

## **ASSOCIATION AGREEMENT BETWEEN SAN MARINO AND THE EUROPEAN UNION**

### **What will the features and main novelties of this Agreement be?**

It will draw inspiration from the agreement on the European Economic Area (EEA, for more information see the section **EU institutions**), although it will deviate from this on some relevant points, by introducing important new features, including:

- the role attributed to the Court of Justice (which will have the task of interpreting the Agreement and its provisions in a uniform manner);
- the role attributed to the Commission (which will take on supervisory functions in case the Agreement is not complied with);
- the mechanism of automatic adjustment to the new regulations, directives and decisions of the EU, which will be relevant to the Agreement as a whole (since it will be a constantly evolving Agreement).

### **Which will the structure of the agreement be?**

The Agreement should include a general part, common to all small-sized States, concerning their institutional framework and containing the provisions relating to structure, nature, objectives, functioning, as well as to the competent bodies managing the Agreement.

This will be followed by a central part governing the specific issues of the Agreement, including the principles regulating the free movement of persons, goods, services and capital and other policies provided for in the Agreement (see answers to next question).

Finally, a special part will concern specific Protocols for each country, which will govern specific aspects related to the peculiarities of each of them.

### **What are the areas covered by the Agreement?**

The Association Agreement will include:

- the four fundamental freedoms of the internal market (see the relevant section);
- the policies aimed at strengthening, completing and integrating the internal market;
- other policy areas to be included in the scope of the Agreement;
- specific activities of cooperation with EU Agencies entrusted with executive powers;
- certain forms of participation in EU programmes (for more information, see the relevant section).

The negotiations will enable to better identify the specific topics included in the scope of the Agreement. In any case, it is possible, at the time being, to anticipate the areas that most likely will not be covered by the Agreement.

### **What are the areas not covered by the Agreement?**

The Association Agreement will not cover:

- citizenship of the European Union;
- rules pertaining to political representation within EU institutions;
- fisheries policy;
- EU policies concerning the area of freedom, security and justice, including accession to the Schengen Area;
- common foreign and security policy;
- common defence policy;
- Economic and Monetary Union, in particular Banking Union and policies decided by the European Central Bank (although, by virtue of the scope of the Monetary Agreement, such policies may soon be extended also to third countries);
- rules governing the system of resources for the financing of the EU budget;
- the provisions of the "European Fiscal Compact" concerning the coordination and supervision of Member States' economic policies.

### **What will the obligations for San Marino be?**

Considering the institutional structure of the Agreement, San Marino will be required:

- to undergo verification of commitments undertaken before the Commission;
- to ensure certainty of legal relations, if appropriate, before the Court of Justice;
- to constantly adjust to new EU acts, which will become relevant to the Agreement;
- to meet the deadlines for implementing the acts included in the Agreement, according to the time limits set in the most appropriate fora for political dialogue;
- its national courts will be able or – in some cases – will be required to apply to the Court of Justice for examination and evaluation of some internal acts;
- to reorganise and strengthen San Marino administrative activity in order to put it more in line with the changing needs deriving from its participation in a wider market.

With regard to the functioning of the Internal Market, and to ensure its integration with the European market, San Marino will be required:

- to transpose the law of the internal market into its legal system;
- to apply such law with effect from the date jointly set between the EU and San Marino;
- not to take discriminatory measures against the free movement of goods, persons, services and capital;
- to respect the other policies covered by the Agreement;
- to establish an adequate administrative structure to fulfil the commitments required by the relevant EU provisions and that should be appropriately included in the Agreement.

### **When will it enter into force?**

There will be no single date allowing to extend the market to San Marino simultaneously for all specific sectors included in the Agreement.

Usually these agreements are concluded in a mixed form (since they cover some issues not falling within the exclusive competence of the EU – see the relevant section) and require ratification of both the Council and the Member States.

Negotiations with the competent EU Services will provide an opportunity to find the most appropriate solution to avoid an excessively long ratification process. They will also enable

to define appropriate terms for the correct adjustment of the country to EU provisions.

**What will happen to the existing Agreements between the EU and San Marino?**

The negotiations will make it possible to understand whether the three main agreements between San Marino and the EU (see below) will be excluded from or included in the scope of the Agreement.

There are three main agreements presently in force between San Marino and the EU:

- Cooperation and Customs Union Agreement, signed in Brussels on 16 April 1991 and entered into force in April 2002;
- Agreement on the taxation of savings income in the form of interest payments, establishing measures equivalent to those laid down in Directive 2003/48 (San Marino is negotiating a new agreement with the European Commission);
- Monetary Agreement between the European Union and the Republic of San Marino, signed in Brussels on 27 March 2012 and entered into force on 1 September 2012.

The Government is committed to properly put them in line with the future Association Agreement, taking into account the needs of a small State for a more efficient and simplified management of its relationship with the EU, without giving up the benefits that these agreements undoubtedly entail for San Marino.

**What about the agreements concluded with Italy?**

The Association Agreement will have the advantage, at least in general, to overcome much of the bilateral provisions also with regard to relations with Italy. The Government has undertaken to assess and define those parts of the existing bilateral agreements with Italy that must be necessarily maintained.

**Will the Cooperation and Customs Union Agreement continue to deploy its effects?**

Yes, San Marino will continue, for example, to comply with the provisions of the European Union concerning the Customs Union, undertaking to observe the EU trade policy in respect of third countries.