

This document summarises, in particular, the most important actions and measures taken in the context of San Marino foreign policy since 8 July 2010 - date of the last meeting with San Marino Diplomatic and Consular Corps - and it outlines forthcoming initiatives. Special attention is focused on the section relating to the European integration process, which is of strategic importance to San Marino.

THE EUROPEAN INTEGRATION PROCESS

Since July 2010 the Technical Group for the assessment of new policies for the integration with the European Union has intensified its action aimed at finalising the analysis of three possible scenarios resulting from a path towards greater European integration (enhancement of the existing Agreement, membership of the European Economic Area, membership of the EU). The Final Report, which can be downloaded from the relevant section of the website www.esteri.sm, was submitted and discussed within the Great and General Council on 15 December 2010. On that occasion, a Decision was approved to mandate the Congress of State to open negotiations aimed at achieving a greater and better integration of San Marino at a European level and, at the same time, to assess the existence of political and international conditions necessary to start negotiations for the accession of the Republic to the European Union.

On the basis of such commitments a relevant letter was sent by the Secretary of State for Foreign Affairs to the President of the European Council and the President of the European Commission. Both illustrious addressees replied that the Union was interested in further exploring possibilities and modalities for the integration of European small States with the internal market and they appreciated the flexible approach of San Marino Parliament with respect to integration modalities.

Given that the competent sectors of the Union were interested in analysing in detail the aspects connected with greater integration, a number of political and diplomatic meetings have been held both at multilateral and bilateral levels.

At the bilateral level, there have been many contacts with different EU Member States. Such meetings have been aimed at demonstrating San Marino's willingness to pursue greater European integration and at encouraging Member States to support its cause. Furthermore, the Hungarian Presidency has informed that the 27 Member States have supported, in principle, the idea of integrating micro-States within Europe: some Countries have expressed their support and negative considerations have never been made in this regard.

At the multilateral level, with a view to finding the best solution for increasing integration of micro States with the European Union, the relations between micro-States and the European Commission's services, in particular the External Action Service, have intensified through informal consultations. Meetings have provided the opportunity to discuss possible integration scenarios and learn of the main problems faced by each micro-State involved. They have been especially useful to consider the possibility of establishing a new and comprehensive Agreement with all three micro-States of San Marino, Andorra and Monaco, which, however, takes account of their characteristics.

On the occasion of the parliamentary debate of last June, the San Marino Government submitted a report outlining the developments in the above-mentioned informal consultations and reiterating the Country's readiness to open official negotiations to find a new agreement ensuring a greater European integration, especially within the internal market, being aware of some sensitive aspects, such as the fear of loss of sovereignty and the problems deriving from the automatic adoption of the Community *acquis*.

As a result of the activity of micro-States, last June the European Council adopted, under the aegis of the Hungarian Presidency, a Report drawn up by the EFTA Group concerning the integration of micro-States. The Report provides for a common legal benchmark for all three micro-States which, however, can take account of individual national characteristics and take them into consideration during negotiations. Finally, the EFTA Group invites to continue consultations, considering that the

Commission needs to be given a mandate by the Council to start negotiations. In this regard, the Report can be seen as an important turning point, because for the first time the European Union has committed itself to dealing with micro-States with a certain timing. Indeed, the competent services of the Commission shall analyse in detail the possible new institutional framework, so as to submit the initial outcomes by the end of 2011 and provide recommendations on the integration of micro-States with the internal market by the end of June 2012.

In carefully evaluating the proposal for an ad-hoc agreement with the European Union without giving up the possibility of membership, on 7 June 2011 the Great and General Council approved a Decision requiring San Marino institutions in the first instance to implement the Cooperation and Customs Union Agreement and secondly to define San Marino's negotiating position. Such negotiations shall include the issues of "political role and European citizenship, the possibility to accede to European training and funding programmes, the negotiated acceptance of the four freedoms and the relevant *acquis*. [...] In the absence of such negotiations, the possibility to start the accession process to the EU cannot be excluded." These indications were discussed in a meeting of the Parliamentary Committee on Foreign Affairs on 13 July. During the meeting, the participants approved another Decision reiterating the contents of the Decision approved by the Great and General Council on 7 June.

In compliance with the above-mentioned Decision, on 14 July 2011 an official letter of convocation of the EU - San Marino Cooperation Committee, envisaged by the Cooperation and Customs Union Agreement in force, was sent to the competent services of the European Commission. Such letter concerned a number of issues having arisen in the past few years, in order to improve the application and functioning of the Agreement and consider new areas of cooperation. Therefore, in the coming months this body will discuss some issues, including the creation of San Marino's own customs - an option covered by the current Agreement in force -, the improvement of the free movement of certain goods, the strengthening of cooperation in infrastructure, tourism and health-care. Also problems and challenges affecting in particular the financial sector will be analysed.

The Secretariat of State for Foreign Affairs has carried out other initiatives to be given the instruments to address the challenge of integration in the best way possible, by increasing human resources and offering training and refreshing courses to its officials and employees.

Indeed, in the near future training projects should be organised both for those already employed in the Public Administration and for recent graduates who might be recruited to increase the number of staff dealing specifically with Community matters.

In this regard, scholarships should be granted to San Marino recent graduates to allow them to attend specialization courses in Community Law at the College of Europe in Bruges.

As regards the second aspect, the Secretary of State for Foreign Affairs took part in the Assembly meeting of the Adriatic Euroregion held in Campobasso on 30 June 2011. Since the activities of this organisation include the training of public officials of territorial entities of States Parties and considering the courses organised by the Regional School of Public Administration (RESPA) and the Training Centre for Public Administration, this Association could be an opportunity for San Marino to meet the requirements for further internal qualification of administrative staff, especially in view of greater European integration.

The Department of Foreign Affairs has also been given the mandate to rely on experts in Community matters, in order to check the feasibility of future forms of tutorship within San Marino public administration and to receive support for the analysis of single market-related issues, also for the purpose of defining San Marino's negotiating position. In this regard, officials have relied on University professors in Law and Community Law, as well as consultants from important consultancy firms that are experts in EU economic matters.

From a political point of view, one of the most important events was the meeting, held in Brussels on 6 September, between Secretary Mularoni and Van Rompuy, President of the European Council. The meeting allowed to confirm to President Van Rompuy that the Republic of San

Marino is interested in embarking, as soon as possible, upon a path towards European integration. President Van Rompuy ensured that European institutions would commit themselves to exploring different possible options - with particular reference to the inclusion of San Marino in the Internal Market - and identifying a possible legal framework to meet the requirements of the Republic and those of the European Union.

ECONOMIC RELATIONS WITH ITALY

Besides the action taken in the framework of the Organisation for Economic Cooperation and Development (OECD), as outlined below, the San Marino Government, well aware of the important and significant role that the relationship with Italy plays in its bilateral relations, started in Spring 2009 negotiations with the Italian Government, aimed at conforming the Double Taxation Agreement (hereinafter referred to as DTA) which had already been signed in March 2002 and never ratified by the Parliaments of both Countries to the 2005 OECD model. After several bilateral meetings with a delegation from the Italian Ministry of Economy and Finance, a Protocol to the above-said DTA was initialled in Rome on 25 June 2009.

Furthermore, on 31 March 2009 San Marino and Italy signed an Economic Cooperation Agreement, while on 26 November 2009 they signed a Cooperation Agreement in Financial Matters. The ratification process of said Agreements is however on hold since it is contingent upon the signing and entry into force, yet to occur, of the Protocol amending the Agreement for the Avoidance of Double Taxation mentioned above.

In order to achieve the highest level of transparency even with respect to Italy, the San Marino Parliament has passed a number of laws in various areas. In addition to the legislation on the exchange of information, which is described in the section concerning San Marino's relations with the OECD, measures have been adopted with respect to companies by eliminating anonymous companies. Furthermore, interventions have been carried out to counter fraud and tax offences, to conform measures to execute letters rogatory and provide legal assistance in criminal matters, as well as in the banking and financial sectors, such as the abolishment of bank secrecy, when agreements providing for the exchange of information in tax matters are in force.

Despite of the fact that the San Marino Government passed the above legislation and notwithstanding its recent proposal to the Italian counterpart to conclude an agreement for the exchange of information in tax matters (hereinafter referred to as TIEA), which reaffirms and intensifies San Marino's commitment to ever greater transparency and international cooperation, Italy has not yet formally expressed its readiness to finalize a legal mechanism governing bilateral exchange of information, nor has it commented on the legislation adopted.

However, under Law no. 106 of 22 July 2011, outlined in the paragraph below, San Marino can exchange information upon request also by virtue only of the Protocol initialled on 25 June 2009.

RELATIONS WITH THE OECD AND TIEAS AND DTAS

The Republic of San Marino has always attached much importance to the development of the relations with the OECD and has taken advantage of the forms of cooperation offered and promoted by this Organisation vis-à-vis non-Member States. A decisive step in the relations with the OECD was the membership of the **Global Forum on Transparency and Exchange of Information for Tax Purposes** in 2000. San Marino's commitment to achieving the objectives of the Global Forum, reaffirmed and strengthened after the restructuring of this body in 2009, is demonstrated by the significant progress made in the in the field of transparency and exchange of information in the last two years.

San Marino shares the Global Forum's vision that transparency, at a national and international level, is closely linked with a sustainable growth and a sound and strong global economy. By following the guidelines and recommendations provided by this multilateral forum, the Republic of San Marino has considerably expanded its network of agreements and improved its domestic legislation with a view to ensuring extensive cooperation and effective exchange of information with other Countries.

Since April 2009, San Marino has signed a significant number of Tax Information Exchange Agreements and Double Taxation Agreements and has aligned pre-existing DTAs with the latest OECD standards. As a consequence, on 23 September 2009 San Marino was placed on the OECD *white list*. Since that date, the ongoing and unwavering commitment of the Government, also in the framework of the newly restructured OECD's Global Forum on transparency and exchange of information, led to the signature of several other DTAs and TIEAs.

Indeed, as of today, San Marino has signed 5 Protocols bringing pre-existing DTAs in line with the latest OECD standards (with Austria, Belgium, Luxembourg, Malta and Romania), 5 DTAs to the standard (with Hungary, Liechtenstein, Malaysia, Portugal, and Saint Kitts and Nevis) and 22 TIEAs (with Andorra, Argentina, Australia, Bahamas, Canada, Denmark, Faeroes Islands, Finland, France, Iceland, Germany, Greenland, Guernsey, Monaco, Netherlands, Norway, Samoa, South Africa, Spain, Sweden, United Kingdom and Vanuatu). 19 of these agreements are already in force, namely those with Andorra, Australia, Austria, Denmark, Faeroes Islands, Finland, France, Guernsey, Hungary, Liechtenstein, Luxembourg, Malaysia, Malta, Monaco, Norway, Romania, Spain, Sweden and United Kingdom. All of the other above-mentioned agreements, signed but not yet in force, have been ratified by the San Marino Parliament.

3 other DTAs (Greece, Libya and Vietnam) and 3 TIEAs (Czech Republic, Indonesia and Poland) have been initialled and are ready for signature.

At the end of this first stage of the process, San Marino will have in place 40 Agreements, meeting the latest OECD standards, 22 of which with OECD or EU Countries.

[\(Attached document\)](#)

Since November 2010, significant progress has been made in San Marino legislation, which has been brought into line with international standards. Worth recalling are Decree-Law no. 36 of 24 February 2011 (*Urgent provisions to conform to international standards on transparency and exchange of information*) and Law no. 106 of 22 July 2011 (*Urgent provisions for the implementation of international tax assistance through exchange of information*). Such measures have created a legislative framework that, on the one hand, clearly and unambiguously establishes that San Marino competent bodies are able to ensure full and effective exchange of information in tax matters and, on the other hand, can be applied with all Countries with which a TIEA or DTA has been negotiated and concluded, whether initialled or signed.

By acknowledging the important and rapid progress made by San Marino in the past few months, the Global Forum has recently drawn up an additional report to that issued in January 2011, which identified some deficiencies, in order to highlight that San Marino, through the aforesaid legislation and other measures, has effectively addressed and solved these deficiencies. The additional report is expected to be approved at the end of September 2011.

RELATIONS WITH THE MONEYVAL AND THE FATF

San Marino has taken and continues to take clear action also in the framework of MONEYVAL, the Council of Europe Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism, in order to conform its regime to relevant

international standards and has undertaken great efforts to ensure rapid and effective compliance with the Recommendations of the Financial Action Task Force (FATF).

As was the case with the OECD, even with respect to MONEYVAL the San Marino Government has adopted resolute and far-reaching measures in order to address the concerns voiced by this organization since Spring 2007 and has timely and effectively responded to its requests and recommendations.

In view of the achievements of the San Marino Government and Authorities, the Plenary Session of Moneyval, on 24 September 2009, lifted the compliance-enhancing procedure under which San Marino had been placed in April 2008 (although limited to the first of the six steps) mainly because of the non-compliance of San Marino legislation to international standards and of the shortcomings identified in the work of the authorities responsible for the monitoring of such sensitive issues.

Since then, the San Marino Government, the Financial Intelligence Agency (FIA), the Central Bank, the Judicial Authorities and the Technical Committee for Combating Money Laundering and Terrorist Financing have worked hard to improve and further develop the existing San Marino laws and regulations, also in preparation for the Moneyval on-site visit, which took place in September 2010. The Moneyval evaluation team focused on determining not only if San Marino has AML/CFT instruments in place, but also how effective these instruments are. The meetings were extremely productive and evaluators acknowledged and commended the work carried out by San Marino towards increasingly greater transparency. The relevant report is being drawn up and it will be discussed in Strasbourg on 29 September 2011.

The action taken by the San Marino Government and Authorities has also been acknowledged and commended by the Financial Action Task Force (FATF), which did not include San Marino in the list of countries subject to strict monitoring. This list was disclosed during the FATF Plenary Session of 25 June 2010.

It should also be pointed out that during its sitting of 1 June 2010, the San Marino Parliament ratified the United Nations Convention against organized transnational crime, the Additional Protocol to the United Nations Convention against organized transnational crime to prevent, suppress and punish Trafficking in Persons, especially Women and Children and the Protocol against the Smuggling of Migrants by Land, Air and Sea, supplementing the United Nations Convention against Transnational Organized Crime, which were signed in Palermo on 14 December 2000.

The Parliament ratified the Council of Europe Convention on Laundering, Search, Seizure and Confiscation of the Proceeds from Crime and on the Financing of Terrorism, adopted in Warsaw on 16 May 2005, which entered into force on 1 November 2010.

RELATIONS WITH GRECO

The *Council of Europe Group of States against Corruption* (GRECO), a partial Agreement of the Organisation in Strasbourg which San Marino joined in August 2010, aims to improve the capacity of its members to fight corruption, a multifaceted and insidious phenomenon affecting all Countries.

The analysis of the situation in each country is carried out by GRECO on the basis of written replies to a questionnaire and information collected during an on-site visit to the country. Following the on-site visit, the evaluators draft a detailed report containing recommendations which member States are invited to implement or take into account.

Evaluators visited San Marino from 20 to 24 June 2011. Such visit covered the first two evaluation rounds, focused on a number of central aspects in the fight against corruption such as, in

particular: criminal legislation, investigative activity, prevention and fight against money laundering, supervision over economic activities, tax and financial legislation, extent and scope of immunities envisaged by the system, structure and functioning of the Public Administration, legislation on legal persons.

These are very important themes in respect of which the San Marino Government expects observations, suggestions and also “recommendations” from GRECO, since they will provide our Country with the opportunity to accelerate the process underway to bring San Marino system in line with international standards.

Accession to GRECO and the attention paid to corruption are initiatives demonstrating the strong efforts made by the San Marino Government and Parliament to conform the domestic legislation and practices to international standards against money laundering and terrorist financing, on the exchange of information in tax matters and transparency in the economic and financial systems.

VARIOUS AGREEMENTS AND ARRANGEMENTS

Besides economic and financial arrangements - which are described in detail in specific parts of this report - several arrangements have been made and important Agreements have been signed or ratified in the last year, including:

- On 17 November 2010 the Secretary of State for Health, Claudio Podeschi, signed two Cooperation Protocols in the field of food supplements, cosmetics and medico-surgical instruments with the Minister of Health, Ferruccio Fazio, in Rome;
- On 24 November 2010 the Great and General Council ratified the Council of Europe Convention on Action against Trafficking in Human Beings;
- On 15 April 2011 San Marino signed with Italy the First Protocol of Cultural and Scientific Cooperation, provided for in the bilateral Agreement on Cultural and Scientific Cooperation of 2001. On that occasion, the arrangement was signed by the Secretary of State for Education, Romeo Morri, and Franco Narducci, Vice Chairman of the Foreign Affairs Committee of the Chamber of Deputies, who also took part in the launching of the celebrations for the 150th anniversary of the Unity of Italy organised by the Secretariat of State for Foreign Affairs and the Secretariat of State for Education and Culture together with the Embassy of Italy. In April other initiatives on Italian and San Marino migration were carried out and in July a conference was held on Garibaldi's escape to San Marino. In autumn there will be other initiatives, both in Rimini and San Marino, on World War II and the hospitality provided by San Marino to 100,000 refugees;
- On 27 April 2011 the Great and General Council approved the accession of San Marino to the Geneva Act of the Hague Agreement concerning the International Registration of Industrial Designs, adopted in Geneva on 2 July 1999;
- On 27 April 2011 the Great and General Council ratified the Exchange of Letters between the Republic of San Marino and the International Atomic Energy Agency (IAEA) of 5 October and 16 December 2010, aimed at amending the Protocol to the Agreement for the Application of Safeguards in relation to the Treaty on the Non-Proliferation of Nuclear Weapons of 3 March 1995 and 7 September 1998;
- On 13 June 2011 Secretary of State Mularoni – in her capacity as the Central Authority for Intercountry Adoption, under the Hague Convention of 1993 – signed a Protocol of

Cooperation in respect of intercountry adoption of minors with the State Secretary of the Italian Prime Minister's Office, Carlo Giovanardi, in his capacity as the President of the Italian Commission for Intercountry Adoption (CAI), in Florence.

In September 2010, Secretary of State Mularoni had signed a specific Agreement on intercountry adoption with the Undersecretary of the Republic of the Philippines, Pablo Luwalhati, to promote a direct collaboration between the two States so that Philippine children can be adopted by San Marino residents. In this framework, in May 2011 a technical mission took place in Manila to define some aspects relating to the implementation of such Agreement. An agreement has been reached at a technical level also with India to establish cooperation between the two Central Authorities in respect of adoption.

- On 21 July 2011 the Great and General Council ratified two Optional Protocols to the Convention on the Rights of the Child, respectively on the involvement of children in armed conflict and on the sale of children, child prostitution and child pornography, done in New York on 25 May 2000 (the instruments of ratification will be deposited by the Secretary of State for Foreign Affairs on the occasion of her participation in the 66th United Nations General Assembly to be held in New York at the end of September);
- Always on 21 July 2011, the Great and General Council ratified the amendment to Article 8 of the Statute of the International Criminal Court, adopted in Kampala on 10 June 2010 (the instrument of ratification will be deposited by the Secretary of State for Foreign Affairs on the occasion of her participation in the 66th United Nations General Assembly to be held in New York at the end of September);
- On 28 July 2011 a Cooperation Agreement on tourism was signed between the Republic of San Marino and the Republic of Cyprus in Rome;
- On 2 August 2011 an Agreement for the promotion and reciprocal protection of investments was signed with the Federal Republic of Bosnia and Herzegovina;
- On 4 August 2011, in Rome, a technical arrangement relating to administrative police matters was signed with the Department of Public Security within the Italian Ministry of Internal Affairs to exchange information for the purpose of transferring and transporting weapons, ammunition and explosive material;
- On 24 August 2011, in San Marino, an important Agreement on mutual recognition of university degrees and qualifications granted in the Republic of San Marino and in the Italian Republic for the purpose of continuing studies was signed with Italy (by the Secretary of State for Education, Romeo Morri, of the one part, and the Ambassador of Italy to San Marino, of the other part).
- San Marino will ratify during a next sitting of the Great and General Council the "Convention on the Recognition of Qualifications concerning Higher Education in the European Region", (Lisbon Convention) signed in Strasbourg, in the presence of the Deputy Secretary-General of the Council of Europe, on 6 July 2011.
The accession to this instrument facilitates the collaboration of San Marino with other States for the recognition of qualifications concerning higher education.

AGREEMENTS FOR THE ESTABLISHMENT OF DIPLOMATIC RELATIONS

- On 7 April 2011 an Agreement for the establishment of diplomatic relations was signed with the Republic of Iraq (it is currently being ratified);
- On 12 April 2011 an Agreement for the establishment of diplomatic relations was signed with the Kingdom of Cambodia (it is currently being ratified);
- Through the Exchange of Notes of 7 June 2011 and of 11 July 2011 the raising of relations to the diplomatic level was formalised with the Principality of Liechtenstein (it is currently being ratified).

Moreover, on 2 April 2011 Secretary of State Mularoni participated, together with the Ambassador of the Republic of Croatia to the Republic of San Marino, in the official opening of the Honorary Consulate of the Republic of Croatia in the Republic of San Marino.

PARTICIPATION IN MAIN INTERNATIONAL EVENTS

- On 17 July 2010 the Secretary of State for Foreign Affairs attended the OSCE Informal Ministerial Meeting held in Almaty (Kazakhstan) and she took part in the debate. On that occasion, the Secretary of State had also many bilateral meetings.
In accordance with the decision made at that meeting, a Summit of the Heads of State and Government, in which also San Marino participated, took place in Astana, Kazakhstan, in December.
- In September 2010 the Secretary of State Mularoni delivered a speech in the framework of the United Nations General Assembly. Also on that occasion, she had the opportunity to meet many colleagues from other Countries to outline the main problems faced by the Country and exchange views on main common challenges.
- By accepting an invitation made by our Country, on 1 April 2011 the Official Speaker of the Investiture Ceremony of the new Captains Regent was the Secretary-General of the Organization for Security and Co-operation in Europe, Marc Perrin De Brichambaut.
- On 16 May 2011 Secretary of State Mularoni, being invited by the Italian Government, attended a Conference held in Rome, at the Farnesina, on global governance and United Nations Security Council reform. The Conference took place in the presence of the President of the UN General Assembly, Joseph Deiss. On that occasion, Secretary of State Mularoni also presented San Marino's position on the reform of the United Nations Security Council.
In that context, she also attended a specific meeting of the Member States of the Informal Group *Uniting for Consensus*, of which San Marino has been a member for a long time.
On that occasion, the Secretary of State met with various Colleagues.
- Secretary of State Mularoni attended the 121st session of the Committee of Ministers of the Council of Europe, held in Istanbul on 11 May 2011.
The Secretary addressed a speech, highlighting San Marino's support to the commitment undertaken by the Council of Europe in different areas, from human rights to coexistence in the European continent of the third millennium, from democracy to cooperation also with those Countries that are the closest to Europe, starting with those bordering the Mediterranean Sea.
On that occasion, the Secretary of State had also a number of bilateral meetings.

MAIN VISITS/MEETINGS BY THE SECRETARY OF STATE FOR FOREIGN AFFAIRS

- In August 2010, Secretary of State Mularoni paid official visits to Malaysia, where she met the Deputy Minister of Foreign Affairs and several political and economic personalities, and to Singapore, where she was received by the Minister of Foreign Affairs, George Yeo, who had paid an official visit to San Marino on 19 April 2010.
- In the same month, the Secretary of State for Foreign Affairs met again the Minister of Foreign Affairs of the Italian Republic, Franco Frattini, who announced that a bilateral technical committee would start working at the Farnesina the following September, also in the presence of representatives of the Ministry of Economy. Such meeting was followed by several further meetings with the Italian Colleague.
- On 11 November 2010, Secretary of State Mularoni, together with the Secretary of State for Industry, Handicraft and Trade, paid a visit to India, where she met the Minister of State for External Affairs, the Minister of State for Commerce and Industry and the Principal Secretary of the Prime Minister of India.
- On 17 November 2010, Secretary of State Mularoni, upon invitation by the Ambassador of Belgium to Italy, De Bock, attended a lunch offered to the Ambassadors of the EU Member States in Rome, on the occasion of the Belgian Presidency of the Council of the European Union.
On that occasion, as a guest of the Belgian Ambassador, the Secretary of State had the opportunity to describe to the participants the steps taken by San Marino towards international cooperation and its position vis-à-vis the European Union.
- On 18 February 2011, Secretary of State Mularoni paid an official visit to the Principality of Andorra, where she met the Head of Government, Jaume Bartumeu – who had already paid an official visit to San Marino on 5 July 2010 – with whom she had a series of meetings mainly focused on the relations between their respective States with the European Union. She also spoke with the Minister of Foreign Affairs, Mr. Xavier Espot Mirò, who also had paid an official visit to San Marino.
- On 28 February 2011, in New York, Secretary of State Mularoni attended a meeting with the Secretary General of the United Nations, Ban Ki Moon, in the framework of the visit paid by the Captains Regent. On that occasion, she was also accompanied by the Secretary of State for Health.
- On 8 March 2011, Secretary of State Mularoni met the Minister of Foreign Affairs of Israel, Liberman Avigdor, in Rome: such meeting contributed to the strengthening of relations between the two Countries. In this regard, the Secretary of State for Foreign Affairs will pay a visit to Israel in the coming months.

VISITS TO SAN MARINO

Visit to San Marino by the Holy Father

- Special emphasis has been given to the official visit to San Marino by His Holiness Benedict XVI on 19 June 2011. Through a busy religious and civil programme, the Holy Father had the opportunity to convey his message of peace to the Diocese of San Marino – Montefeltro and to

meet, on the occasion of the audience held at the Government Building, Their Excellencies the Captains Regent and the Government of San Marino.

That was the second time that a Pontiff had visited San Marino, after the visit by H.H. John Paul II in 1982. Many believers gathered in San Marino for this second visit, which received ample attention from the international press, thus contributing to enhance the image and history of our Country at the international level.

In connection with the Pontiff's visit to San Marino, our Country – also under the auspices of and in cooperation with the Secretariat of State for Foreign Affairs - opened an exhibition called "Opus sacrum, opus profanum", from a private collection of paintings dating back to the 17th century. This exhibition will be open to the public at the SUMS Palace until next 30 September. Last 19 August, an exhibition of masterpieces from the Vatican Museums was inaugurated at the State Museum. It is called "The Man, the face, the mystery" and will be open to visitors until next 6 November.

Such exhibition displays exceptionally important works from the ancient times to the present.

Several visits have been paid by international diplomatic representatives or Authorities from other Countries. Considering their impact also on other sectors, the following visits are to be mentioned:

- On 18 April 2011, a visit by the Ambassador of the Russian Federation to San Marino. He was received by the Secretary of State for Foreign Affairs, with whom he had the opportunity to deal with some matters under negotiation between the two Countries. Such matters include, in particular, tourism (an issue discussed in detail with the Secretary of State for Tourism, Fabio Berardi) and cooperation in the fields of economy, industry and trade (an issue discussed in detail with the Secretary of State for Industry, Marco Arzilli).
- On 5 May 2011, the Ambassador of the People's Republic of China carried out several cultural initiatives in San Marino, which were aimed at celebrating the 40th anniversary of the establishment of official relations between China and San Marino. The Ambassador also invited Secretary of State Mularoni to pay an official visit to China.
- From 1 May to 31 October 2010 San Marino also participated in the Shanghai World Expo, with a pavilion visited by more than 1,700,000 visitors.
In 2015 San Marino will take part in the Milan World Expo.
- On 27 June 2011, the Ambassador of Israel hosted a dinner in San Marino, attended by representatives of the political, economic and cultural spheres.
- On 8 July 2011, a Government delegation received the Italian Minister of Cultural Heritage and Activities, Giancarlo Galan. In the past, as Governor of the Veneto Region, he had signed with San Marino a cooperation agreement on trade and productive activities and then, as Minister of Agricultural Policies, he had also signed a bilateral cooperation agreement on agriculture.
- Last 22 August, the Italian Minister of Economic Development, Paolo Romani, paid a visit to San Marino, announcing that the Italian State was ready to support the creation of the Scientific and Technological Park of the Republic of San Marino with a contribution of € 3,000,000. Such project should also involve the territory of the Italian provinces of Rimini and Pesaro-Urbino and will receive the utmost support from Italy.

VARIOUS INITIATIVES

- On 11 September 2010, Secretary of State Mularoni attended the presentation of the book “Una democrazia di pietra sul Titano” by Francesca Bottari, concerning the inclusion of San Marino in the UNESCO World Heritage List on 8 July 2008. On 31 March 2011 such publication was also presented to the Diplomatic and Consular Corps in San Marino.
- On 22 September 2010, the Committees on Foreign Affairs of the Great and General Council and of the Chamber of Deputies met jointly in Rome - following a previous joint meeting held in San Marino on 5 November 2009. At the end of a broad exchange of views on the main matters under negotiation between the two Countries at the bilateral level, they issued a joint press release urging their Governments “to conclude timely the negotiations, so as not to prejudice the economic interests at stake”.
- On 1 October 2010, the former national anti-mafia prosecutor, Pier Luigi Vigna, was the Official Speaker at the Investiture Ceremony of the Captains Regent, given the cooperation and friendship established with San Marino institutions. As a result of this cooperation, an International Anti-mafia Summit, in collaboration with the Caponnetto Foundation, was organised last April in San Marino. A Permanent Anti-mafia Observatory was also established thanks to such cooperation.
- Last 20 May, Secretary of State Mularoni was in Vatican for the presentation of the volume “San Marino between history and legend, from Homer to St. Pier Damiani” by Prof. Andrea Donati, who had already had the opportunity to present the book to the Diplomatic and Consular Corps in San Marino last year.
- The Secretariats of State for Culture, for Tourism and for Foreign Affairs sponsored and supported the participation of a group of artists from San Marino (and also from other Countries) in the 54th Edition of the Venice Biennale, in the San Marino pavilion which was inaugurated on 3 June.
- In line with its commitment with respect to such themes, San Marino participated in the activity of an ad-hoc Committee to the Council of Europe in the past months. Said activity eventually resulted in the adoption of a Convention to prevent and combat violence against women, including domestic violence. San Marino is also following the recent Council of Europe Campaign to stop violence against children.
- On 26 August 2011, Secretary of State Mularoni delivered a speech, as usual, on the occasion of a significant international Meeting for friendship among peoples, on the topic “The challenge of North Africa: reconciling stability and rights”. On that occasion, she met the Minister of Foreign Affairs of the Italian Republic, Franco Frattini, with whom it was agreed to resolve any pending issues by autumn. At the end of the meeting, the Italian Minister stated to the press that “by autumn the agreement for the avoidance of double taxation and the agreement on cooperation between Police forces will be ready for signature”.

HUMANITARIAN MEASURES

During these years, particular attention has been paid to the adoption of humanitarian measures by financing several important projects promoted by International Organisations or Associations and Entities.

In 2010, around € 272,000 was allocated to support many humanitarian projects (to tackle poverty and underdevelopment situations, or to respond to appeals for emergency aid in case of natural disasters or conflicts).

Such engagement has been carried out also in 2011: € 305,000 is available for humanitarian initiatives. Such sum is being allocated to support specific cooperation projects for the development of the poorest areas of the world, especially those affected by natural disasters, wars and famines, according to UN priorities, or projects promoted by voluntary associations operating within the territory of San Marino.

IMPORTANT FUTURE EVENTS AND AGREEMENTS TO BE FINALISED

- Next 11 and 12 September, Secretary of State Mularoni will attend a meeting on inter-religious dialogue, organised by the Community of St. Egidio in Munich.
- On 27 September, Secretary of State Mularoni will address the 66th UN General Assembly. During her stay in New York she will attend bilateral meetings, sign arrangements, deposit instruments of ratification and participate in a meeting of the *Uniting for Consensus* Group and a meeting of the *Global Governance Group*.
- The Italian Minister of Public Administration and Innovation, Renato Brunetta, will be the Official Speaker at the Investiture Ceremony of the Captains Regent on 1 October 2011.
- At the beginning of October the traditional Consulta of San Marino citizens abroad will take place in San Marino, thus reaching its 32nd edition.
- On 19 October 2011, the Prince and Grand Master of the Sovereign Military Order of Malta, Fra' Matthew Festing, will pay a visit to San Marino.
- In October, Secretary of State Mularoni is expected to pay a visit to Israel.
- On 24 November 2011, Secretary of State Mularoni will deliver a speech during a session of the OSCE Permanent Council;
- On 25 November 2011, Secretary of State for Foreign Affairs will pay an official visit to Prague, upon invitation by the Minister of Foreign Affairs of the Czech Republic.
- San Marino is waiting that Ukraine approves the negotiated text of a cultural Agreement.
- In the month of July, we received a request from Georgia to negotiate a cultural Agreement. The appropriate procedure will be carried out. San Marino will also negotiate a Double Taxation Agreement with Georgia.
- Negotiations to conclude Agreements on tourism are in progress with Azerbaijan, Monaco, Slovenia and Ukraine.

PROVISIONS AND MEASURES REGARDING THE DIPLOMATIC AND CONSULAR CORPS

- Law no. 9 of 25 January 2011 amending the law of 2009 on the issuance of diplomatic passports has extended again the issuance of diplomatic passports to consular representatives and their spouses.
- Decision no. 4 of 22 March 2011 also contains guidelines and provisions for the Diplomatic and Consular Corps.
- Within the coming months a new law regarding the diplomatic and consular corps will be passed. This law will reflect more recent developments and will take account of the practices in many other Countries and, at the same time, of San Marino specific needs and requirements.

Provisions concerning the entry and stay of foreigners in the Republic of San Marino

Law no. 118 “Law on the entry and stay of foreigners in the Republic of San Marino” entered into force on 15 July 2010, since it had become imperative to reorganise the issuance of stay permits and granting of residence, as well as, more generally, the entry, movement and stay of foreign citizens in San Marino. As the former legislation had become out-of-date, there was the need to respond to new situations. Such responses had to be in line, on the one hand, with San Marino’s domestic security requirements and, on the other hand, with the requirements of the labour market, without forgetting the obligations arising from the accession of the Republic of San Marino to international treaties and conventions.

The elements characterising this law, then supplemented by an implementing Regulation and a subsequent delegated decree, are the following:

- Equal treatment between a foreign citizen and a San Marino citizen with regard to judicial protection of rights and legitimate interests;
- The need that a foreigner, for the purpose of his/her entry and stay in the Republic, complies with the provisions contained in the Schengen Agreement and, therefore, - if so requested, - that he/she holds a valid visa for entry into the territory of the States Parties to this Agreement;
- The stay of a foreigner, for periods of time exceeding twenty days, is subject to the issuance of a stay or residence permit;
- There are more and different types of stay permits, including stay permits for tourist purposes, special stay permits (for education; sport; religion; health treatment, assistance, rehabilitation and rest), for the purposes of employment (temporary employment, seasonal employment, special for maritime employment), ordinary stay permits (for family reunification) and extraordinary stay permits (humanitarian needs for social protection).
- a permit for cohabitation has been introduced: for *more uxorio* (non-marital) cohabitation, parental cohabitation (in favour of a parent or spouse who is no-more self-sufficient) and for minors (for minors who are the children of people staying in San Marino).

Residence, apart from the cases provided for by Law no. 84/2004 (Law on Citizenship) is granted by the Standing Parliamentary Committee on Foreign Affairs, Emigration and Immigration to those people who have stayed in the territory of the Republic of San Marino for an uninterrupted period exceeding 5 years.

In addition thereto, upon proposal of the Congress of State, residence can be granted to foreign citizens who:

- a) hold managerial or very important positions in San Marino health care facilities or health and welfare centres, banks, insurance or financial companies or in the field of public safety;
- b) hold managerial positions in companies incorporated under San Marino law and having a significant number of employees;
- c) invest capital or have already invested it in the territory, also through controlled companies, in productive activities, undertaking the commitment to employ a certain number of persons, to buy industrial plants, to submit a business plan or invest capital in research activities or in sectors of particular interest to San Marino.

The Committee also grants residence to judges at first instance who are obliged to reside in the Republic.

Another new element is the introduction of a provision according to which residence shall not be granted automatically to the foreign spouse of a San Marino citizen on the basis of marriage if criminal elements exist.

The cases where stay and residence permits shall not be granted or can be revoked are better regulated than in the past by increasing the involvement of the Offices of the Public Administration (Labour Office, Registry Office, Vital Statistics Office, Public Utilities State Corporation), Police Forces, above all the Gendarmerie, and the Single Court.

It is also established that every year a Delegated Decree shall be adopted to regulate migratory flows. Through this Delegated Decree the Congress of State shall set the maximum number of stay permits to be granted for the purpose of employment every year, on the basis of the indications provided by professional associations and Trade Unions.

Sanctions, whether administrative or criminal, have been strengthened against infringers. Moreover, criminal sanctions have been introduced to punish illegal immigration, the exploitation thereof and smuggling of migrants, as envisaged by the most recent International Conventions to which San Marino has acceded.

San Marino, 9 September 2011