

# NEWSLETTER

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## ABOUT THE COUNCIL FOR THE UNITED STATES AND ITALY

[The Council for the United States and Italy](#) is a private non-profit organization, founded in Venice in 1983 by Gianni Agnelli and David Rockefeller, who served as honorary presidents until 2003. Marco Tronchetti Provera followed them as Chairman, then Sergio Marchionne until 2018. Domenico Siniscalco is the current Chairman, Gianni Riotta Executive Vice Chairman. The Council for the United States and Italy promotes and creates economic relations between Italy and the United States, linking them to Europe, Asia and Africa through knowledge and free trade. Its members are leaders in the economy, industry, finance, technology, services, consulting, law, and culture - a team in which economic growth is viewed as promoting humanity and wealth as a cultural value to be shared.

*This monthly newsletter is prepared jointly by the Council for the United States and Italy and The European House - Ambrosetti.*

### WEBINAR | The energy transition challenges | 12<sup>th</sup> October



**Francesco Starace** (*Chief Executive Officer and General Manager, Enel Group*)

It is not the first we are experiencing an energy transition in our history, but this time new aspects make it exceptional:

- It is happening at a faster pace with a unit of measure of years – and not decades as before – making it visible to the whole society;
- It involves not only the energy sector, but also the industrial world. The previous decade was characterized by renewables energies, especially solar panels and windmills, and it was possible thanks to two forces: not governments or environmental pressure, rather advancements in the knowledge of materials (with lighter, cheaper and easier to shape supplies) and digitalization. These trends pushed towards a renewed energy mix. This time, a third trend is shaping the transition: electricity can be easily produced at zero marginal cost, implying both decreasing and stabilized energy prices. For the first time in history, electricity can be applied to innovative uses in industrial sectors, reversing the existing energy paradigms. As a result of these three intertwined factors, the energy transition has a broader scope and will be extended to several industries, e.g. the automotive sector.

The energy transition has some distinctive features: it will be inevitable, and it is in everyone's interest to arrange it in an orderly manner. In the long term, it is expected that it will create around 30 million jobs but in its transition phase it will destroy 5 million jobs. Consequently, it requires a paradigm shift in the economic approach, with a substantial initial investment to stabilize the situation.

Secondly, this transition will expand around the world and is destined to impact every industry. By definition, every transition brings inequalities. The process starts with the distinction between those who understand its value and embrace it, and those who do not. We should work towards a transition that safeguards everyone and minimize inequalities, learning from our past.

## PROJECT SYNDICATE

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### THE G20'S VACCINE IMPERATIVE



**Gordon Brown**, *former prime minister and chancellor of the exchequer of the United Kingdom, is United Nations Special Envoy for Global Education and Chair of the International Commission on Financing Global Education Opportunity.*

*The world's richest countries are sitting on a vaccine stockpile of unused doses that are surplus to their requirements, whereas only 5% of Africa's population has been fully vaccinated. World leaders gathering in Rome for the G20 this month must address this catastrophic market and moral failure.*

Dear Prime Minister Draghi,

We congratulate you on your preparations for the G20 summit on October 30. We wish to bring to your attention the issue of the inequitable COVID-19 vaccine distribution plaguing our planet, and to ask you to consider the G20 meeting as an opportunity to address this inequitable distribution.

Over six billion doses have been administered worldwide, but 70% of these doses were administered by only a few of the world's 194 countries, and only 2% of people in low-income countries have received a vaccine dose.

Vaccines can play a major role in ending the pandemic, but only if they are available to all, and only if we collaborate with one another as no one is safe until we are all safe.

We believe that vaccine inequality can be ended, and that high-level action by the G20 will help immensely to do that. Now and every month until the end of the year, the richest nations, because of overordering, will be sitting on a vaccine stockpile of unused doses that are surplus to their requirements. Meanwhile, only 5% of Africa is fully vaccinated. Similar problems exist in large parts of Asia and Latin America. In order to reach the 70% vaccination target the world has set – the vaccination levels of high-income countries – five billion more vaccines are needed including 1.6 billion additional vaccines in Africa. Achieving this goal is within the world's reach, should high-income countries decide to share their surplus doses immediately.

A detailed plan can be agreed by the G20 to redistribute available vaccines and switch delivery contracts to the COVID-19 Vaccine Global Access (COVAX) facility, the international bulk-purchasing agency aimed at ensuring equitable access to vaccines globally. We urge you to press this idea on your G20 colleagues when finance and health ministers meet in Rome on October 29 and when leaders meet on October 30.

We believe that the plan we outline below, which builds on the global vaccines summit convened by US President Joe Biden in September, can bring immediate relief to the poorest countries.

First, our evidence shows that four polities – the United States, the European Union, the United Kingdom, and Canada – will be stocking by the end of this month 240 million unused vaccines. With a concrete plan agreed by the G7 countries and endorsed by the G20, and with the help of the militaries in these countries, these could be airlifted immediately to the countries most in need. Let us stress that these are unused vaccines, after we take account of the deployment of boosters in high-income countries and the vaccination of 12-15-year-olds, and they come on top of the donations that have already been agreed.

Second, another 212 million vaccines can be transferred by the end of November.

Third, a further airlift can be agreed for December of 150 million vaccines, with 280 million more in January and 245 million in February – adding up to a transfer of vaccines and delivery contracts for vaccines totalling 1.1 billion in the next four months.

These doses would help low-income countries in Africa and elsewhere achieve the currently unattainable World Health Organization vaccination targets of 40% by the end of the year or very soon thereafter.

Fourth, the World Bank should make available additional finance immediately to build the capacity needed to administer vaccines quickly and effectively in not only the urban but also the rural areas of low-income countries.

We believe that if all this is agreed, the world can meet what the WHO has said is a spring date in 2022 for 70% of all adults to be vaccinated.

We call your attention to the results if vaccines are not distributed to the countries in need at the rate we have proposed. Without urgent reallocation, 100 million vaccine doses will have passed their use-by date at the end of this year. If we do not act quickly, the figure could exceed 200 million by the end of January 2022.

It would be unethical for all these vaccines to be wasted when globally, there are 10,000 COVID-19 deaths every day, many of which could have been averted.

The information from a UK survey is that for the deployment of less than 100 million vaccines, 120,000 lives have already been saved, illustrating the benefits of a mass vaccination campaign in countries where a fourth wave of COVID-19 is happening and escalating numbers of lives are in danger of being lost.

We are in touch with the African Centre for Disease Control and Prevention to assess their needs and the shortfall in vaccine supply. They say that they are still recovering from a long and hard third wave that claimed the lives of 80,000 people since the start of August. Unfortunately, the rate at which lives are being lost is increasing, not decreasing. With each new wave being worse than the previous wave, many experts fear that things will worsen when the impending fourth wave arrives - unless vaccines are swiftly provided.

Vaccine inequity constitutes a threat to us all. Just as one cannot put out half a fire and be safe from the fire, so are we all not safe until everyone is safe. Without rapidly scaled up vaccination, fast-moving variants will continue to arise in unvaccinated regions which are bound to spread to the fully vaccinated elsewhere and undermine the vaccination progress made to date.

As you know, the probability of death increases with increasing poverty. It is estimated that the failure to deliver vaccines to low-income countries will cost the world \$5.3 trillion. Low-income countries will bear the brunt of these costs as they cannot begin to recover from the pandemic without far greater access to vaccines.

As the G20 convenes in Rome, we hope that the assembled leaders will agree that the poorest and the most vulnerable can finally have access to the miracle of life-saving vaccines.

## THE PROMISE OF EUROPEAN POWER



**Joschka Fischer**, Germany's foreign minister and vice chancellor from 1998 to 2005, was a leader of the German Green Party for almost 20 years.

*While some in Europe beat the drum of "strategic autonomy" and set their sights on faraway regions, the specter of renewed nationalism and war still stalks the bloc's immediate neighborhood. A serious EU security and foreign policy would address these nearby threats before venturing farther afield.*

BERLIN - In light of ongoing global political changes, there is much discussion in the European Union about the need for "strategic autonomy." The thinking in EU institutions in Brussels, and among leaders in Paris and some other capitals, is that the global rebalancing of political and economic power away from the North Atlantic requires Europe to develop a more forceful security and defense policy so that it can engage in the geopolitically ascendant Indo-Pacific.

But the Indo-Pacific is far from Europe. Even if France still believes that it has strategic interests there by dint of its overseas territories, the same most certainly does not apply to Europe as a whole. Moreover, even if France aspires to be a Pacific power, it no longer has the requisite strength. Its foreign-policy ambitions must be recognized as mere echoes from a bygone era.

This is not the eighteenth or nineteenth century. If a twenty-first-century Pacific power really had aggressive designs on one of France's far-flung Pacific territories, France would be unable to muster an effective defense. It would be in the same situation as Great Britain vis-à-vis Japan during World War II: totally dependent on the United States.

Because the EU is not, in fact, a global power, it cannot be a stabilizing force in global security. Though it faces no shortage of challenges and threats, these emanate primarily from its immediate neighborhood (mostly the European continent and the Mediterranean), and stem largely from its own internal contradictions. It remains ultimately reliant on the credibility of the US security guarantee for its own defense.

The new debate about "strategic autonomy" follows from the fact that US policies in recent years have called into question the credibility of that guarantee. But if Europeans want to reinforce the principle of mutual defense by increasing their own contribution to transatlantic security (as I believe they should), they ought to look first and foremost to their own neighborhood.

Until now, the EU has had only one truly effective security-policy tool at its disposal: the promise of accession to the bloc. But since the EU's great eastward expansion in 2004, it has had to deal with internal crises caused by nationalist governments in Hungary and Poland, both of which have directly challenged the EU by rejecting the supremacy of EU law.

In any case, the enlargement process has effectively ceased, owing to the frictions introduced by previous expansion and older member states' inability to implement the necessary internal reforms. Yet even though the EU has deprived itself of the means of achieving an independent role in security and foreign-policy matters, it has begun to bang the drum of "strategic autonomy." This should be recognized as a dangerous contradiction.

It is worth remembering that at the June 2003 Thessaloniki Summit after the war in Kosovo, the EU made a binding commitment that has since underpinned the postwar settlement and maintained the prospects for regional peace. Here is what it said:

"The EU reiterates its unequivocal support to the European perspective of the Western Balkan countries. The future of the Balkans is within the European Union. The ongoing enlargement and the signing of the Treaty of Athens in April 2003 inspire and encourage the countries of the Western Balkans to follow the same successful path. Preparation for integration into European structures and ultimate membership into the European Union, through adoption of European standards, is now the big challenge ahead. The Croatian application for EU membership is currently under examination by the Commission. The speed of movement ahead lies in the hands of the countries of the region."

Ten years later, in 2013, Croatia was admitted to the EU. Reneging on this promise for the region's other countries, or postponing additional accessions to a later date *ad kalendas Graecas* (meaning never), would have disastrous consequences. While one can argue over whether Turkey really counts as part of Europe, there is no doubt whatsoever that the Western Balkans do. Nor is there any doubt that instability there poses a danger to the entire continent. The long, violent breakup of Yugoslavia in the 1990s ought to have driven that point home.

On top of this geopolitical risk are the dynamics associated with new great-power rivalries. Russia and China have already shown that they are all too eager to play the Balkan card against the EU. If faith in the EU's earlier promise to the region were to evaporate, a revival of aggressive nationalism would likely follow, creating the conditions for a return to war.

Viewed from this perspective, the EU simply cannot afford to abandon enlargement, especially not if it is serious about achieving "strategic autonomy." To be sure, recent internal challenges have shown that modifications to EU governance may be necessary. But breaking the promise of membership is not an option. It is in the Balkans, not the distant Indo-Pacific, that European security and foreign policy must prove itself. And it is in the entire West's interest that Europe acquit itself well there.