed by the Italian Embassy and published by the Italian Ministry of Foreign Affairs and International Cooperation.

more expensive manufacturing costs. This is confirmed by looking at data showing the 2017–19 trend in textile products being imported by Italy from China, which remained quite stable and considerably higher than Italian exported textile products, with a slight increase from €1,637.92 million in 2017 to €1,769.78 million in 2019. The export of clothing goods from Italy to China (leather and fur clothing products included) increased too, from €689.5 million in 2017 to €1,030.27 million in 2019. The export of leather goods (clothing excluded) and products made of wood (furniture excluded), cork, straw and plated materials remained quite stable, with a slight increase. The export of paper and products made of paper slightly decreased between 2017 and 2019. The export of coke and products derived from oil refinement saw a relevant decrease between 2017 and 2018 (from €48.68 million to €14.73 million), with an increase between 2018 and 2019 reaching €30.06 million. The export of chemical products remained quite stable, with a slight increase between 2017 and 2018. The export of essential pharmaceutical products increased dramatically between 2017 and 2019, from €654.3 million to €1,078.01 million. The export of products of rubber and plastic materials remained quite stable and the export of other non-metallic, mineral-processed products slightly increased. The export of metallurgy industry products, products of metal (excluding machines and equipment), computers, electronic products, optical products, electro-medical devices, measuring devices, watches/clocks, electrical equipment and non-electrical equipment for the household, all slightly decreased between 2017 and 2019. The export of machinery and equipment remained stable, with a very slight increase. It is important to note how products in this field are the most exported from Italy to China, with an annual amount of €3,876.52 million in 2019. Interestingly, as mentioned in the previous paragraph, China has invested considerably in the acquisition of industries with high-tech machines during the period of 2000 to 2019. This is clearly a sector in which China is particularly interested in investing in Italy, as the quality of Italian production and expertise is widely recognised.

Italian exports to CHINA	2017	2018	2019	Jan–Mar 2019	Jan–Mar 2020
Total (million €)	**€13,509.45**	**€13,188.66**	**€12,992.63**	**€3,025.75**	**€2,538.58**

Goods (million €)	2017	2018	2019
Agricultural, fishing and silviculture products	41	37.79	58.27
Mineral and mining products export	186.24	202.4	201.57
Groceries	250.66	250.57	254.1
Beverages	154.79	152.61	164.34
Textile products	440.42	463.14	425.93
Clothing goods (leather and fur clothing products included)	**689.5**	**943.55**	**1,030.27**
Leather goods (clothing excluded) and similar products	837.55	906.27	932.84
Products made of wood (furniture excluded), cork, straw and plated materials	54.49	52.05	58.35
Paper and products made of paper	85.47	79.43	72.96
Coke and products derived from oil refinement	48.68	14.73	30.06
Chemical products	847.38	940.24	936.31
Essential pharmaceutical products and pharmaceutical preparations	**654.34**	**900.43**	**1,078.01**
Products of rubber and plastic materials	295.89	300.65	298.63
Other non-metallic, mineral-processed products	175.14	186.07	199.74
Metallurgy industry products	260.29	256.54	239.18
Products of metal (excluding machines and equipment)	371.62	363.36	343.75
Computers, electronic products, optical products, electro-medical devices, measuring devices, watches/clocks	495.12	544.67	461.67
Electrical equipment and non-electric equipment for the household	477.28	472.01	433.48
Machinery and equipment	**3,865.46**	**3,849.81**	**3,876.52**
Motorcars, trailers and semi-trailers	1,815.93	835.68	642.46
Other means of transport (ships and boats, locomotives and rolling stock, aircraft and spacecraft, and military vehicles)	275.06	277.71	224.91
Furniture	450.65	472.62	482.89
Products of other manufacturing industries	368.49	379.15	369.17
Other products and activities	367.08	306.52	176.98

Table 1. Italian exports towards China. Data processed by the Italian Embassy on Italian Trade and Investment (source: Italian National Institute of Statistics) and published by the Italian Ministry of Foreign Affairs and International Cooperation.

Even the 2019 MoU has mentioned an intensification of the co-operation between the two countries in the fields of science and innovation; however, as the export amount from Italy to China in this field remained stable from 2017 to 2019, it seems that the signing of the MoU hasn't concretely brought about changes in exchange trends in this field, which has always been of particular interest to China. Data show a relevant decrease in the export from Italy to China of motorcars, trailers and semi-trailers, from €1,815.93 million in 2017 to €642.46 million in 2019. The export of other means of transport (ships and boats, locomotives and rolling stock, aircraft and spacecraft, and military vehicles) remained quite stable, with a slight decrease between 2018 and 2019. The export of furniture was quite stable, and the export of products of other manufacturing industries had a stable trend with a slight decrease between 2018 and 2019. The data further shows that the export amount of 'other products and activities' remained quite stable, with a decrease between 2018 and 2019.

The largest amounts of exports from Italy to China in 2019 were those recorded in the machinery and equipment, essential pharmaceutical products and clothing goods (leather and fur clothing products included) fields. The interest in investing in high-tech machinery over the last two decades is shown by China's acquisition of niche companies with machinery of excellence. Moreover, China has been interested in investing in science and medical fields, with the acquisition of large Italian medical groups. This, together with Italy–China co-operation in research, provides reasons for such a large amount of exports from Italy to China in the field of pharmaceutical products and pharmaceutical production. China's interest in Italian fashion, its awareness of the uniqueness of Italian fashion's history and quality, and its acquisition of Italian fashion brands justify the large amount of Italy's exports to China of clothing goods. There is evidently a particular involvement of China in these Italian sectors.

Italian imports from China	**2017**	**2018**	**2019**	**Jan–Mar 2019**	**Jan–Mar 2020**
Total (million €)	**€28,412.91**	**€30,831.65**	**€31,655.44**	**€7,948.48**	**€7,450.77**

Goods (million €)	**2017**	**2018**	**2019**
Agricultural, fishing and silviculture products	253.81	288.46	304.63
Mineral and mining products export	58.77	96.84	88.76
Groceries	318.2	302.05	355.41
Beverages	4.94	5.53	6.73
Textile products	**1,637.92**	**1,728.64**	**1,769.78**
Clothing goods (leather and fur clothing products included)	**2,643.68**	**2,541.41**	**2,531.49**
Leather goods (clothing excluded) and similar products	**1,723.87**	**1,682.44**	**1,762.43**
Products made of wood (furniture excluded), cork, straw and plated materials	175.1	173.51	163.29
Paper and products made of paper	185.15	207.92	229.96
Products for printing and reproduction of recorded media	4.17	1.37	1.05
Coke and products derived from oil refinement	37.55	60.66	69.18
Chemical products	**1,513.69**	**1,859.97**	**1,794.34**
Essential pharmaceutical products and pharmaceutical preparations	438	593.49	583.73
Products of rubber and plastic materials	**1,162.27**	**1,149.25**	**1,205.76**
Other non-metallic, mineral-processed products	524.96	587.94	568.33
Metallurgy industry products	**1,305.4**	**1,592.27**	**1,553.95**
Products of metal (excluding machines and equipment)	**1,429.1**	**1,514.46**	**1,624.51**
Computers, electronic products, optical products, electro-medical devices, measuring devices, watches/clocks	**4,331.93**	**5,291.98**	**5,458.41**
Electrical equipment and non-electric equipment for the household	**3,347.66**	**3,588.51**	**3,769.66**
Machinery and equipment	**3,314.55**	**3,588.51**	**3,769.66**
Motorcars, trailers and semi-trailers	565.82	587.39	628.15
Other means of transport (ships and boats, locomotives and rolling stock, aircraft and spacecraft, and military vehicles)	527.16	536.94	440.63
Furniture	506.58	517.61	588.67
Products of other manufacturing industries	**2,140.94**	**2,166.76**	**2,287.92**
Other products and activities	261,69	265,18	233,54

Table 2. Italian imports from China. Data processed by the Italian Embassy on Italian Trade and Investment (source: Italian National Institute of Statistics) and published by the Italian Ministry of Foreign Affairs and International Cooperation.

Looking at the volume of Italian imports of Chinese goods (see Table 2), the total annual amount remained quite stable between 2017 and 2019, with a slight increase in 2019, from €28,412.91 million in 2017 to €31,665.44 million in 2019. The trend in the first quarter of 2019 was stable compared to the trend in the first quarter of 2020. Regarding the total annual amount of imports, it is clear that Italy imports a considerably higher amount of products from China that it exports to China.

It is particularly interesting to look at the Italian import of Chinese products in the textile industry, which remained quite stable between 2017 and 2019, with a slight increase. As mentioned above, the amount of textile products that Italy imports from China is considerably higher than the volume of Italian textile products exported to China, to the point that in 2019 the volume of imported textile goods from China was more than four times the amount of exported textile goods to China. As Table 2 shows, also import amount of products of other manufacturing industries to Italy from China is highly relevant, remaining quite stable with a gradual increase between 2017 and 2019, from €2,140.94 million to €2,287.92 million. Another sector where Italy imports a lot from China, is that of clothing goods (leather and fur clothing products included), which remained quite stable between 2017 and 2019. As well as the textile industry, this sector sees a higher import amount from China to Italy than export from Italy to China. This is justified by the fact that the clothing items exported from Italy to China are mainly connected with the niche luxury field of 'Made in Italy' quality and the well-known Italian clothing brands in China are the luxury brands.[53] Conversely, the Chinese clothing industry is cheaper and less niche. Leather goods (clothing excluded) are also among the most imported goods from China, remaining stable between 2017 and 2019, with a slight increase. Other fields where the import amount in Italy from China is relevant is in chemical products, which remained stable with a slight increase between 2017 and 2018 and a slight decrease between 2018 and 2019, and products of rubber and plastic materials, which remained quite stable. Another field with a high import volume from China to Italy is the metallurgy industry, which remained quite stable with an increase between 2017 and 2018. A high amount metal products (excluding machines and equipment) were imported to Italy from China, remaining quite stable with a gradual increase between 2017 and 2019. The most relevant sector regarding imports from China to Italy is that of computers, electronic products, optical products, electro-medical devices, measuring devices and watches/clocks. The import volume of these goods grew from €4,331.93 million in 2017 to €5,458.41 million in 2019, remaining quite stable between 2018 and 2019. The reason for this trend is that importing electronic goods produced in China is cheaper than buying Italian-produced goods, because of the lower costs of manufacturing and materials. For similar reasons, the import volume of electrical equipment and non-electrical equipment for households is relevant, remaining quite stable between 2017 and 2019. There is a very similar trend in the import of machinery and equipment, which were imported in large, stable amounts between 2017 and 2019, with a slight increase.

4.5 Infrastructure

The BRI has presented China with the future opportunity of investing in Italian infrastructure, as stated in the MoU. The project to develop connectivity between China and Europe is linked to the acquisitions of the North Adriatic Sea Ports and the Port of Genoa – in particular, in an agreement between the port authorities of Trieste and the China Communications Construction Company Ltd, which was signed on 23 March 2019, declaring the co-operation between the two parties in the project. In the agreement, it is stated that the Trieste Trihub project is officially included in the EU–China Connectivity Platform. The Trihub project includes the realisation of the Servola and Aquilinia railways, starting from the region surrounding the Port of Trieste. This plan aims to reinforce the railway infrastructure system in the area surrounding Cervignano del Friuli, Villa Opicina and Trieste, in order to efficiently connect the port to central European destinations. The project has been developed in collaboration with the Italian rail network operator RFI. However, these projects are still not under way – partly because of the ambition of this huge project and because of the limited time that has elapsed since the signing of the agreement on 23 March 2019. It seems that, once again, the signing of the 2019 MoU is yet to bring concrete consequences, such as an actual improvement in Italian infrastructure.

5. The role of the ethnic Chinese living in Italy and the case of the textile industry in Prato: How the MoU risks penalising this industry

5.1 The Chinese ethnic community in Italy: Its characteristics and role

According to the Italian Ministry of Labour and Social Policies' 2018 Annual Report on the Chinese Community in Italy on 1 January 2018, there were 309,110 citizens of Chinese origin regularly residing in Italy, equal to 8.3

53 Survey 'Perception and positioning of Made in Italy in China', carried out in July 2018 by Business Strategies' Third Countries Observatory and conducted last June by Nomisma Wine Monitor on a sample of 2,000 citizens residing in Beijing, Shanghai, Canton and Hong Kong. The most known Italian clothing brands have been identified as: Gucci (9 per cent), Armani (4 per cent), Prada and Fendi (3 per cent), Versace and Valentino (2 per cent).

Country	Total	Variation 2018/2017	Citizenship Acquisition 2017	Indicence of long-term residency	New permits 2017	
	v.a.	v.a.	v.a.	v.%	v.a.	% of humanitarian asylum
Morocco	443.147	-11.670	22.645	70.3	18.609	5.3%
Albania	430.340	-11.498	27.112	71.6	20.013	1.7%
China	309.110	-9.865	1.583	56.0	12.030	3.7%
Ukraine	235.245	1.179	2.698	72.3	7.727	27.2%
Phillippines	161.609	-860	1.964	62.2	4.028	1.5%
India	157.320	-658	8.200	59.0	8.658	4.1%
Egypt	140.651	2.983	1.477	64.6	7.787	6.0%
Bangladesh	139.409	7.012	4.411	54.9	14.235	64.9%
Moldova	127.632	-2.815	3.827	75.6	2.488	1.1%
Pakistan	125.218	7.037	6.170	49.8	15.082	61.4%
Tunisia	106.225	-2.243	3.187	73.1	3.743	4.4%
Sri Lanka	104.937	-95	1.090	64.1	4.131	5.3%
Senegal	105.240	1.942	4.489	59.8	11.239	67.6%
Nigeria	103.985	10.070	1.944	36.6	26.843	85.6%
Peru	91.969	-3.002	3.689	67.5	3.163	3.9%
Ecuador	77.059	-2.786	3.426	75.6	1.577	0.4%
Other provenance	853.838	16.066	37.902	51.9	102.994	45.4%
Total	**3.714.934**	**797**	**135.814**	**61.7**	**262.770**	**29.7%**

Table 3. Regular residents and citizenship acquisitions by country of origin. Data as of 1 January 2018. Source: Processing Directorate Transition Vulnerable Bands – ANPAL Services on ISTAT Data.

per cent of the total of non-EU citizens residing in the country.[54] The community is confirmed to be in third place for the number of non-Italian ethnic communities present in the country. The percentage of long-term permits increased from 39 per cent in 2012 to 56 per cent on 1 January 2018, but this is still below the average (see Table 3). Their reasons for residency mostly surround profession and occupation, as these are identified as the main reasons to stay for 60 per cent of Chinese residents – much higher than that of family motivations (31 per cent).

The main reason for migration to Italy is family reunification (equal to 53.3 per cent of the total motivations) followed by education (equal to 35.7 per cent). The Chinese community in Italy is characterised by a notable gender balance, with women accounting for 49.8 per cent and men 50.2 per cent of the community. The Chinese presence in the Industry sector (construction excluded) is significant, equal to 20 per cent of the total, while 67.5 per cent of the Chinese workforce is involved in the commerce and catering sectors. The Chinese community ranks second for the number of owners of businesses in Italy, counting 52,075 owners with a growth rate equal to +2.6 per cent, and ranks first for the number of female entrepreneurs (equal to 24,175), which makes up approximately 30 per cent of female non-EU business owners.

Regarding the areas where the Chinese community is concentrated, Northern Italy welcomes 56.6 per cent of the total Chinese residents, but the community is also present in a particularly significant settlement in Tuscany, totalling 18.7 per cent of Chinese migrants. In particular, there is a concentration in the provinces of Florence and Prato, with 16 per cent of the Chinese residents having settled there.

The Chinese community in Italy has the lowest unemployment rate, equal to 4.5 per cent and is second to the Filipino community for having the highest employment rate, equal to 72.7 per cent.

In order to provide a full picture of the role of the Chinese ethnic community in Italy, it is necessary to take into consideration data from different sources. The analysis will include data from the main labour market indicators (specifically, employment rates, unemployment and inactivity), thanks to the data provided by the Italian National Institute of Statistics (ISTAT)'s continuous

54 Ministry of Labour and Social Policies, 2018. *Annual Report on Chinese Community in Italy*. Available at: lavoro.gov.it/documenti-e-norme/studi-e-statistiche/Documents/Rapporti%20annuali%20sulle%20comunit%C3%A0%20migranti%20in%20Italia%20-%20anno%202018/Cina-rapporto-2018.pdf

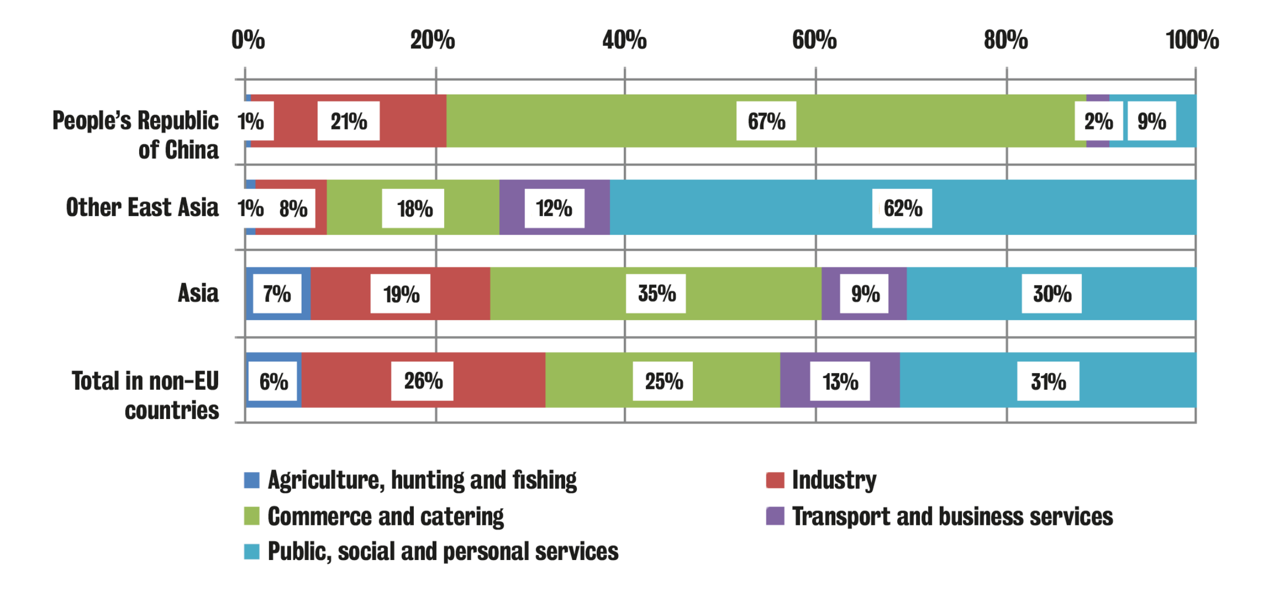

Figure 6. Employed people (15 years and over) by citizenship and sector of economic activity (per cent v.) 2017.
Source: Processing of the Vulnerable Bands Transition Department – ANPAL Services based on RCFL– ISTAT microdata.

Labour Force Survey.[55] For the purpose of this paper, attention will also be paid to the world of Chinese entrepreneurship in Italy, taking into consideration the geographical and sectoral distribution of individual non-EU businesses.

As Figure 6 shows above, the distribution of Chinese workers among different sectors of economic activity is characterised by a concentration in the commerce and catering sectors. The industrial sector employs over a fifth of the Chinese workforce. These data are particularly significant as they clearly differentiate the community in question from the other non-EU ethnic groups, highlighting how Chinese residents have built specific roles for their community in the Italian economic fabric, predominantly concentrated in the commercial, hospitality and manufacturing sectors. The amount of Chinese residents employed in the public, social and personal services sectors is conversely rather small (9 per cent).

Comparing Chinese residents with other non-EU ethnic communities in Italy, with reference to professional typology, workers belonging to the Chinese community are more skilled and better placed than those of other non-EU ethnic groups, with a lower percentage of unskilled manual workers and with a higher incidence in the number of managers, and intellectual and technical professionals. The percentage of Chinese residents working in the commerce and catering sectors (67 per cent) is composed of white-collar workers, sales staff and service staff. It follows, for a number of workers, the percentage of Chinese residents working as skilled manual workers (18 per cent), which is higher than the percentage among other East Asian citizens (5 per cent) and lower than that of the total of non-EU workers (27 per cent).

The manufacturing sector sees a high participation of qualified Chinese people, as the qualifications with which the Chinese residents have been hired the most are retail sales qualifications (12.1 per cent), and tailoring and craft-cutting qualifications (11.3 per cent). Remaining in the manufacturing sector, the hiring rate of Chinese people in the field of leather processing is equal to 9.7 per cent, with craftsmen and workers specialised in footwear reaching 3.1 per cent, whilst specialised workers in the production of suitcases, handbags and similar is equal to 6.6 per cent. As mentioned above, the hiring rate of Chinese residents in Italy in the catering sector is important (equal to 21 per cent overall), with contracts for chefs reaching 10.6 per cent, those for waiters reaching 6.7 per cent, and those for barmen reaching 3.6 per cent.

The strong involvement of the Chinese community in Italy in the textile industry is shown by the high number of Chinese residents hired in this sector, with 12,099 contracts for Chinese tailors, craft-cutters and designers (see Table 4).

Regarding the entrepreneurial sector, by the end of December 2017, the number of Chinese residents in Italy owning individual businesses were 52,075, equal to 14 per cent of the non-EU entrepreneurs in Italy[56]. Comparing this data with those of the year before, it can be seen

55 Available at: istat.it/it/archivio/8263

56 Individual companies owned by Chinese residents means those businesses whose owner was not born in Italy and companies whose participation of people not born in Italy is overall more than 50 per cent by averaging the compositions of shareholdings and administrative offices held by Chinese people.

Qualifications	Hiring of workers of Chinese community total	Percentage	Incidence of non-EU hiring
	v.a.	v.%	v.%
Retail salespersons	12.936	12.1%	34.0%
Tailoring, textile crafting, designers and hat makers	12.099	11.3%	80.9%
Chefs in hotels and restaurants	11.369	10.6%	22.7%
Workers of industrial machinery packaging clothing and textiles	11.103	10.4%	67.7%
Waiter/waitress and similar professions	7.126	6.7%	7.6%
Producers of suitcases, handbags and similar professions	7.090	6.6%	83.3%
Hairdressers	4.071	3.8%	57.0%
Barmen and similar professions	3.807	3.6%	19.8%
Artisans, specialized workers for footwear and similar professions	3.293	3.1%	67.4%
Farmhands	3.025	2.8%	1.1%
Other qualifications	30.933	28.9%	–
Total	**106.852**	**100,0%**	**81%**

Table 4. Distribution of employment rate for citizens of the Chinese community by qualification (v.a. and v. per cent), 2017. Source: Processing of the Vulnerable Bands Transition Department – ANPAL Services based on data from the Italian Ministry of Labour and Social Policies – Information System for Mandatory Communications Terminations.

that the number of Chinese residents who are owners of individual businesses has increased by 2.6 per cent, totalling 1,338 more businesses. The geographic areas in which Chinese businesses are distributed mirrors how the Chinese community is distributed across Italy, with Lombardy being the most popular region (with 10,673 businesses run by Chinese residents, equal to 20.5 per cent of the total number), followed by Tuscany and Veneto. In particular, the three cities with the highest number of businesses owned by Chinese residents are Milan, Florence and Prato.[57]

5.2 The textile industry in Prato and how the signing of the 2019 MoU risks penalising this industry

The city of Prato, in Tuscany, welcomes the third largest Chinese community in Europe, after London and Paris.

In the 1980s, after the liberalisations that in those years allowed the migration of an increasing number of Chinese citizens to Europe, Chinese migrants – in particular, those coming from Zhejiang province – adopted the so-called capital emigration model in Italy, as in other countries. This model implied that, upon arrival, immigrants from China already had the capital needed to open a small business.

In Prato, Chinese migrants found a particularly suitable environment to start their businesses, thanks to the availability of production spaces left free by Italian textile artisans because of the crisis during the second half of the 1980s.[58]

Neighbouring districts, such as Montale, Agliana, Quarrata and Campi Bisenzio, are considered part of the 'textile district' of Prato too.

Prato plays a particularly important part in Italian manufacturing, contributing to the realisation of the 'Made in Italy'-labelled products, and contributes to the realisation of Italian fashion products. Prato's textile district is considered the largest textile centre in Europe and is one of the largest industrial districts in Italy. Globally, it is considered one of the most important centres for the production of yarn and woollen fabrics.

The textile district of Prato is made up of approximately 7,000 companies in the fashion sector (of which more than 2,000 are in the textile sector, in the strict sense), and exported goods to the value of €2.61 billion in 2018. The textile companies in Prato produce a vast range of goods, including fabrics, for the clothing industry, textiles for furnishings, yarns for the knitting industry, knitted products and clothing, non-woven fabrics and special textiles for industrial uses.

Prato's textile district represents a landmark for 'Made in Italy' clothing production – in particular, for ready-to-wear collections including Italian fashion brands of the calibre of Patrizia Pepe (Tessilform).

57 Ministry of Labour and Social Policies, 2018. *Annual Report on Chinese Community in Italy.* Available at: lavoro.gov.it/documenti-e-norme/studi-e-statistiche/Documents/Rapporti%20annuali%20sulle%20comunit%C3%A0%20migranti%20in%20Italia%20-%20anno%202018/Cina-rapporto-2018.pdf

58 D'Amato, M., 2019. La comunità Cinese in Italia: l'esempio di Prato. Starting Finance. [Online]. Available at: startingfinance.com/approfondimenti/la-comunita-cinese-in-italia

Many international clothing brands use the Prato textile district as their main reference point for the procurement of textile pieces for their production, as 'Made in Prato' is now synonymous with quality, technique, speed, highly specialised services and ad-hoc infrastructures – a reputation it has earned over the decades. This is demonstrated by the high incidence of the 'Made in Prato' label in the products of the major global brands and at the international fashion and high-fashion events.[59]

The Prato textile district is also in the vanguard for technical innovation and research. Prato's textile industry has created the so-called technical textile, a particular fabric that adds technical adjustment to the traditional use of fibres, which is particularly indicated for certain industries such as furnishing, the automotive sector and the aero-spatial field. Moreover, the Prato textile industry collaborates with centres of research and innovation, such as for the OTIR 2020 Tuscan Workshop for innovation and research in the fashion sector at Next Technology Tecnotessile.

It is clear that the Prato textile district is a unique industry of excellence for the Italian manufacturing sector and a reference point for the Chinese community in Italy.

As previously analysed, the signing of the 2019 MoU could penalise the Italian manufacturing sector – particularly the textile industry, which is already threatened by the cheaper Chinese production. Whilst the signing of the MoU has been advertised with the narrative of 'promoting the export of Made in Italy in products', the MoU actually sets the increase of investments and trade flows in both directions as a target, without mentioning a preferential way to specifically increase the volume of export of the 'Made in Italy' productions. In particular, for the Italian textile and manufacturing industries the MoU carries the risk of further increasing the disproportion between the volume of imported textile goods from China to Italy and that of exported textile goods from Italy to China at the expense of the more expensive Italian textile industry. The very high quality of fabrics and production and the higher cost of Italian manufacture already disadvantage the export of Italian goods from this sector, compared to the Chinese production.

Not only has the signing of the MoU not helped to create new jobs (export from Italy to China hasn't increased after the signature of the MoU), but it could have the opposite effect: increasing the competition between the Chinese textile industry and the 'Made in Italy' label, and diminishing the volume of Italian exports of textile goods to China, with a consequent decrease in employment within Italian textile districts such as Prato.

6. Recommendations: Following a less risky and more certain path within the framework of the EU and improving Italy's flagship sectors to continue attracting Chinese investments

It is clear that the main role played by the 2019 MoU has been one of publicity and validation for China, hiding this under the appealing narrative of the general connectivity idea promoted by the BRI, which doesn't address Italy's core needs in a concrete way, but rather in vague and hollow terms. By signing the 2019 MoU with China, Italy has taken great geopolitical and economic risks.

Was the risk worthwhile? A year after the signing of the MoU, evidence shows that the cost in terms of risks has been too high compared to what Italy has concretely achieved.

The first recommendation for Italy to find a less risky and more profitable path to follow in its collaboration with China is to find a balance with China within the framework of the EU.

Italy is a medium-sized country and signing bilateral agreements with a power like China, setting very ambitious and vague targets; contrasting the position of the EU, which is the historical partner of Italy and has a consolidated, long-lasting and profitable relationship with China, has not been a convenient move for Italy. Not only does the EU have a greater size and power, which allows it to be one of the three biggest economies worldwide, but it has also sought to build a shared position among the EU members regarding economic relations with China. Ignoring the EU's concerns over Italy signing the 2019 MoU and deciding to follow its own path, it seems more like an emotional answer than a strategic one, justified by the lack of trust towards the EU that has grown in Italy in recent years, which has been underscored recently during the COVID-19 pandemic.[60] Data show how the signing of the MoU has not translated into relevant changes in trading levels between Italy and China, or into an intensification of the co-operation between the two countries. Even though Italy signed the MoU with China more than a year ago, the Joint Communication of 2019 released by the European Commission, together with evidence showing how signing bilateral agreements with China hasn't yet brought about relevant changes for Italy, represents a tool for developing future collaborations with China through the EU framework. This is also significant bearing in mind how relevant and more balanced the relationship is between two political and economic powers of the calibre of China and the EU in contrast with Italy. As data regarding the 2019 EU members' trade levels with

59 City of Prato Website, 2016. Prato, il più grande centro tessile in Europa. [Online]. Available at: cittadiprato.it/IT/Sezioni/436/DISTRETTO-TESSILE/#:~:text=Prato%20%C3%A8%20considerato%20uno%20dei,filati%20e%20tessuti%20di%20lana.

60 Colombo, S., Greco, E., La nuova stagione dei rapporti Italia-Ue. ISPI. [Online]. Available at: ispionline.it/it/pubblicazione/la-nuova-stagione-dei-rapporti-italia-ue-26578

China shows (see page 10), Italy will not be held back in its co-operation projects with China, but will find a more profitable and less risky framework through its historic partner, the EU.

Even though the signing of the 2019 MoU has not brought about any concrete changes within Italy, the reciprocal involvement between the two counties in different fields has grown with continuity over the years. Hence, the second recommendation is to improve Italy's flagship sectors to continue attracting China's investments, which are mainly orientated in those fields of excellence, as shown by the data.

Italy should prioritise its flagship fields, such as research, development and technology, as well as encourage Chinese tourism in Italy, which is increasingly intensifying. Moreover, Italy should concentrate on incoming investments, outgoing investments and commercial trade.

Regarding incoming investments, Italian institutions should act by screening Chinese investments and attracting investments that would sustain the production sector.

Regarding outgoing investments, Italy should open up sectors that are considered strategic for reciprocity and support Italian businesses in the context of credit and insurance services.

Regarding commercial trade, there should be a reduction in the commercial deficit and in the gap between European competitors in the sectors in which China has invested in Italy.[61]

The promotion of high-tech Italian industries of excellence is also essential, as Chinese investments have mainly focused on these fields. In order to maintain a competitive advantage in these areas, it is important to favour public and private investments in research and development.

Moreover, it is important to continue scientific co-operation with China, which has always been one of the main fields of co-operation between the two countries. As China is increasingly interested in investing in specialised institutions of research or companies relying on highly developed tech in Italy, it is important to promote a reciprocal co-operation and interconnection within scientific research.

61 Fondazione Italia Cina, Centro Studi per l'Impresa. Annual Report, Cina 2019. Rapporto annuale-scenari e prospettive per le imprese. Available at: esteri.it/mae/resource/doc/2019/07/highlights.pdf

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