

A BRIEF HISTORY OF THE RELATIONS BETWEEN SAN MARINO AND THE EUROPEAN UNION

San Marino is a third State with respect to the European Union. The European Union and San Marino established diplomatic relations in 1983. Following complex political discussions, the European Economic Community and the Republic of San Marino concluded an Agreement on Customs Union and Cooperation, signed in Brussels on 16 December 1991 and approved by the European Parliament on 9 July 1992. With a view to the creation of the European Single Market on 1 January 1993 and the consequent abolition of customs barriers among Member States, it had become imperative to immediately implement the rules of the Agreement focusing on commercial matters, in order to allow San Marino goods to move within the territory of the entire Community. Therefore, the Interim Agreement on Trade and Customs Union was signed. This allowed to convene the cooperation Committee, envisaged by the Agreement and responsible for the management thereof, which has been able to make many decisions to regulate various technical aspects relating to the trading and customs relation with the Community.

On 1 April 2002, the **Agreement on Cooperation and Customs Union** entered into force (after a long ratification process, during which the trading and customs part was in any case in force). The Agreement establishes a customs union, by abolishing import and export duties and charges having equivalent effect between San Marino and the EU. San Marino undertakes to apply the common customs tariff to goods coming from third countries, as well as the common commercial policy and the Community regulations on trade in agricultural products and Community veterinary, phytosanitary and quality regulations.

Under this Agreement, the parties shall establish cooperation not only in commercial matters, but also in other sectors, such as industry, environment, tourism, culture and mass-media. Finally, social provisions have been introduced to mutually recognise a treatment free from any discrimination based on nationality as regards working conditions and remuneration to the nationals working in the territory of the other Contracting Party. Equal treatment is also provided for in the field of social security. Article 19 contains a future development clause, as it envisages that the Contracting Parties may enlarge the scope of the Agreement by mutual consent in order to supplement the areas of cooperation through agreements on specific sectors or activities.

In the light of the developments occurred after the signing of the agreement, the **“Aide Memoire”**, sent on 17 October 2002 to the EU Presidency, the President of the European Commission, Commissioner Patten and the President of the European Convention, highlighted that San Marino economy is closely intertwined with the European one and therefore mentioned the possibility of “new forms of collaboration over and above the Cooperation and Customs Union Agreement now in force”. Moreover, it pointed out that San Marino, being a small State desirous of preserving its own identity, had to thoroughly consider all implications of a possible membership in the European Union, and that the European Convention was a “valuable opportunity” to jointly address these issues. In the light of this, the Republic of San Marino expressed its willingness “to start together a study and assessment activity”, with a view to subsequently defining, together with the Community Institutions, a common strategy, so as “to meet the expectations of both parties” and “lay the foundations of the relations between the Republic of San Marino and the new European Union of the third millennium”.

San Marino has also taken part in the European monetary integration process. Since the Monetary Agreement with Italy dated 21 December 1991 was already in force and a renegotiation of the existing agreements was necessary following the introduction of the European single currency, the EU conferred upon Italy the mandate to negotiate a Monetary Agreement between the EU and San Marino. The Monetary Agreement, signed in 2000 and entered into force in 2001, sets forth that San Marino is entitled to use the euro as its official currency and is required to make Community rules on euro banknotes and coins applicable in its territory. The Republic of San Marino may issue a specified amount of euro coins, which shall be identical to those issued by the Member States of the EU. In addition thereto, it is required to use the Italian Mint and no other establishment to mint its coins. Financial institutions located in the Republic of San Marino shall have access to payment systems within the euro area through Italian payment systems under appropriate conditions determined by the Banca d'Italia with the agreement of the European Central Bank.

The renegotiation of the Monetary Agreement concluded in Brussels on 29 March 2012 with the signing of the Monetary Agreement between the European Union and the Republic of San Marino, unanimously ratified by the San Marino Parliament on 1 August 2012. The Monetary Agreement entered into force on 1 September 2012. This Agreement replaces the Monetary Agreement signed on 29 November 2000. The new text transposes Community regulations on the protection of the euro against counterfeiting and on the prevention of money laundering. Moreover, it brings banking and financial legislation in line with that of the Member States of the euro area. It also provides for the establishment of a joint Committee – aimed at favouring the implementation of said text and addressing any amendment to the list of Community provisions to be applied by San Marino – as well as for the introduction of a new method to establish the ceiling for the issuance of euro coins, with a view to treating all countries having signed monetary agreements with the EU equally.

Always at the Community level, in October 2004 the competent European authorities substantially accepted the request submitted by San Marino to enable San Marino nationals to benefit from the treatment granted to Community nationals while crossing EU external borders, through the so-called “EU corridors”, at the check posts on the external frontiers of Member States that apply the provisions of the Schengen Agreement, without undermining the control regime.

Moreover, on 7 December 2004, San Marino concluded with the European Union an Agreement on taxation of savings income based on the same elements already provided for in the agreements with Switzerland and the other European small States (Andorra, Monaco and Liechtenstein). A **Memorandum of Understanding** between Member States and San Marino is attached to this Agreement. Point 4 of the Memorandum of Understanding establishes that, in the context of the strengthening of relations between San Marino and the EU, “the conclusion of tax agreements with Member States of the European Union” “and San Marino’s commitment to provide, within this framework, for information exchange in accordance with OECD standards, would enhance wider economic and tax cooperation”. In this case, “recognising the efforts made by San Marino, consultations could take place between San Marino and the Member States with the objective of eliminating or reducing, on a bilateral basis, double taxation in relation to different forms of income”.

In April 2010, San Marino adopted the “**Omnibus**” **Decision no. 1/2010 of the EU-San Marino Cooperation Committee** in the area of customs union. Such Decision includes all decisions previously made by San Marino in order to comply with the provisions of the Interim Agreement on Trade and Customs Union and it reiterates the full effectiveness thereof in the framework of the current Agreement on Cooperation and Customs Union. In the text of the Decision new aspects are introduced, including the enforcement of the legislation protecting endangered species of wild fauna and flora (CITES), by virtue of which the territory of the Republic of San Marino shall be now considered a Community territory, thus leading to a simplification of the administrative procedures applying to imports and exports between San Marino and the EU. The Decision also defines the procedure for the transposition of the customs union rules in the following areas: common commercial policy, market surveillance, health, safety and protection of consumers, agriculture, food safety, veterinary and phytosanitary matters. Finally, the list of customs offices authorised to carry out customs clearance of goods coming from third countries and destined for the Republic of San Marino has been extended, as wished by San Marino economic categories.

Since the beginning of the present legislature, the Ministry of Foreign Affairs has promoted a process of analysis and study of the various modalities of a possible European integration, also by establishing, from the very beginning, political and diplomatic contacts. In July 2009, a first meeting was held with the European Commissioner for External Relations and European Neighbourhood Policy, Benita Ferrero-Waldner, who acknowledged the excellent relations existing between San Marino and the European Union and welcomed the intention to possibly strengthen such relations in the forms and ways most suitable to the characteristics and typical aspects of our State.

To this end, in January 2010, a **Technical Group** was established (coordinated by the Foreign Affairs Department) **to assess new policies for the integration with the European Union**. Such Technical Group has carried out an analysis on the problems of the country with a view to proposing technical solutions through different forms of integration.

In September 2010, San Marino attended a **seminar on the European Economic Area for the small States of Europe**, organised by the European Commission: it was an opportunity to effectively and directly exchange views on the possible scenarios for integration in the single market.

The **Final Report of the Technical Group** was submitted to the Great and General Council in its sitting of 15 December 2010. At the end of the sitting a Decision was approved which gives to the Government the mandate to start negotiations aimed at achieving a greater and better integration of the Republic of San Marino at a European level, to obtain all useful elements and assess the existence of political and international conditions necessary to start negotiations for the accession of the Republic to the European Union.

San Marino’s position vis-à-vis the European Union is still subject to political debate in the country. The current Government is taking action to adopt a strategy for closer relations with the EU, also with a view to overcoming the rigidity of some dynamics concerning bilateral relations.

In January 2011, the Minister of Foreign Affairs sent, on behalf of San Marino Government, a **letter to the President of the European Commission and the President of the European Council** to inform them of the activities and initiatives carried out to analyse European issues thoroughly, and to request to undertake consultations aimed at verifying forms of greater integration of San Marino with the European Union.

During 2010 and 2011, several political and diplomatic meetings were held. In October 2010, the Minister of Foreign Affairs met in Brussels with the Vice Prime Minister and Minister of Foreign Affairs of Belgium, Stefen Vanackere, at that time President of the European Union, who expressed the intention of the EU to favour San Marino's greater integration, in the forms to be considered together as the most satisfying for both parties.

Moreover, with a view to finding the best possible solution in terms of increased integration with the European Union, the relations with the services of the European Commission have been strengthened, with particular reference to the External Action Service.

On 13 December 2010, the European Council adopted a document on relations between the European Union and the EFTA countries. In the conclusions of this document, reference is made to the possibility of assessing the relations with the small States of Europe, in particular the Republic of San Marino, the Principality of Monaco and the Principality of Andorra, by starting to carry out an analysis on the possibilities and modalities of their progressive integration in the internal market, taking into account their particular situation, during the following six months of 2011.

Following the starting of this process, on 14 June 2011 the European Council acknowledged, under the aegis of the Hungarian Presidency, a **Report prepared by the EFTA Group** concerning the integration of the three-States (San Marino, Andorra and Monaco). This Report provides for a reference legal basis, which is the same for all three-States, but which takes into account their specific national features during negotiations. Finally, it invites to carry on consultations, considering that, to start negotiations, the Commission will need to receive the relevant mandate by the Council. In this regard, the Report is an important turning point since, for the first time, the European Union commits to dealing with the three-States with quite a precise timing: the competent services of the Commission will have to provide recommendations on the integration of the three-States with the internal market by June 2012, after having carried out an in-depth analysis of the new possible institutional framework.

In June 2011, the San Marino Parliament approved a **second Decision** submitted by majority Parliamentary Groups and Representations, according to which the Institutions commit themselves to guaranteeing full implementation of the Cooperation and Customs Union Agreement with the EU and to starting negotiations for the Republic's European integration. These indications were then discussed in a meeting of the Parliamentary Commission for Foreign Affairs of 13 July 2011, during which **another Decision** was approved by unanimity. Such Decision substantially reiterated the contents of the Decision approved by large majority by the Great and General Council on 7 June 2011.

On 14 July 2011, the competent services of the European Commission received an official letter convening the EU - San Marino Cooperation Committee, envisaged by the Cooperation and Customs Union Agreement in force, relative to a series of issues that have risen over the last years, with a view to improving the application and functioning of the Agreement and to considering new fields of collaboration.

In September 2011, the Minister of Foreign Affairs met in Brussels with the President of the European Council, Herman Van Rompuy, who expressed his satisfaction with San Marino's desire to strengthen relations with the EU, by underlining that greater integration with small States is for the European Council a priority and commitment to identifying the best legal framework, so that the needs of all parties involved can be met.

The **EU-San Marino Cooperation Committee** met on 20 October 2011 and discussed some issues, including the possible establishment of a San Marino customs office, the improvement of free circulation of some goods, the strengthening of cooperation in the infrastructure and tourism field, as well as in the health sector. Moreover, some particularly sensible issues related to the financial sector were underlined.

In November 2011, the Minister of Foreign Affairs and the President of the Permanent Parliamentary Commission for Foreign Affairs went to Berlin to participate in an initiative organised by the German Government and Parliament and aimed at carrying out an in-depth analysis of the strengthening of relations between the European Union and the three-States (Andorra, Monaco and San Marino).

On 1 January 2012, the **"Directorate of European Affairs"** was established within the Foreign Affairs Department, as envisaged by the reform of the Public Administration, with the precise task of following the process of greater integration with the European Union, which will have an increasing importance.

On 23 March 2012, a **meeting on European integration among technical delegations of the Principality of Andorra, the Principality of Monaco and the Republic of San Marino** was held in San Marino. This meeting was organised in response to the invitation contained in the Report of the Hungarian Presidency to the Council of Europe dated 14 June 2011, which encouraged to adopt "current and future measures of the three-States to strengthen the convergence of their respective legislations with the EU *acquis* on the internal market". The three-States involved have indeed shared the need to carry out together an in-depth analysis of the European integration process through a series of specific meetings on issues concerning the fundamental freedoms characterising the European internal market. This first meeting focused on freedom of movement of people and dependent workers, with a view to increasing the knowledge of the respective regulations and also of the most topical problems encountered, considering the relations that each of the three-States has had with the European Union until today.

With a view to promoting European studies and to developing new professional skills to be used within the Public Administration, thus contributing to the achievement of greater and better European integration, in 2012 a **call for submission of applications for the award**

of two scholarships at the College of Europe in Bruges (Kingdom of Belgium) was published. On the basis of the final list of successful candidates, drawn up by the officials of the Admission Office of the College of Europe after interviewing the candidates, a San Marino female citizen was chosen, who, starting from September 2012, will be admitted to the Master of Arts in European Economic Studies. At the end of the academic year, she will continue her training at the Foreign Affairs Department - Directorate of European Affairs for two years.

On 19 June 2012, **a meeting of the EFTA** Group of the European Council was held in Brussels. During this meeting, the activity carried out over the last year by the External Action Service, with the collaboration of the three-States and of the European Commission, was acknowledged. Moreover, the continuation of the consultation process was approved, with a view to ultimately formulating specific recommendations on the integration of the three-States in the internal market.

On 11 July 2012, **the Minister of Foreign and Political Affairs, Antonella Mularoni, met in Brussels with the President of the European Commission, José Manuel Barroso.** Minister Mularoni and President Barroso shared the importance of carrying on the process of European integration, already started by San Marino, Andorra and Monaco. President Barroso encouraged the Republic of San Marino to continue with the consultations in view of the conclusion of a Framework Agreement providing for access to the European internal market. The European Union will be in a position to submit, by the end of 2012, a document containing some proposals for integration, which will be thoroughly examined by the Governments of the above-mentioned countries. President Barroso finally expressed his appreciation for the work done so far by San Marino and the hope that the three-States will reach a common position, with a view to facilitating their integration in the European single market.

On 24 September 2012, **a meeting between the technical delegations of the Principality of Andorra, the Principality of Monaco and the Republic of San Marino on European integration** took place in Andorra with a view to continuing to improve the knowledge of the respective legislations and of the most topical problems concerning the relation that each of the three States has had with the European Union till now. After the meeting of March 2012 in San Marino on free movement of people and dependent workers, this second meeting considered the in-depth studies conducted over the last months within the three countries, through the contributions of the relevant technical sectors, on the indications contained in the documents prepared by the European Union Services in relation to free movement of capital, goods and services and more in general on their cooperation with the EU.