

## **A 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. 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 - with Presidency Note to the Council's Strategic Committee on Immigration, Frontiers and Asylum (no. 13020/04 REV 1) - the request submitted by San Marino and concerning the crossing of EU external borders was substantially accepted. This decision enables San Marino citizens **to use 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 XXVII 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, Steven 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, Antonella Mularoni, 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 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.

Upon conclusion of the technical consultations on the major issues concerning the Internal Market, held between the Community services and the three small States in the preceding months, on 20 November 2012 **the Commission submitted** to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions **a Communication on the relations of the European Union with the Principality of Andorra, the Principality of Monaco and the Republic of San Marino**. Such document lists a series of options for a closer integration of the three countries with the European Union. Attached to the Communication is **a working paper** drafted by the Commission services **on the obstacles to the access to the EU Internal Market and on the collaboration in other sectors** other than the four fundamental freedoms.

In the framework of the existing collaboration between San Marino and the European Union for a better and closer integration with Europe, **a visit of the EFTA Group of the Council of the European Union was organised in San Marino** from 18 to 20 December 2012. On that occasion, the diplomatic Representatives of the EU Member States were given many

information on San Marino and could gain a more precise picture the problems existing in the relations of San Marino with the European Union. The EFTA Group, which was accompanied by some officials of the European External Action Service, of the Secretariat of the Council of the European Council and of the European Commission, held numerous meetings with the representatives of the economic, financial, productive, political and social sectors of the Republic of San Marino. During the works, the participants could witness the lively and democratic approach characterising the meetings and the interest shown by the different actors in an attempt to identifying a process for better and closer European integration of San Marino.

On 20 December 2012, **the Council of the European Union adopted its Conclusions** on the EU relations with the Principality of Andorra, the Principality of Monaco and the Republic of San Marino. The Council took good note of the efforts made for closer integration and encouraged to continue this work and hold consultations with a view to identifying the feasibility and the degree of support for the options deemed to better meet the integration needs of the three small States.

At the end of an ad-hoc debate on the development of relations between the Republic of San Marino and the European Union, in its sitting of 28 February 2013, the Parliament approved a **petition** which, having ascertained the common willingness of political forces to implement the integration process of the Republic of San Marino with the European Union, mandates the Government to assess the administrative requirements necessary to the implementation of the relevant *acquis communautaire* in the studies and exchange of views envisaged for 2013 by the Conclusions of the European Union of 20 December 2012. It also assigns the Government the task of identifying the instruments necessary to adequately support the Administration in this process.

On 6 and 7 March 2013 the **Minister of Foreign Affairs, Pasquale Valentini, was in Monaco**, together with Minister of Foreign Affairs of the Principality of Andorra, Gilbert Saboya, upon the invitation of José Badia, Minister of Foreign Affairs of the Principality of Monaco, to participate in some meetings focusing, in particular, on the relations of the their respective States with the European Union. The meetings gave the Ministers the opportunity

to **exchange their views also on possible future developments in the relations of the three small countries with the EU**, in the light of the indications contained in the Conclusions of the Council of the European Union on the relations with the Principality of Andorra, the Principality of Monaco and the Republic of San Marino, adopted on 20 December 2012. The Delegations of San Marino and Andorra were also received by the Minister of State of the Principality, Michel Roger.

On 11 and 12 March 2013, **a delegation of the Community Services visited San Marino**. The visit was part of the process mentioned in the document "Conclusions on the the Relations between the EU and the Principality of Andorra, the Republic of San Marino and the Principality of Monaco", adopted by the Council of the European Union last 20 December, which, with a view to a greater European integration of the three small States, encourages further analysis and reflections, starting in the first semester 2013, trough the organisation of ad-hoc consultations between the competent Community Services and the three States involved. The visit of the delegation of the Community Services **started a process aimed at better understanding and analysing, at a technical level, the country's administrative capacity**. To this end, various meetings were organised with the Directors of all Public Administration Departments and, in particular, with the officials already involved in the transposition and implementation of EU provisions into San Marino legislation, with regard to their field of competence. In this context, a few visits to some offices were also made. The visit started with a meeting with the Minister of Foreign Affairs, Pasquale Valentini, and a Government delegation, during which EU officials illustrated the indications contained in the document of 20 December 2012 and, in particular, the options for a closer European integration, with a view to guaranteeing access to EU internal market, as San Marino hopes for.

Following this meeting, the **European Commission services sent to the San Marino Administration an ad-hoc and detailed questionnaire**. Such document, which was properly filled in with the answers from all Public Administration Departments to the questions concerning relevant and different offices and sectors, was sent to the EU services in June 2013. The document, which is the result of a detailed administrative survey with respect to the EU legislation mentioned therein, should give to the Community services a better knowledge of San Marino Public Administration and of the country itself. This is a

sine qua non condition for the subsequent verification of the "administrative capacity" of the country with regard to the transposition and monitoring of the implementation of the EU *acquis*, in line with the process of greater European integration undertaken by San Marino, in accordance with the Conclusions, adopted by the Council of the European Union on 20 December 2012, on EU relations with the Principality of Andorra, the Republic of San Marino and the Principality of Monaco.

In San Marino, on 13 June 2013, **a meeting was held among the Minister of Finance, Claudio Felici, the Minister of Foreign Affairs, Pasquale Valentini, and the European Commissioner responsible for taxation and customs union, Algirdas Semeta**. Indeed, Commissioner Semeta was in San Marino - in the context of similar meetings also with representatives of the Administrations of Monaco, Andorra, Switzerland and Liechtenstein - to define with the two Government Representatives, as a first step, the framework for the **renegotiation of the agreement on savings taxation** signed by San Marino in 2004. This is a consequence of the recent decision made by the Council of Ministers, authorising the European Commission to agree protocols amending the agreements signed in 2004 with certain third countries having special links with the EU.

Upon invitation by the Minister of Foreign Affairs, Pasquale Valentini, the **Ministers of Foreign Affairs of the Principality of Andorra and of the Principality of Monaco, Gilbert Saboya and José Badia respectively, accompanied by their Delegations, were in San Marino** to take part in a meeting held on 15 July 2013. This meeting enabled to take stock of the relations of the respective countries with the European Union and to resume the discussions - after the meeting among the three Ministers of Foreign Affairs held last March in the Principality of Monaco - on the steps taken so far along the path indicated in the document "Conclusions on the Relations between the EU and the Principality of Andorra, the Republic of San Marino and the Principality of Monaco", adopted on 20 December 2012. This meeting was an occasion also to discuss future strategies concerning several topical issues at a European level, which are presently being considered by the three small States.

On 20 August 2013, in the context of their common participation in the meeting "Europe of Peoples, Europe of States", during the 34th edition of the "Meeting for Friendship among

Peoples", the **Minister of Foreign Affairs, Pasquale Valentini, met with the President of the European Parliament, Martin Schulz**, who confirmed his interest in the process undertaken by San Marino towards a greater European integration. Moreover, President Schulz expressed his readiness to pay an official visit to San Marino in the months to come.

On 18 November 2013, **the European Commission approved the text of the “Report to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions relating to EU relations with the Principality of Andorra, the Principality of Monaco and the Republic of San Marino: options for their closer integration with the internal market”**. The document was adopted by the European Commission following a year of particularly intense work at a political, diplomatic and technical level between San Marino and the European Union. This document was drafted on the basis of the consultations between the EU and the countries of small territorial dimensions and EFTA/EEA countries (European Free Trade Association/European Economic Area) and it was integrated with information gathered during on-site visits, in March 2013, by specific Delegations of the European External Action Service (EEAS) and the European Commission Services to the three countries involved. This information was then supplemented with the answers provided by the three countries to a Questionnaire on their legislation and administrative capacity.

On 16 December 2013, **the Council of the European Union issued the Conclusions** in which it welcomes the Report from the Commission on “EU Relations with the Principality of Andorra, the Principality of Monaco and the Republic of San Marino: Options for their participation in the Internal Market”, and, on the basis of the indications contained therein, it invites the Commission and the High Representative, as appropriate, **to submit to the Council, by the end of April 2014, a Recommendation to open negotiations** with the Principality of Andorra, the Principality of Monaco and the Republic of San Marino **on one (or several) Association Agreement(s)**.

On 30 January 2014, **the Minister of Foreign Affairs, Pasquale Valentini, and the Minister of Finance, Claudio Felici, met the President of the European Commission, José Manuel Barroso**, in Brussels. President Barroso confirmed the EU interest in further

strengthening its relations with small States through the process outlined in the documents recently issued by the European Commission and the EU Council, which San Marino is undertaking with attention. President Barroso also expressed **satisfaction with the implementation of the Monetary Agreement** between the European Union and the Republic of San Marino, **as well as with San Marino's access to the Single Euro Payments Area - SEPA** as from 1 February 2014.

On the occasion, the Representatives of the San Marino Government described the present economic situation of the country, in relation to which closer integration with the European Internal Market might help overcome some challenges and make a positive contribution. Furthermore, they also talked with President Barroso about **the exchange of views currently taking place between San Marino and the EU for the revision of the Savings Taxation Agreement**.

On 7 March 2014, a delegation of the Services of the European Union, composed of officials from the External Action Service (EEAS) and the European Commission, was in San Marino for a useful exchange of information and opinions in view of the forthcoming decision by the Council of the European Union. Indeed, on the basis of the report submitted by the European Commission, the Council shall approve with a recommendation the opening of ad-hoc European negotiations with the Republic of San Marino, the Principality of Andorra and the Principality of Monaco, for the definition of one or more Association Agreements with the EU.

The visit started with a **meeting of the delegation of the European Union with the representatives of the Government of San Marino** composed of the Minister of Foreign Affairs, Pasquale Valentini, the Minister of Finance, Claudio Felici, the Minister of Industry, Marco Arzilli, and the Minister of Territory, Matteo Fiorini. Besides several aspects concerning the preparation and conduct of negotiations and the related commitments, the meeting focused, in particular, on the institutional issues to be included in the Agreement.

Subsequently, **the delegation met with the Directors of the Departments of the Public Administration**, who will be directly involved in the following stages of the negotiations.

Also this meeting enabled to exchange a large number of information and was a useful opportunity for dialogue and mutual knowledge at a preliminary stage, which will be followed in the next few month by an operational one, as anticipated by the Recommendation of the Council of the EU.

In order to deal with the successive rounds of negotiations, **a specific Technical Group was established** with Congress of State Decision of 29 April 2014, **with the task of analysing and comparing San Marino legislation with the relevant EU *acquis*** concerning the four fundamental freedoms of the internal market, as well as of discussing in detail any other specific aspects. In addition, always through the above-mentioned Decision, **the Chief Negotiator** for future negotiations with the competent Community Services **was designated**, namely the Head of the Mission of the Republic of San Marino to the European Union.

The Technical Group is coordinated by the Directorate of European Affairs of the Department of Foreign Affairs and is composed of representatives of the various sectors of the Public Administration, who are responsible for monitoring, as a priority and for the entire duration of the relation and of the possible implementation of the Agreement, the critical issues concerning the activity of the areas of the respective Departments in the context of the EU legislation, as well as for representing them in relation to the development of the negotiations.

Taking advantage of the valuable support of a legal advisor, since April 2014 the Technical Group has met on several occasions and has terminated its analysis when, **in August 2014, a summary document was developed** containing the potential critical issues for San Marino, the most appropriate internal adjustments needed to fill the gaps identified during the assessment stage and other useful information for guiding the choices of the future negotiation, which shall nevertheless take into account the specificities most relevant to the country.

In order to interconnect the working groups currently operating in various sectors, **two meetings were held among the consultants who, in various capacities, are collaborating with the Government and are working on matters relevant to European integration.**

These meetings provided an opportunity for discussion and exchange of proposals and considerations and were also useful to illustrate the work so far carried out in each area of competence. In this regard, a reference was also made to the presentation of the guidelines of the reform concerning the possible introduction in San Marino of the General Consumption Tax, which could have a significant impact on the reduction of barriers to the country's competitiveness, also in relation to the free movement of goods.

On 16 July 2014, **a training seminar on the European Union and the Association Agreements, conducted by the legal advisor to the Government, was organised.** This seminar was attended by the members of the Technical Group, officials of the Public Administration designated by their respective Directors, as well as representatives of economic and social categories of the Republic of San Marino and all those involved in the Development Committee.

In September 2014, the Head of Mission of the Republic of San Marino to the EU participated in a meeting of the EFTA Group of the Council of the European Union. On this occasion, the activities hitherto carried out by the country in the process of integration were illustrated. Moreover, the need was expressed for the new Agreement to constitute the most appropriate basis for the promotion of the interests of the parties involved, as well as the definition of a legal framework capable of ensuring a sustainable development of relations.

After the examination and approval by Coreper (Committee of the Permanent Representatives of the Governments of the Member States to the European Union) on 10 December 2014, **the Council of the European Union officially conferred upon the Commission, on 16 December 2014, the mandate** for the negotiation of one or more association agreements between San Marino, Andorra, Monaco and the EU. According to the press release of the Council of the European Union, the agreement(s) will provide for the participation of these countries in the EU's single market and cooperation in other policy areas. Their rapprochement with the single market legal framework should favour both sides, which will benefit through the substantial reduction or elimination of obstacles to trade and the free movement of goods and persons. Moreover, the level of market access by the three small States should be comparable to that enjoyed by the non-EU European Economic Area

member States.

At the conclusion of the relevant Parliamentary debate on the mandate for the conclusion of one or more association agreements with the EU, **on 23 January 2015 San Marino Parliament approved a Decision**, submitted by majority political forces and voted almost unanimously. Such Decision commits the Government to ensure that negotiations are aimed at finding the most fruitful balance between the interests of the parties involved, by adapting the specific needs of the EU and of San Marino, starting from the definition of the most appropriate institutional framework common to three countries. This objective will be achieved through an extremely flexible agreement guaranteeing homogeneity and a smooth functioning of the internal market. However, this agreement will also have to take into account the particular situation of each of the three countries, in the light of Declaration no. 3 on Article 8 of the Treaty on the European Union, according to which "the Union will take into account the particular situation of small-sized countries which maintain specific relations of proximity with it".

This Decision also identifies the areas of particular national interest. In addition, it highlights the efforts to be undertaken to strengthen the negotiating Group, as well as to increase the level of professional skills of managerial staff in the competent sectors of the public administration, by hiring more qualified human resources. It also expresses the hope that negotiations duly consider the efforts made by the country to transpose financial transparency and international collaboration standards, as well as the good level of cooperation in the field of foreign policy that San Marino has granted to Europe over the years. Finally, it recommends the creation of a Permanent Research Centre to study the Community acquis and the problems arising from it, also in relation to the implementation of the Agreement.

**On 13 February 2015 the Foreign Ministers of the three small States gathered in Brussels** to discuss the work in progress at the level of individual administrations and civil society, as well as the most sensitive areas to be considered during negotiations. This was also an opportunity to meet with the competent officials of the European External Action Service, in order to draw up a timetable and start to outline the possible organisation of future

negotiations.

**On 18 March 2015, in Brussels, the negotiations** for the conclusion of one or more association agreements with the European Union **have officially been started**, in the presence of Federica Mogherini, High Representative of the European Union for Foreign Affairs and Security Policy and Vice-President of the European Commission, the Minister of Foreign Affairs Pasquale Valentini and his counterparts of Andorra and Monaco.

Some bilateral meetings between Italy and San Marino have also been arranged in order to carry out an audit of existing bilateral agreements, as requested, inter alia, by the European Commission itself. The aim is to define a single corpus and then proceed to the analysis of the impact of the association process on these agreements, in order to better match them to the transposition of the Community acquis, and specifically by referring to the topics to be included in the legal basis of the future Agreement.

Following the ceremony for the official launch of negotiations on one or more association agreements with the European Union, which took place in Brussels on 18 March 2015, the first negotiation meetings were held between the European External Action Service and the delegations from Andorra, Monaco and San Marino.

**A San Marino delegation visited the Grand Duchy of Luxembourg on 19 and 20 March** for a series of meetings with competent Government Authorities, also in consideration of Grand Duchy's Presidency of the Council of the European Union at the end of Latvia's six-month Presidency.

In the **first technical meeting** held in **Brussels** on **5 May 2015**, the Commission presented, in accordance with the mandate received from the Council, the main **institutional issues concerning the future Association Agreement(s)** (objectives, structure, basic principles, institutions and procedures).

On the occasion of the **second technical meeting** held in **Brussels** on **22 June 2015**, the delegations of the three countries were able to present their **comments/observations on the Commission's proposals** relating to the institutional framework of the future Association

Agreement(s).

The Commission took note of the proposals received from the three delegations and undertook to transmit as soon as possible a draft document to be discussed in more detail during subsequent meetings; in **July 2015**, the competent **offices of the EEAS sent to the three small States a working proposal for the definition of the institutional part** of the future Association Agreement.

Since that time, also by virtue of what was discussed in the second meeting of 22 June on the institutional framework - in which the parties also agreed to present the specific areas concerning the four freedoms and complementary policies defining the scope of the integration of the three countries in the EU internal market, in addition to the analysis of the institutional part - the **negotiation rounds were carried out on a double track**: on the one hand, the meetings on the institutional framework continued and, on the other, the discussions on the free movement of goods were started.

In the meantime, with **Decision no. 3 of 27 July 2015**, the **Government confirmed and supplemented the composition of the Technical Group** supporting the process of further European integration, already established by Decision of 29 April 2014, in view of adjusting the legislation on the subjects to be covered by the future Association Agreement.

**A first meeting for the analysis of the European legislation on the free movement of goods** was held on **22 and 23 September 2015** in **Brussels**; on this occasion, the representatives of the competent EU Services illustrated the principles, objectives and scope of the provisions governing the free movement of goods in the EU and the most relevant legislation (Directives and Regulations) of the specific EU acquis in this field, which will appear in the legal basis for the application of the future Agreement/s.

Two days of intense discussions and interventions were not enough to cover all subjects and it was therefore necessary to arrange a new meeting to finish the presentation works. The **delegations of Andorra, San Marino and Monaco went again to Brussels on 2 and 3 December 2015** to continue examining the subjects and main EU acts included in the

relevant acquis on the free movement of goods.

On **23 October 2015**, the European External Action Service discussed with the delegations of the three countries participating in the meeting the working document on the **institutional framework** of the future Agreement/s transmitted in the preceding month of July, in order to examine it in more detail and discuss its aspects considered less clear. On this occasion, the delegation of San Marino submitted its observations, on the basis of a text agreed beforehand with the Government and with the majority forces; the delegation properly motivated and explained such observations, especially with regard to aspects particularly relevant to a small State and its specific institutional, social and economic features. The Commission, whose relevant internal departments will soon be required to report thereon, committed to considering such observations and, where possible, to including them into a future working document.

At the end of October 2015, the **negotiations with the European Union on the Amending Protocol to the 2004 Agreement on the taxation of savings income were finalised**. Said Protocol incorporates the Global Standard for Automatic Exchange of Financial Account Information adopted by the OECD and its title, pursuant to Article 1, is “Agreement between the European Union and the Republic of San Marino on the automatic exchange of financial account information to improve international tax compliance”. The Agreement was **signed in Brussels on 8 December 2015** and, in accordance with the relevant provisions of the Agreement, **it entered into force provisionally on 1 January 2016**, pending the completion of relevant procedures by the EU, as San Marino already ratified the Agreement on 22 January 2016. On this basis, the withholding tax is no longer applied.

The Agreement **contains a Joint Declaration between the EU and San Marino**, stating that “the European Union recognises the active role played by the Republic of San Marino in the international process for transparency and tax cooperation among countries” and the commitment to full convergence with international OECD, Moneyval and IMF standards.

In order to support this process, the European Union takes note of San Marino’s intention to achieve “an effective integration of its financial and banking system within the EU market,

in compliance with the obligations deriving from the 2012 Monetary Agreement” and the Contracting Parties establish that, in the context of greater integration of San Marino with the European Union, “Integration-related issues will be further addressed in the context of the Association Agreement with the European Union, the negotiation of which was officially opened on 18 March 2015”.

As specified by **Minister Pasquale Valentini** in his **speech in Parliament on 18 January 2016**, the Commission has not yet defined the precise scheduling for 2016 negotiation meetings; however, he anticipated that the examination concerning the free movement of goods could be concluded by the Summer of 2016, but it is not yet known exactly which fundamental freedom will be addressed next.

Meanwhile, to further optimise the examination of the dossiers so far addressed, the Commission proposed to the three countries to concentrate the meetings in a single week. **Next negotiation round will be held in Brussels from 1 to 5 February 2016.**

As regards the **free movement of goods**, the Commission intends, at a multilateral level, to continue the examination of goods in the areas not addressed in the first two meetings (held in September and December), taking into account the observations previously submitted by the delegations of the three countries, together with a first examination of other relevant EU provisions considered necessary to the proper functioning of the single market for goods.

On this occasion, the Commission also intends to organise specific bilateral meetings with each delegation (Monaco, Andorra and San Marino) present in Brussels in those days, also in order to receive a first feedback on the subjects and EU acts included in the examination carried during the meeting in September 2015.

As regards the **institutional framework**, in order to develop a single text for the three States, the Commission undertook to submit an updated working document, which will be discussed again with the delegations of the three countries.

Another point to be addressed in the negotiations concerns the verification of all **bilateral**

**agreements** in force between San Marino and the countries of the European Union, first and foremost Italy, in terms of importance and number of agreements, considering that the future Association Agreement/s will supersede bilateral agreements with respect to the subjects included in the relevant legal basis of the Agreement.

In his speech in Parliament on 18 January 2016 the Minister for Foreign Affairs, Mr. Pasquale Valentini, stated that, at the beginning of the year, the European Commission had not yet defined the precise scheduling for **2016 negotiations**, although the examination of the principle of free movement of goods had been envisaged by Summer 2016. Another issue to be addressed in negotiations is to examine all bilateral agreements in force between San Marino and the EU countries, especially Italy, given the importance and the number of agreements concluded with it, because the future Association Agreement/s will prevail over any other bilateral agreement on the same issues regulated by the relevant legal basis of the Association Agreement. To further optimise the examination of the dossiers so far addressed, the Commission proposed to the three countries to concentrate their efforts in a single week of negotiations in Brussels, **from 1 to 5 February 2016**.

As regards the free movement of goods, on that occasion the Commission continued multilaterally the examination of the sectors of goods not discussed in the first two meetings (held in September and December 2015), taking into account the observations previously submitted by the delegations of the three countries. Moreover the Commission conducted an initial examination of other relevant EU provisions, which are considered as necessary to the proper functioning of the single market for goods (including competition policy, intellectual property, veterinary policy etc.).

Bilateral meetings were also held with each delegation (Monaco, Andorra and San Marino) present in Brussels in those days, also in order to receive a first feedback on the matters and EU acts examined during the meeting held in September 2015.

As for the institutional framework, the Commission, after sending to the three delegations a single text on the institutional framework bringing together the proposals made by three delegations, suggested to discuss the new proposal article by article. The three delegations

made their comments, which were then analysed by the EEAS and the legal service, in order to be discussed in the subsequent meetings.

At the **end of February 2016**, **Mr. Thomas Mayr-Harting, Managing Director for Europe and Central Asia in the EEAS**, and **Mr. Claude Maerten, Head of Division** - responsible for organising and chairing the negotiations with San Marino, Andorra and Monaco - visited **San Marino** for a full-day meeting. During the political talks, it was confirmed that the next principle to be dealt with, at the end of the examination of goods, shall be the free movement of services.

A delegation from San Marino, led by the Minister for Foreign Affairs, paid an **official visit to Andorra from 24 to 27 February 2016**. The Foreign Minister was received by the Head of Government, Mr. Antoni Martí, and by the Minister for Foreign Affairs, Mr. Gilbert Saboya Sunyé. The visit was an occasion to reaffirm the excellent relations and underline the intense collaboration between the two countries in their process of closer integration with the EU. The technical delegation accompanying the Minister addressed some aspects of common interest relating to the negotiations in progress.

The delegations of Andorra, San Marino and Monaco met again **in Brussels from 15 to 17 March 2016**, to discuss about the institutional framework and to further debate the free movement of goods.

As for the institutional framework, the examination of the new text was not concluded, due to some issues raised in the debate, and was postponed to the next meeting. With regard to the in-depth analysis of goods, bilateral meetings between each delegation and the competent EU services were held, in order to examine the issues relating to the implementation of the customs section of their respective agreements in force with the European Union, in order to identify the main overlaps with the Association Agreement.

On **18 March 2016**, exactly one year after the negotiation with the competent EU services were started, **TG Europe** was launched, a weekly information programme produced by San Marino RTV, State broadcaster, containing in-depth news on the ongoing negotiations with

the European Union and interviews with San Marino and international political and institutional representatives. The new weekly information programme of the State broadcaster is transmitted every Friday late-evening. Episodes can be downloaded at the following address (<http://www.smtvsanmarino.sm/programmi/intrattenimento/tg-europa>).

On **4 April** 2016, the **Minister for Foreign Affairs met the High Representative of the Union for Foreign Affairs and Security Policy, Mrs. Federica Mogherini**, for an update on the integration process with the European Union undertaken by the Republic of San Marino and to highlight the strategic points needing special approaches and an effective implementation. The meeting also allowed to clarify the nature of the future Agreement, whose target is to grant each associated country the possibility to be deemed to be equivalent to Member States in matters covered by the Agreement. The European counterpart said it stands ready to evaluate possible economic, educational and technical support.

During the negotiating meeting held in **Brussels from 25 to 28 April 2016**, the European External Action Service of the European Union submitted to the three participating delegations a first substantial list containing most of the provisions related to the Community *acquis* on the free movement of goods, which shall be transposed into the legal system of the three States.

The list shall first be evaluated by the three countries, in order to prepare a national assessment about the relevant EU acts already adopted by the States and those yet to be transposed into their national legal system. The outcome of this assessment shall be submitted to the EEAS, within a time line still to be defined.

With regard to the institutional framework of the Association Agreement, a comprehensive analysis of the text initially proposed by the EEAS and supplemented by the observations submitted in the last months by the three countries was carried out, in the presence of the competent services of the European Commission (EC). The debate gave rise to a number of issues, on which the positions of the parties still remain far apart; with regard to this, a common approach will be sought. With regard to other widely shared themes, the delegations of the three countries had an informal meeting between them to find an agreement for the

protection of mutual interests, in particular relating to the inclusion in the Agreement of any national safeguard clauses.

On 31 May 2016, the Embassy of the European Union in Rome requested, by means of a Verbal Note, the agreement of the Republic of San Marino for the accreditation of Mr. **Ian Tombiński as Ambassador Extraordinary and Plenipotentiary of the European Union to the Republic of San Marino**; such agreement was then granted by the Congress of State on 14 June 2016. The **presentation of the Credential Letters** took place on **11 November 2016**.

Subsequently, during another **negotiating meeting held in Brussels from 6 to 8 June 2016**, more in-depth discussions were held both multilaterally and bilaterally.

At a multilateral level, during the meetings the delegations discussed EU trade policy and its impact as part of the association process of the three small States, the procedures for incorporating EU internal market law in EEA-EFTA countries, as well as some implications related to the free movement of goods. The discussions concerning the institutional aspects of the Association Agreement were also carried on.

The meetings subsequently continued at a bilateral level in order to discuss the most appropriate method and procedures for the transposition of the relevant EU *acquis*, ensuring its legal certainty and considering the list of specific EU legislation on the free movement of goods and the particular needs of the three countries in this regard.

During **the following negotiating meeting, held in Brussels from 20 to 23 September**, the discussions continued with regard to:

- a) the institutional framework of the agreement);
- b) the free movement of goods;
- c) the methodology for the correct transposition of the EU *acquis*, starting from the methodological note received by the three small States.

Except for the first topic, in which all delegations were involved, discussions on the other two themes were held both multilaterally and bilaterally.

Regarding the first issue, the debate enabled a further consolidation of the text, in the context of which the preamble was included and discussed, although some aspects have not yet been duly considered by all parties involved.

With respect to the second issue, the EEAS submitted arguments in support of the proposal, which also includes, besides a part common to the three small countries, their respective customs union agreements. The three delegations submitted comments and requests for clarification in this regard.

Finally, in order to homogenise the interventions for an adequate adoption of the relevant EU *acquis*, the EEAS specified its methodological proposal, with respect to which the three countries raised concerns and expressed their opinions, also considering the work done within their administrations, with the aim of adopting an effective alignment tool.

On the occasion of the **investiture ceremony of the newly elected Captains Regent on 1 October 2016**, **Antoni Martí Petit**, Head of Government of the Principality of Andorra, delivered, as **Official Speaker**, a speech before Their Excellencies the Captains Regent of the State of San Marino. Also **Gilbert Saboya Sunyé**, Minister of Foreign Affairs of the Principality of Andorra, participated in the ceremony.

In his speech, Martí highlighted the way in which the tradition of peace, neutrality and institutional stability of San Marino and Andorra can become a political factor of strategic importance to tackle the challenge posed by the process of greater European integration. Indeed, in his opinion, it is not just a matter of evolving and adapting to safeguard what we are [...] but also of defending what we can become, in the conviction that Europe is not a project of assimilation of diversities, but is instead a political space where the small States of Europe can offer their effective contribution, starting from the progress made in the negotiations with the competent EU Services for the conclusion of one or more association agreements. The speeches delivered by the distinguished speakers at the ceremony on 1 October 2016, including the full Official Speech by Antoni Martí Petit, are available at the following address:

<http://www.esteri.sm/on-line/home/news/articolo1010476.html>.

After the Ceremony of Investiture, a meeting was held between the San Marino and the Andorran delegations in Palazzo Begni to discuss the common process undertaken within the European Union and to examine more in depth the respective negotiating positions.

**A new round of negotiations**, attended by the delegations of San Marino, Andorra and Monaco, **was held in Brussels from 8 to 10 November 2016**. First, the meetings focused on the presentation by the relevant EU Services of the *acquis* on freedom to provide services and freedom of establishment, during which several reference thematic areas (from general services to retail, postal services, telecommunications and transport) were examined, followed by a series of questions by the delegations concerning the many issues addressed. Secondly, the works continued with the negotiations on free movement of goods. At a multilateral level, the debate focused on general aspects common to the three small countries, while the subsequent bilateral meetings were an opportunity to discuss more in detail some specific aspects pertaining to their respective situations.

Thanks to **Congress of State Decision of 23 January 2017**, the new Government of the Republic of San Marino **set up a special Technical Group**, coordinated by the Directorate of European Affairs of the Department of Foreign Affairs, with the support of the Mission of the Republic of San Marino to the European Union. This Group is composed of contact persons representing all Departments and sectors of the Public Administration. The task of the Technical Group is to support the association process of San Marino with the European Union and **to assist the Permanent Advisory Group**. The latter was established to provide an effective contribution to the Government in the formulation of priorities during the negotiations and includes representatives of professional and trade associations and of trade unions.

**Another negotiation meeting was held on 31 January and 1 and 2 February 2017**, during which a **greeting message of the new Minister of Foreign Affairs, Nicola Renzi**, was extended to the officials of the European External Action Service and to the delegations of the two countries. The message underlined San Marino's willingness to continue the negotiation process and reiterated the crucial importance of the current negotiations and the objectives that the Republic of San Marino intends to achieve thanks to the future Association Agreement. More specifically, the negotiation round addressed the following agenda issues:

- institutional framework of the future Association Agreement(s);

- free movement of services and freedom of establishment;
- free movement of goods.

Regarding the first point, the debate focused on some major issues that show problems still to be solved (including general supervision and dispute settlement mechanism), without making an analysis article by article. Regarding the second topic, the relations between the future Association Agreement and the Monetary Agreement concluded by the three small States with the European Union were presented at a multilateral level and opinions were subsequently exchanged. In this connection, the relevant main implications were examined more in detail. Finally, the proposed text on the free movement of goods was discussed again and the most delicate aspects for the three small States were taken into consideration. At a bilateral level, the debate with the EU Services continued in order to examine the specific situations of each country.

**On 15 February 2017, Minister Nicola Renzi met in Brussels with Federica Mogherini**, High Representative of the European Union for Foreign Affairs and Security Policy and Vice-President of the European Commission. This was an opportunity to reiterate the expectations of San Marino Government, Institutions and negotiating team in relation to the ongoing negotiations, in the hope that the EU supports San Marino and that possible solutions may be considered - in the light of negotiating times - to address in a pragmatic manner the problems faced by some productive sectors of the Republic. After the talks with Ms. Mogherini, Minister Renzi and his delegation met with the EU Chief Negotiator, Managing Director for Europe and Central Asia, **Thomas Mayr-Harting**, accompanied by the Head of the Division for Western Europe, **Claude Maerten**.

A **meeting** among the Heads of Government of Monaco, **Serge Telle**, Andorra, **Antoni Martí Petit** and Minister **Nicola Renzi** was held on **18 March 2017 in Monaco**, at the invitation of the Minister of State (Head of Government) of the Principality. The meeting was an opportunity to take stock of the negotiating process and to outline, despite objective divergences and the specific situations, the next joint initiatives, so as to move forward, as united as possible, on general issues which are common to the three countries, in the light of the continuation of the process.

**From 20 to 23 March 2017, another negotiation round was held in Brussels** to continue the discussion on the free movement of goods, both at a multilateral and bilateral level.

Andorra, Monaco and San Marino updated the European Commission on progress made with regard to the transposition of the *acquis*. San Marino informed the Commission of the first draft laws to transpose the EU *acquis* in particular strategic sectors of the free movement of goods, whose parliamentary process has already started.

The European Commission also illustrated to its counterparts the technical assistance tools that can be made available to the three countries to support them in the regulatory and administrative adjustment process.

Moreover, in this negotiating round, the free movement of services was further outlined. The Commission illustrated to Andorra, Monaco and San Marino part of the *acquis* related to freedom to provide financial services, including EU acts on accounting principles, managed savings and retail financial services and insurance.

On the occasion of **the presence in San Marino of the Minister of Foreign Affairs of Malta, George William Vella**, as Official Speaker at the investiture ceremony of Their Excellencies the Captains Regent (Malta is the current EU President of the European Union), a seminar entitled "The integration in the single market of European third countries: the small-sized States" was held in San Marino **on 31 March 2017**. The seminar was also attended by the accredited diplomatic corps, the Technical Group, the Advisory Group, as well as the San Marino diplomatic corps.

The subject of the seminar was the integration of a third country into the European Union's "single market" with regard to models and experiences, different from membership, for a greater integration of European States geographically closer to the Union. Moreover, San Marino views on the political, economic and legal aspects of this process and its specificity were presented, with a view to highlighting the prospects for development and their relevance in the EU agenda.

**On 1 April 2017**, in his speech on the occasion of the **investiture ceremony of Their Excellencies the Captains Regent, Minister Vella** mentioned, alongside the results achieved so far by the Maltese presidency, the contribution offered by small-sized States in terms of vision and effectiveness of the efforts made to relaunch the European project, in line with the Declaration signed by the 27 EU Member States, which celebrated the 60th anniversary of the Treaties of Rome. The Minister also assured his country's support for the process of greater integration of San Marino, so that the relations with the EU, through ongoing negotiations, may continue to develop and consolidate, being convinced that “the values we uphold and respect are our most important asset”.

In the presence of the Minister of Foreign Affairs, Nicola Renzi, **a new round of negotiations** between the delegations of San Marino, Monaco and Andorra and the competent EU Services was held in **Brussels** from **16 to 18 May 2017**. The meetings focused on progress made at a bilateral and multilateral level in relation to the free movement of goods. Particular attention was paid to updates on the transposition of the relevant EU acquis and to the necessary clarifications on the definition of compliance deadlines for the current year. There have also been updates and discussions on freedom to provide services and on the institutional framework. The works then continued on the definition of the most appropriate institutional framework of the future Agreement(s).

**The XVII edition of the Games of the Small States of Europe**, which took place in **San Marino** from 29 May to 3 June 2017, was a fruitful occasion on which Minister **Nicola Renzi** met with **Serge Telle**, Minister of State of Monaco, and **Antoni Martí Petit**, Head of Government of Andorra, accompanied by their respective institutional Delegations, **to discuss the negotiations with the European Union**. This meeting made it possible to take stock of the common objectives and to establish a shared agenda to favour more fruitful negotiating meetings and sessions, as well as to identify the largest possible number of agreed positions to submit to EU Authorities. The parties also committed to carrying on discussions on issues on which they have different views.

The planned negotiating meeting of July was preceded by a new **tripartite meeting** between

Andorra, Monaco and San Marino, held at the Embassy of the Principality of Monaco in **Brussels on 4 July 2017**. The objective of this meeting was to implement what was agreed in previous meetings and to illustrate, during the negotiating meetings, the aspects of the institutional framework of the Agreement on which the three countries have expressed a general consensus.

During the **session** held in **Brussels** from **10 to 12 July 2017**, the parties examined, at a plurilateral level, the proposed text on the institutional framework of the Agreement, also in the light of the common positions meanwhile reached between Andorra, Monaco and San Marino. This made it possible to advance on some articles, while, for other articles, the proposals to be submitted later on by the parties are still awaited.

The negotiating session also included a first brief presentation of some EU acts on free movement of persons and provision of services, with particular reference to the posting of workers and to professional qualifications.

**On 18 July 2017**, the Minister of Foreign Affairs, **Nicola Renzi**, met in Brussels with the President of the European Commission, **Jean-Claude Juncker**, in the presence of the respective delegations. The meeting made it possible to discuss the issues relating to full and effective integration into the internal market, the recognition of the peculiarities of a small-sized State, negotiating deadlines, as well as the possibility of considering the Monetary Agreement currently in force in relation to the Association Agreement. For further details on the meeting, please click on the following address: <http://www.esteri.sm/online/en/home/news/articolo1011657.html>.

In the presence of the Minister of Foreign Affairs, Nicola Renzi, a **new round of negotiations** between the delegations of San Marino, Monaco and Andorra and the competent EU Services was held in **Brussels from 9 to 12 October 2017**. In-depth discussions were held at multilateral level.

On the aspects related to the institutional framework of the Agreement, on the examination of the free movement of goods (in particular the draft text containing the principles of its

functioning) and, at a preliminary stage, on the right of establishment. The EU *acquis* on transport was also illustrated. Moreover, the delegations discussed the main issues encountered in the transposition of the *acquis*.

Bilateral negotiations concerned instead the adoption of the *acquis* and the free movement of goods. With regard to the first issue, each country updated the EU on its legislative efforts to transpose European legislation. As for the second issue, the meetings with the competent EU Services focused on the problems related to the exchange of goods between San Marino and the European Union and on the possible solutions already put forward in the framework of the negotiations.

On **20 and 21 November 2017**, the Principality of Andorra hosted a **tripartite meeting attended by the heads of government of San Marino, Monaco and Andorra to discuss integration with the single European market**. The San Marino delegation, led by Minister Nicola Renzi, and the delegations of the two Principalities examined the state of play of the negotiations for the future Association Agreement, with special attention to the definition of the common requests to be submitted to the competent services of the Union.

On **30 November 2017**, the Parliament unanimously approved the **Decision** presented by all the parliamentary groups, which commits the Government, through the Minister of Foreign Affairs, to report **on the progress of the Association Agreement** to the Permanent Parliamentary Commission for Foreign Affairs, Emigration and Immigration, Security and Public Order, Information, at least on a **quarterly basis** and in secret session.

In the **new round of negotiations** held in **Brussels from 11 to 14 December 2017**, the in-depth analysis continued both at bilateral and multilateral level.

At the multilateral level, discussions focused on the provisions of the Agreement governing transport, the right of establishment and the provision of services. The EU negotiators also explained the reasons for the inclusion of some anti-fraud provisions into the Agreement. With regard to the free movement of goods, the parties addressed the different positions in order to agree upon a common draft text to be included in the Agreement. At a bilateral level,

in-depth discussions centred on the country protocol and the problems of EU-San Marino trade, with the objective of finding a solution acceptable to all parties involved. As regards the institutional part of the Agreement, great attention was paid to possible disputes and to the solutions proposed by the parties for a satisfactory solution.

On **23 January 2018**, Minister Nicola Renzi declared in an **interview with San Marino State TV**: “*Our foreign policy priority is the relationship with the European Union*”. The interview can be viewed at the following web address:

<http://www.smtvsanmarino.sm/politica/2018/01/23/renzi-priorita-politica-estera-rapporto-unione-europea>.

On **29 January 2018**, **Their Excellencies the Captains Regent**, accompanied by Minister Nicola Renzi, **met with the President of the European Council, Donald Tusk**, in **Brussels**. The Captains Regent confirmed San Marino's willingness to achieve effective integration with the European single market, so as to enable, *inter alia*, banking and financial operators to act as equivalent partners. At the same time, the Captains Regent informed President Tusk of San Marino interest to promote the free movement of people, through a process that should be gradual and adjusted to the specificities of the Republic. President Tusk expressed his support for reasonable negotiation deadlines and emphasized that the model agreement pursued by the Republic can serve as reference for the future of the EU. On that occasion, the Captains Regent expressed a concept which was much appreciated by President Tusk since, on the one hand, it testifies to the considerable commitment of San Marino and, on the other, its Europeanist vocation. This concept is summarised in the following statement made by their Excellencies: "San Marino better than other countries can understand what being in Europe means, because it knows what being out means".

**From 29 January to 1 February 2018** a new round of negotiations was held in **Brussels**. The San Marino delegation was headed by the Minister for Foreign Affairs, Nicola Renzi. Thanks also to the strong political impulse, the following negotiating meetings started to take place at a much faster pace than in previous years. Indeed, the frequency of negotiation rounds increased, reaching the number of seven in 2018. At the multilateral level, the delegations discussed common trade policy and preferential agreements (with regard to the

free movement of goods), as well as some issues related to the institutional framework of the Agreement (with particular regard to the functioning of its governing bodies). Talks continued on transport (in order to relate the previous presentation with the contents of the specific EU *acquis*), cooperation in the fight against fraud and the right of establishment, with specific presentations of the EU *acquis* by the EU services on environment and free movement of capital.

EU legislation transposition was addressed both multilaterally and bilaterally. The EEAS raised the issue of the numerous acts which, in order to become integral part of the Agreement, will have to be adjusted to take into account particular aspects of the three small States. San Marino recalled the internal legislative initiatives already taken to transpose EU acts, which did not pose particular problems.

**On 15 March 2018**, the **Parliamentary Commission for Foreign Affairs** held a **meeting dedicated to the quarterly report of the Foreign Minister** on the developments in the negotiations between the small countries and the EU. The presentation was followed by a broad and structured debate, which took place, as usual, in secret session.

In **April 2018**, the Ministry of Foreign Affairs, in order to promote studies on European issues and to recruit new professionals in the Public Administration, issued a **call for applications for the award of a scholarship at the College of Europe in Bruges** for the academic year 2018/2019 ("**Dieter Salch**" scholarship). The scholarship fully covers the costs of enrolment, attendance, board and lodging. A San Marino citizen was selected, who from Autumn 2018 will follow the master's degree in "EU International Relations and Diplomacy Studies".

**Minister Nicola Renzi**, accompanied by a delegation, went to **Brussels** from **19 to 22 March 2018** for a **new round of negotiations**. This was a further opportunity to deepen, at multilateral and bilateral level, the issues on the agenda.

Multilateral discussions addressed a new and ambitious agenda for the adoption of the EU *acquis*, which will be incorporated into the future Association Agreement, as well as the

EEAS request to the three States for a renewed method of evaluation of the acts. No objection was raised by the delegations, which underlined the commitment already made and the willingness to proceed in order to obtain the best possible result. At the same time, they stressed the additional burden their States have to bear to abandon a method that had been adopted on the basis of agreed guidelines.

As regards transport, and following a specific debate on the provisions proposed by the EU, the three States presented the results of the evaluation of the EU legislation by their respective administrations. The *acquis* on intellectual property was also presented, while discussions continued on the institutional part (to extend the areas of the Agreement on which the parties agree), on the free movement of goods, capital, environmental protection, recognition of diplomas. Also cooperation in the fight against fraud was further discussed. On this occasion, the EU presented the text on intellectual property and consumer protection.

Specific bilateral meetings were held to discuss the EU *acquis* and the adaptations proposed by the small States on agriculture, veterinary and phytosanitary legislation and customs. A meeting was also held between the competent EU officials and the San Marino delegation on the free movement of goods and on EU-San Marino trade.

In the presence of the Minister of Foreign Affairs, Nicola Renzi, a **new round of negotiations** between the delegations of San Marino, Monaco and Andorra and the competent EU Services was held in **Brussels** from **23 to 26 April 2018**. Minister Nicola Renzi focused on the need to open up the EU market to San Marino banks. The specificities of the three small States and the consequent adjustments were addressed in specific meetings. The San Marino administration, for its part, has already set up working groups to make a comprehensive analysis of the entire *acquis*, since the central element of the negotiations is the principle of equivalence of San Marino economic and financial operators in respect of the single market.

Discussions continued on the EU provisions on the free movement of capital, free movement of goods, the provision of services and freedom of establishment, as well as on cooperation in the fight against fraud. At multilateral level, in addition to examining the main unresolved

issues, delegations presented the analyses carried out in their respective national contexts on the EU *acquis* in the fields of services, establishment, professional qualifications and energy.

A **new round of negotiations** took place from **4 to 7 June 2018** in **Brussels**. San Marino delegation, led by Minister Renzi, attended several meetings, in which the EU presented the provisions on state aid, competition and social policy. At the same time, multilateral discussions continued on the institutional content of the Agreement, the free movement of capital and cooperation on anti-fraud issues. Bilateral meetings made it possible to highlight the main adaptations to EU secondary legislation on land transport, freedom of establishment, freedom to provide services, product liability, technical regulations, standards, testing and certification.

On **13 and 14 June 2018**, a bilateral technical meeting was held in the **Republic of San Marino** between the **delegations of San Marino and Andorra on social security within the framework of the Association Agreement**. The meeting was promoted by the Directorate General of the Social Security Institute (SSI). The officials of the SSI and of the Department of Foreign Affairs and their counterparts from **Cass Andorra** discussed their respective systems and considered possible synergies that, while respecting their peculiarities, could result in joint negotiating actions.

On **20 June 2018**, **Minister Nicola Renzi** met with the Minister of Foreign Affairs Jean Asselborn and the Minister of Finance Pierre Gramegna, in the **Grand Duchy of Luxembourg**, to deepen several topics pertaining to bilateral relations. Also thanks to the experience gained by the Grand Duchy as founding Member State, the meeting offered the opportunity to exchange views on the possible developments in the relationship of the small Countries with the European Union.

On **25 June 2018**, the **Parliamentary Commission for Foreign Affairs** met for the usual **quarterly report** in secret session by Minister Nicola Renzi on the developments of the Association Agreement with the European Union. The Commission's members discussed key issues of the negotiations, such as the operation of the banking and financial system of San Marino in the single market, the elimination of T2 in shipments of goods and the free

movement of people.

A **new round of negotiations** was held in **Brussels** from **2 to 5 July 2018**. Once again, the delegation led by Minister Renzi discussed pending issues to find a common agreement, such the institutional framework, and cooperation in the fight against fraud and free movement of capital. With regard to competition, state aid and social policy, the respective draft texts containing the EU principles for the proper functioning of the internal market were negotiated. Within the framework of the bilateral meetings, the adjustments to the EU acts relating to the free movement of workers, the coordination of social security systems, as well as the adjustments relating to social policy were examined in the light of the peculiarities of each State.

On **13 July 2018**, **Minister Renzi** went to the **Principality of Monaco** for a **tripartite meeting** with the Heads of Government of Monaco, Serge Telle, and of Andorra, Antoni Martí Petit. This summit, which is held in rotation in the three States and gathers the Heads of Government of the three countries accompanied by their respective political-diplomatic delegations, was an opportunity to update the parties, in the light of the latest negotiating sessions in Brussels, to explore future joint and coordinated actions, and to share approaches and methods for the transposition of the Community legislation.

On **25 August 2018**, at the invitation of Minister Renzi, the **Minister of Foreign Affairs and International Cooperation of the Italian Republic, Enzo Moavero Milanesi**, paid an **official visit to the Republic of San Marino**. The two Ministers addressed issues of great importance not only at bilateral level but also at European level, such as the movement on the Italian territory of non-EU citizens residing in San Marino, customs cooperation, road, rail and air traffic and tourism. The two friendly States decided to proceed with appropriate working groups. Minister Moavero and Minister Renzi also confirmed their common interest in the future Association Agreement between San Marino and the EU and, to this end, Minister Moavero reiterated his support to San Marino in the negotiation process with Brussels.

After this visit, on 12 October 2018 technical meetings between the delegations of Italy and

San Marino started in Rome for the **revision of the Agreement on Friendly Relations**. During the meetings with the Italian officials some common aspects between the current negotiations with Italy and those in Brussels were highlighted, also in order to better coordinate the two processes and the corresponding schedule.

**From 22 to 25 October 2018 negotiating meetings** took place in Brussels, both multilaterally and bilaterally. During negotiations at a bilateral level, San Marino could give insights about the EU secondary legislation concerning public procurement and electronic communications. Moreover bilateral discussions were held about San Marino adjustments to the EU *acquis* concerning health and safety at work, gender equality and labor law; free movement of workers and coordination of the social security systems. With regard to the issue of competition and state aid, meetings were held both at a multilateral and at a bilateral level.

Finally, at multilateral level, the themes of EU intellectual property rights, consumer protection, free movement of capital were discussed, with a view to presenting the provisions to be included in the text on cooperation and the four fundamental freedoms, and to continuing negotiations on the important issue of the institutional framework of the Agreement.

In **November 2018** a EEAS delegation, chaired by the Chief Negotiator **Mayr-Harting Thomas** and at the presence of the deputy negotiator **Claude Maerten**, came to San Marino to assess negotiations and to openly discuss the most sensitive issues for San Marino. On that occasion, a Government delegation composed by the Ministers Nicola Renzi and Andrea Zafferani, illustrated the most sensitive points for San Marino, with the objective of promoting a dialogue on how to address and solve the main issues for the country, on the basis of a working document sent to the EEAS a few weeks before.

**From 27 to 29 November 2019**, the Minister of Foreign Affairs Nicola Renzi went to Brussels for a new **round of negotiations**. On that occasion, the competent EU services

were informed of the results of the analysis conducted by San Marino on the *EU acquis* on statistics, competition, State aid and free movement of capital; discussions continued on the EU's secondary legislation on free movement of workers, coordination of social security systems, health and safety at work, gender equality and labour law. Multilateral negotiations have attempted to solve some of the main issues within the institutional framework of the Agreement, which included also financial services, state aid and cooperation beyond the four fundamental freedoms of the European Union.

During the negotiating session from 22 to 24 January 2019, bilateral meetings mainly focused on issues related to the *acquis* such as health and safety at work, gender equality, competition and monopolies, as well as on EU policies, in particular on road transport. At multilateral level, negotiations continued on the institutional framework of the Agreement, State aid and cooperation beyond the four fundamental freedoms.

During the March negotiating session, held from 4 to 7 in Brussels, Minister Renzi met the Chief Negotiator, Thomas Mayr-Harting, who conveyed a very important message from the President of the European Commission, Jean-Claude Juncker, concerning the Commission's willingness to initial the institutional part of the text by the end of his term of office, and therefore before summer, in order to give a strong impetus to negotiations. Minister Renzi welcomed the proposal, provided that the document to be initialled also contains a precise position by the EU on some red lines presented by San Marino in autumn 2018 .

The agenda for the **negotiations from 4 to 7 March 2019** was thus modified as a consequence of the sudden change in the negotiating pace, in order to find shared ways to define, both at a multilateral level and with the individual associating states, the draft agreement, and plan the subsequent meetings and the most appropriate methodology to follow.

**From 20 to 22 March 2019, the EFTA Group of the Council of the European Union** - a group composed of diplomatic representatives of the EU Member States, led by the

rotating Romanian Presidency - visited the Republic of San Marino. During two intense days of work, the EFTA Group had the opportunity to better know San Marino and understand its concerns and specificities with respect to the European Union; the meeting with the representatives of San Marino political, institutional, economic, financial, manufacturing and social sectors favoured the integration process undertaken by San Marino. At the end of the visit, the Group was received in an official Audience by the Captains Regent.

On the **1st of April 2019**, at the end of the Ceremony of Investiture of Their Excellencies the Captains Regent, Nicola Selva and Michele Muratori, the third edition of the seminar on the EU association process of San Marino was held with the diplomats of the Member States accredited to San Marino. The meeting was chaired by the Minister of Foreign and Political Affairs, **Nicola Renzi**, and by the EU Ambassador in Rome, **Jan Tombinski**, which was co-promoter of this seminar. At the seminar two diplomatic representatives from Andorra and Monaco were invited, to inform them on the latest developments and on the new pace of the negotiating process, to highlight some salient aspects of the process of European integration undertaken by the three small states of Europe and consider their respective peculiarities.

During the **negotiating session from 9 to 11 April 2019** in Brussels, discussions were held at a multilateral and bilateral level. Multilaterally, the themes of financial services, State aid and competition were discussed, and some critical aspects of the institutional framework of the Agreement were analysed.

Bilaterally, San Marino presented its position on some of the most sensitive themes to be discussed in subsequent meetings, with a view to identifying possible adaptations to the EU legislation and in an effort to find an agreement satisfactory to both parties. The competent EU services therefore requested further details on telecommunications, energy, State aid, pharmacies, free movement of workers and persons, while discussions continued on the T2 issue.

At its meeting of **26 April 2019**, after hearing Minister Renzi's report on progress in negotiations with the competent services of the European Union, and at the conclusion of the following debate, the Grand and General Council unanimously approved by open vote a **decision**. The latter, while welcoming the work done by the Minister, invites the Government to conclude an Agreement, provided that it is satisfactory to both contracting parties, or to initial the agreement negotiated so far or to share a political declaration attesting to the work done so far and identifying the aspects on which future negotiations should focus on the basis of mutual common expectations.

In the past, in the sittings of 7 November 2017 and 22 February 2019 with the Parliamentary Commission for Foreign Affairs, Minister Renzi had reported about progress in negotiations with the European Union and about the analysis of the the EU legislation carried out by the Directorate of European Affairs and the Offices of the Public Administration; he had also presented some of the most delicate aspects for San Marino emerged from that analysis, which should have driven the negotiations in Brussels.

The decision approved by the Parliament on 26 April 2019 also welcomed the information initiative "*San Marino toward the European Union*", scheduled by the Ministry of Foreign Affairs in the various Townships, in order to inform San Marino population on the association process with the European Union and to meet the requests of citizens and bodies that have independently organized minor events to inform the public on European issues. In this regard, the Ministry has undertaken to intensify its information work, also by involving national political forces and social and economic stakeholders.

**From 13 to 15 May 2019**, the EEAS hosted a delegation from San Marino for an **additional round** of bilateral negotiations on the EU Association Agreement. The meeting allowed to address different issues and to answer some questions that the European Commission addressed to the San Marino delegation on posted workers, air transport, energy and telecommunications policies, state aid, free movement of workers, freedom to provide

services and freedom of establishment, postal services, pharmacies, as well as to address the problems related to the trade between San Marino and the European Union (T2)

With regard to the latter issue, discussions were held also in the presence of representatives of the Italian Republic. This testifies to the fact - as stated by Minister Renzi - that the Association Agreement is considered not only by San Marino but also by Italy, as a useful instrument to solve longstanding issues.

On the remaining items on the agenda, the Republic of San Marino defended its arguments for the request of specific safeguards with respect to the legislation of the European Union, according to the mandate conferred by the decision previously adopted by the Great and General Council of the Republic of San Marino.

In April-May 2019, the Ministry for Foreign Affairs, in cooperation with the European Affairs Directorate of the Foreign Affairs Department, organised a round of meetings to update the public on the process of association with the European Union, which was entitled “*San Marino towards the European Union*”. The purpose of this initiative was to spread information among the citizens on the last development of the negotiations for the Association Agreement, discuss on the prospects, eliminate disinformation and prejudices.

The meetings were held in all the Townships of the Republic of San Marino, with support of the relevant Councils, to reach out to and involve as many people as possible.

The meetings were attended by Minister Nicola Renzi, the Director and the officials of the European Affairs Directorate and the staff of the Ministry of Foreign Affairs, with the support of the Director of the Research Centre for International Relations of the University of San Marino. The nine meetings gave the opportunity to explain purposes, structure and goals of the Agreement, while stressing that, apart from obligations, there will also be new opportunities for economic operators, benefits for students and workers in terms of mobility in Europe, opportunities for the banking system and for cooperation in the framework of academic research, the environment and education, and, last but not least, the safeguard clauses that San Marino aims at obtaining during the negotiations.

At the conclusion of the round of meetings, Minister Nicola Renzi stated that: *“these meetings have been of vital importance, because citizens’ opinions and constructive considerations will help us to draw up an Agreement that takes into account different points of view and can lead our Republic to a new season of growth and, in particular, of legality.*

On the morning of **17 May 2019**, within the framework of the 129th session of the Committee of Ministers of the Council of Europe in Helsinki, Minister for Foreign Affairs, Nicola Renzi, and his Italian counterpart, Enzo Moavero Milanesi, had a wide-ranging discussion. The meeting allowed to discuss some issues of bilateral interest, with the will to accelerate their resolution. The two Ministers also discussed the state of play of the negotiations for the Association Agreement with the European Union, focussing in particular on those issues where a greater bilateral cooperation between the two countries could help achieve the best outcome.

On 11 June 2019, the Ministry of Foreign Affairs published on its website the list of **documents concerning the European Union *acquis***, under the relevant section dedicated to San Marino and the European Union.

The Government decided to disclose the list of the 25 Annexes concerning the European Union *acquis* pertinent to the Association Agreement, in order to provide, while preserving the necessary confidentiality of the negotiations, ever-growing information among the population and to meet the request by some citizens during the recent public meetings.

A multilateral negotiating meeting was held in Brussels on **3-4 June 2019**, focused exclusively on the institutional framework of the Agreement. In reconsidering the main points of the Agreement, the participating delegations addressed the most sensitive articles, where there are still issues that do not allow for the lifting of existing reservations, with the aim of trying to lift them and reach a compromise that can be satisfactory for all the participants. The meeting also allowed to insist on the issue of State aid and competition, while competent EU Services also presented a text on good tax governance, which was discussed during the meeting.

On Thursday **27 June 2019**, a delegation from the San Marino Government, led by the Minister of Foreign Affairs, Nicola Renzi, and the Minister of Finance, Eva Guidi, met in Frankfurt with a delegation from the European Central Bank led by Benoît Cœuré, Member of the Executive Board. During the meeting the issues related to the Monetary Agreement between the Republic of San Marino and the European Union were discussed; moreover the two delegations exchanged their views on some aspects of San Marino banking and financial system.

In the presence of the Minister of Foreign Affairs, Nicola Renzi, a **new round** of negotiations between the delegations of San Marino, Monaco and Andorra and the competent EU Services was held in Brussels from **2 to 03 July 2019**. In-depth analyses took place multilaterally. However, there was also a session held bilaterally which saw the participation of the San Marino delegation led by Minister Renzi. In this case, bilateral meetings were an occasion to resume the discussions of May 2019 and, in particular, to reply to the questions previously made by the UE. At the end of the discussion, the parties agreed on specific issues, while, on remaining issues, they committed themselves to resuming the debate in order to achieve a similar result.

On Thursday, **9 July 2019**, two important technical bilateral meetings were held at the Italian Ministry of Foreign Affairs.

In the morning, the San Marino delegation composed by representatives of the Minister of Foreign Affairs, of the Minister of Finance and Budget and of CBSM met an Italian delegation composed of representatives of the Ministry of Foreign Affairs, of the Ministry of Economy and Finance and of the Bank of Italy to discuss the issues concerning **San Marino banking and financial system** with a view to the future association with the EU.

In the afternoon, the San Marino delegation met an Italian delegation composed by representatives of the Ministry of Foreign Affairs, of the Ministry of Economy and Finance, of the Customs and Monopolies Agency and of the Revenue Agency, with the purpose to discuss the main issues regarding the **transit accompanying document (T2)** in the

framework of the negotiations of the Association Agreement with the EU.

The two delegations enjoyed a climate of constructive cooperation and agreed that respective technical task forces should continue their contacts and in-depth discussions during the summer, in order to allow the full delegations to meet again in September to define the results achieved and set out a common and agreed line of action with the relevant European Commission services, before resuming negotiations.

On **9 October 2019** a negotiating meeting was held in Brussels between the new EEAS negotiating team and the San Marino delegation led by Minister Nicola Renzi. The Minister explained the political situation in San Marino, pointing out that the Government could only deal with ordinary administration due to the early termination of legislature, so he was unable to take political positions on the negotiations.

From a technical point of view, there are still pending issues on which a large amount of documents has already been produced.

Due to the health emergency caused by the Covid-19 pandemic, on **17 March 2020** the European Union authorities ordered the closure of the EU's external borders, thus suspending the application of the provisions of the Schengen Agreement, except for the return of European citizens to their Member States of residence.

In the light of the above, Minister **Luca Beccari** sent on **19 March** a letter to the heads of the EU institutions (**Charles Michel**, President of the European Council, **Ursula von der Leyen**, President of the European Commission, **Josep Borrell Fontelles**, High Representative for Foreign Affairs and Security Policy, **Gordan Grlić Radman**, Minister of Foreign Affairs of Croatia, President-in-Office of the Council of the European Union) in order to request: the possibility for San Marino citizens and residents to transit through the EU territory to return to San Marino; EU assistance for the repatriation of San Marino citizens and residents from third countries where San Marino or Italian Embassies and Consulates were not present; the continued circulation of goods between San Marino and the EU, following the suspension of the provisions of the Schengen Agreement, in

particular of medical devices and equipment.

Following this communication, on **27 March**, the President of the European Council, Charles Michel, announced that the 27 EU Member States had accepted the request of the San Marino Government to formally allow the transit of San Marino citizens, as well as non-European citizens residing in San Marino, through the borders of EU Member States, for their repatriation.

In the same communication, the President of the European Council also guaranteed specific support from the Consular Affairs Section of the EEAS, so that San Marino citizens remaining in third countries where there were no San Marino or Italian diplomatic/consular representatives could rely on the consular assistance of other Member States.

With regard to medical supplies to cope with the health emergency, President Michel also informed San Marino Government that the EU had excluded San Marino from the scope of application of Regulation (EU) 2020/402, making the export of certain medical devices and equipment subject to the production of an export authorisation.

On **29 April**, a **tripartite meeting was held online among the Principality of Andorra, the Principality of Monaco and the Republic of San Marino** in order to present the respective developments in the health and socio-economic situations and to reflect on possible coordinated actions for the conclusion of the Association Agreement.

On **28 May 2020**, the EU-San Marino Cooperation Committee adopted **Decision no. 1 of 2020** "concerning the applicable provisions on organic production and labelling of organic products, and arrangements for imports of organic products adopted under the Agreement on Cooperation and Customs Union between the European Community and its Member States, of the one part, and the Republic of San Marino, of the other part".

This Decision is the result of an intense diplomatic and technical work started in 2017 between San Marino and the European Union, also thanks to the cooperation with the competent Italian authorities. This decision establishes the equivalence of San Marino organic products, produced and marketed according to the European reference standards, with those of the EU Member States.

Following the end of the mandate of Jan Tombiński, on 9 June 2020 the Embassy of the European Union in Rome requested, by means of a Verbal Note, the agreement of the Republic of San Marino for the accreditation of Ms. **Alexandra Valkenburg-Roelofs** as **Ambassador Extraordinary and Plenipotentiary of the European Union to the Republic of San Marino**; such agreement was then granted by the Congress of State on 6 July 2020. The **presentation of the Credential Letters** took place on **29 September 2020**.

After the suspension of the already scheduled negotiation meetings in February and March, also due to the closure of the offices of the European institutions, for reasons related to the Covid-19 emergency, Minister Luca Beccari had a telephone conversation on 11 June with **Stefano Sannino**, EEAS Deputy Secretary General for Economic and Global Issues and EU Chief Negotiator for the Association Agreement with the three small States. The meeting made it possible to clarify the new political and negotiating conditions of San Marino and to lay the foundations for the subsequent resumption of the negotiations.

The online meetings with the competent EU Services were held in the week between **29 June** and **3 July**, thus confirming the official resumption of the negotiations between San Marino and the European Union for the conclusion of an Association Agreement.

On this occasion, the Minister of Foreign Affairs, Luca Beccari, spoke at the opening of the session to demonstrate **San Marino's commitment to the negotiation process** and to describe its intention to speed up the discussions. He also presented the objectives discussed and approved at the last meeting of the Permanent Parliamentary Commission for Foreign Affairs, held on 22 June, in which Minister Beccari made the usual quarterly report on the progress of the negotiations, as well as on Government's commitments, employment opportunities and safeguards to be considered before the EU in the light of certain specificities of San Marino.

The discussions with the competent EU Services focused on matters such as **customs union** and **trade policy**, which are already partially included in the Cooperation and Customs Union Agreement in force and which San Marino has long been committed to

applying.

In the margins of this meeting, San Marino delegation expressed its willingness to solve, in a special negotiation meeting, also the issue relating to the requirements and burdens arising from the **T2 document** concerning trade.

In a subsequent meeting, San Marino provided clarifications on some specific aspects related to free movement of goods, with particular reference to **product liability**, which is of primary importance for the proper functioning of the internal market and will facilitate the updating of San Marino consumer protection legislation.

By virtue of Decision no. 4 of **17 August 2020**, the Congress of State authorised the start of the **accession process of San Marino to the EU Strategy for the Adriatic-Ionian Region (EUSAIR)**. To this end, Minister Luca Beccari sent to his counterparts, the Foreign Ministers of Italy, Croatia, Slovenia and Greece, i.e. the 4 EU Member States belonging to EUSAIR, a request for diplomatic political support required to participate in this Strategy.

**On 20 August**, the Minister of Foreign Affairs, Luca Beccari, spoke at the panel "A new vision for Europe" at the Meeting for Friendship among Peoples in Rimini. On that occasion, he outlined the main stages of the association process undertaken by the Republic of San Marino with the European Union and stressed the will of the current Government to give a strong impetus to the negotiations in order to allow San Marino to achieve greater European integration as soon as possible.

**On 29 September**, a ceremony was held in San Marino to present the Credential Letters of the new Ambassador of the European Union to the Holy See, the Republic of San Marino and the International Organisations based in Rome, **Alexandra Valkenburg-Roelofs**. She replaced her predecessor Jan Tombinski, whose term of office had expired.

On that occasion, the Minister of Foreign Affairs, Luca Beccari, recalled the central position that the negotiations for an Association Agreement with the EU have in San Marino's foreign policy and expressed the hope that a shared text could be finalised soon.

While confirming the excellent relations that San Marino has with all EU Member States, the Minister also referred to the recent request of San Marino to join the European Union Strategy for the Adriatic-Ionian Region (EUSAIR).

On Wednesday **30 September**, in video conference mode, a **bilateral negotiating session** was held on the specific subject of **intellectual property** contained in Annex XVII to the future Association Agreement. On this occasion, a delegation made up of officials from the Directorate of European Affairs of the Foreign Affairs Department, the Department of Economy and the Director of the Patent and Trademark Office, met with officials from the European External Action Service and the relevant Directorates General (DG CONNECT and DG GROW).

The following day, Thursday **1 October**, following the Ceremony of Investiture of Their Excellencies the Captains Regent, Alessandro Cardelli and Mirko Dolcini, the usual **seminar on the EU association process took place. The diplomats of the accredited European Member States participated in the event**, organised by the EU Ambassador to San Marino. On this occasion, the Minister of Foreign Affairs, Luca Beccari, updated those present on the progress of the negotiations underway for the Association Agreement.

On **14 October 2020**, a new round of bilateral negotiations on the Association Agreement between San Marino and the European Union took place electronically. During the meeting, various topics were discussed, such as the free movement of goods, energy and statistics.

On the following day, **15 October**, Minister Luca Beccari met in Rome the Minister of Foreign Affairs and International Cooperation of the Italian Republic, **Luigi Di Maio**. The latter renewed Italy's support for the future conclusion of an Association Agreement between the European Union and San Marino, within the framework of the ongoing negotiations.

**On 25 November**, the Undersecretary of State at the Italian Ministry of Foreign Affairs and International Cooperation, **MP Ivan Scalfarotto**, paid an official visit to San Marino. During the visit, Scalfarotto and the Minister of Foreign Affairs, Luca Beccari, with their

respective delegations, addressed the issues related to the ongoing collaboration between the two countries, which cover both the bilateral sector and the close cooperation in the multilateral and mainly in the European context. In this latter context, the Undersecretary reaffirmed Italy's support, both from a political and a technical point of view, to the process of San Marino's association with the EU.

On **9 December 2020**, a new bilateral negotiation session was held on the Association Agreement between San Marino and the European Union, during which issues related to veterinary matters, food safety and road transport were addressed.

**From 13 to 15 December 2020**, Minister Luca Beccari, together with a delegation of officials from the Department of Foreign Affairs and the Ministry of Foreign Affairs, paid an official visit to the **Principality of Andorra** to celebrate the **25th anniversary of the establishment of diplomatic relations** between the two countries. The San Marino Delegation was welcomed by the Minister of Foreign Affairs of Andorra, **Maria Ubach**. Subsequently, Minister Beccari met with the Head of Government of Andorra, **Xavier Espot**, and then with **Landry Riba**, Secretary of State for European Affairs of the Principality. The visit provided an opportunity for the two countries to discuss the progress of negotiations with the EU on the Association Agreement. In particular, the discussion was focused on the strengthening of cooperation mechanisms between the two countries, both on issues of common interest that will be included in the Association Agreement and on more general bilateral relations.

On **18 March 2021**, a new **round of bilateral negotiations** took place in video conference, following which Annex XVII (Intellectual Property) was provisionally closed. During the same meeting, issues concerning road transport (Annex XIII), social security (Annex VI), with reference to which San Marino presented to the competent Services of the European Commission the characteristics of its social security system, and finally the free movement of goods (Annex II) were addressed, in particular with regard to Regulation (EU) 2019/1020 on market surveillance and compliance of products. This Regulation, which entered into force in the European Union on 16 July 2021, fully replaces the regulatory framework for market surveillance and controls of products entering the single market and repeals the entire Chapter III of Regulation (EC)

765/2008. On the basis of the in-depth analysis previously carried out at a technical and legal level, the meeting was an opportunity to highlight certain implications resulting from San Marino's status as a third State. A subsequent meeting was held (via Webex) with the officials of DG GROW in order to receive information from the EU on the questions made by San Marino concerning the possible impacts on its economic operators located in a third State and deriving from the entry into force of Regulation 2019/1020.

On **31 March 2021**, Minister Beccari met in Rome with EU Ambassador **Alexandra Valkenburg** to reiterate, on the one hand, the importance of concluding the Association Agreement and, on the other hand, to explain San Marino's need to speed up negotiations. This meeting was also attended by other members of San Marino Government and was the occasion to discuss the relevant political and economic priorities related to the Association Agreement.

On the following day, **1 April**, Minister Beccari met the French Ambassador **Christian Masset**, who underlined that France shares the importance and the priority of the dossier related to the Association Agreement. Both parties addressed the possibility of collaboration between San Marino and France in banking and financial matters.

On **19 May 2021** a specific meeting was held to carry out an in-depth technical analysis between a San Marino delegation and the officials of **DG SANTE** concerning Annex VI on social security, in accordance with what was agreed during the previous negotiating session in March. Thanks to the clarifications made during this fruitful exchange of views, it was possible to draw a clearer picture of the implications of the country's commitment to coordinating its social security system with all EU Member States.

A **bilateral negotiation session** took place on **1 July 2021**, again in video conference, covering the following subjects: road transport, trade policy, environment, safety at work and social security. The discussions with the competent Services of the European Commission allowed to provisionally close the works on Annex XXV (Trade Policy), as well as on Annex VI (Social Security). With regard to the latter, San Marino expressed its political will to overcome, without any exception, all the existing bilateral agreements on

social security, entered into with some EU Member States, including the one in force with the Italian Republic. Moreover, the commitment of San Marino and of its administration to coordinating its social security system with the social security systems of other Member States was reiterated. With regard to the other topics covered by the meeting, the main sensitive aspects in the above Annexes were further analysed, as well as San Marino's proposals for adaptation.

Following the adoption of Decision 1/2020 by the EU-San Marino Cooperation Committee (see above) and the subsequent transposition of the EU provisions on organic production into domestic legislation, a **TAIEX** (Technical Assistance and Information Exchange Instrument) technical assistance seminar was held in San Marino **from 19 to 23 July 2021**. This service was extended by the EU also to the three small-sized States that are negotiating the Association Agreement. Similarly to previous EU technical assistance seminars in the field of banking activities and services in general, which were held in 2017 and 2019 respectively, the TAIEX seminar was a useful training opportunity for the officials of the relevant San Marino offices to obtain information on the best possible ways to implement the obligations envisaged by the European legislation on organic production, by drawing on the valuable experience gained by the Italian officials present at the meeting as speakers.

On **30 September 2021**, a **lunch** was held at the Italian Embassy in San Marino **with the ambassadors, or their representatives, of the Member States of the European Union** accredited to the Republic of San Marino. The main topic of discussion was an update on the status of negotiations for an Association Agreement between San Marino and the European Union. The working lunch was attended by a delegation of the Directorate of European Affairs, which provided an update on the ongoing negotiations, highlighting some critical issues that are being solved and the prospects for further collaboration between San Marino and the member countries.

On **15 October 2021**, the **Coordination Meeting between the delegations of the Principality of Andorra, the Principality of Monaco and the Republic of San Marino** took place at the Kursaal Congress Hall in San Marino. The meeting, attended by the

respective heads of delegation, as well as by the three ambassadors in Brussels, was an opportunity to update on the respective most recent progress in the negotiations and to discuss the most sensitive issues. The three delegations also considered the possibility of taking joint initiatives during negotiations and of possibly extending opportunities for cooperation with member countries.

On the morning of **26 October 2021**, a new **bilateral negotiating meeting** for the Association Agreement between San Marino and the European Union took place remotely. San Marino delegation and the competent EU Services had the opportunity to discuss several issues related to four annexes of the EU *acquis communautaire*, which San Marino will be required to transpose. The parties agreed to provisionally close Section A of Annex XX on Environment and to continue discussions to soon reach a similar conclusion with respect to Annex XXIV on Agriculture. With regard to Annex IV (Energy) and Annex XVIII (Health and Safety at Work), subsequent meetings will make it possible to negotiate San Marino's proposals for adaptation, in order to provisionally close also these annexes in the first months of 2022.

Due to the continuing COVID-19 pandemic, the **last bilateral negotiation meeting of the year** took place on **9 December 2021** again remotely. As on the previous occasion, this was a technical meeting. The San Marino delegation and officials from the competent services of the European Union continued discussing two annexes. With regard to Annex XX, the acts of the Climate section were examined. The EU delegation also informed that it would send a new version of the annex containing the previously agreed adaptations. With regard to Annex XVIII, the second section on Equal Treatment was discussed; with regard to the third section (labour law), San Marino proposed to discuss it in one of the next negotiation meetings in 2022.

During the above-mentioned negotiation session, EU officials announced the **transfer of the management of the negotiations** from the European External Action Service (EEAS) to the **Secretariat-General of the Commission**, within which, starting from 1 January 2022, a new directorate composed of three units will be operational. One of its units will be in charge of relations with the Microstates, Switzerland and the countries of the European Economic Area.

On **1 January 2022**, the new unit of the Secretariat General of the European Commission, in charge of conducting the negotiations for an Association Agreement between San Marino and the European Union, officially took office, thus making **the change of management** envisaged by the EU officials during the last negotiation session in 2021 **effective**.

On **14 February 2022**, in accordance with the relevant Communication of the European Commission, **San Marino** officially became the **tenth State of the European Union Strategy for the Adriatic Ionian Region (EUSAIR)**. At the same time, San Marino has become eligible to participate in the transnational cooperation programme Adrion. With the subsequent Decision no. 2 of 16 February 2022, the San Marino Government appointed the delegation in charge of participating in the multi-level governance of Eusair and in the planning of the Adrion programme. In an article published in the [European magazine Panorama](#), the Minister of Foreign Affairs, Luca Beccari, commented favourably on the milestone achieved, expressing his "gratitude for the support we received to become an active member of this cooperation and territorial cohesion platform promoted and supported by the European Union". Moreover, in his opinion, Eusair will undoubtedly be a training opportunity to provide the San Marino administration with the knowledge and tools necessary to assume the management obligations of the future Association Agreement with the EU.

On **10 March 2022**, another **technical bilateral negotiation meeting** took place, again remotely. The San Marino and European delegations continued their discussions with regard to three Annexes. At the end of the discussions, it was agreed that it would be advisable to proceed in writing with the provisional closure of Annex XX (Environment and Climate). With regard to Annex II, on the other hand, it will be necessary to reconsider the acts that proved to be closely related to other annexes in order to be able to consider this annex provisionally closed as well. Finally, the San Marino delegation confirmed to the EU delegation that it has not encountered any problems in the transposition of nearly all the acts contained in Annex XIX regarding Consumer Protection. Only one Directive is still open for constructive discussion.

On **15 March 2022**, Ambassador Antonella Benedettini attended the **usual meeting of the**

**EFTA Group of the Council of the European Union.** The Ambassador presented a **report on the bilateral relations between San Marino and the EU**, focusing in particular on the progress of the negotiations and on the priorities of San Marino in this process. Then, referring to the dramatic situation in Ukraine, resulting from the unjustified aggression by the Russian Federation, she expressed San Marino's condemnation of the use of war as an instrument for resolving disputes, and called for the reactivation of dialogue as the main instrument for coexistence and exchange of views among States. Finally, she assured that San Marino cooperates with the European Union in the application of the restrictive measures against the Russian Federation.