

Small States Differentiated Integration

Republic of San Marino

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European Integration

Differentiated Integration

Partial integration through international agreements:

Historically close relations with Italy

- Italy-San Marino Customs Union Agreement: free trade area between RSM and Italy (signed in 1939 and still in force).

Official relations with the EU since 1983:

- **1991:** EEC - RSM **Agreement on Cooperation and Customs Union** (entered into force on 1 April 2002)
- **1992:** EEC - RSM Interim Agreement on Trade and Customs Union (entered into force on 1/12/1992 and ceased to have effect on 31/03/2002).

Cooperation not included in the 1992 Interim Agreement

- **2002:** Entry into force of 1991 Agreement on Cooperation and Customs Union

- Initially: Bilateral **monetary agreement** only with Italy

- **1992:** Declaration No 6 annexed to the Maastricht Treaty : the introduction of the single currency is without prejudice to bilateral monetary agreements, but there is the possibility of renegotiating them

- **2000:** Renegotiated monetary agreement (agreement concluded between the Italy, on behalf of the EC, and the RSM: right to use € as official RSM currency)

- **2012:** Monetary Agreement between the EU and the RSM (RSM is entitled to use the euro as its official currency and grants legal tender status to euro banknotes and coins in the territory of RSM . The Agreement also ensures that the rules of the EU in the field of banknotes and coins denominated in euro, including those on the protection against counterfeiting, are applicable in RSM territory. This Agreement has repealed the preceding one of 29 November 2000, concluded between the Italian Republic, on behalf of the European Community, and the Republic of San Marino, which gave the latter the right to use the euro as its official currency starting from 1 January 1999.

- **2004:** EU-RSM **Agreement on taxation of savings income** (based on the same elements already provided for in the agreements with Switzerland, Andorra, Monaco and Liechtenstein). The Agreement committed RSM to apply measures equivalent to those laid down in Directive 2003/48 in relation to interest payments paid in the RSM in favour of persons resident in an EU member State. Upon request of the EU, the Agreement was renegotiated and replaced by a Protocol amending it, which implements the OECD Global Standard on Automatic Exchange of Financial Account Information.

European Integration

Differentiated Integration

- *National administration and European affairs*
 - *Who is responsible in the government?*
 - *Are there specialized units or departments?*
- *Which administrative offices or departments are mainly involved?*

- Minister of Foreign Affairs, Political Affairs and Justice
(Segreteria di Stato Affari Esteri)

- Directorate of European Affairs of Department of Foreign Affairs

European Integration

Differentiated Integration

- *Decision shaping and policy making*
- *Who is involved? Stakeholders? Interest groups? Are they member of European bodies? How are they organized?*
- **Ongoing Negotiations with EU:**
 - EU Technical Group (members from all the State Departments)
 - San Marino negotiating group (Directorate of European Affairs)
 - Chief Negotiator (Amb. Antonella Benedettini, Head of the Mission of the RSM to the EU)
- **Other stakeholders and interested parties involved in various capacity:**
 - RSM Trade unions
 - ANIS (Associazione Nazionale Industria San Marino - National Association of San Marino Industry)
 - University of the Republic of San Marino
 - Political parties
 - Great and General Council (RSM Parliament) and especially its Commission for Foreign Affairs, Emigration and Immigration, Security, Public Order and Information.

European Integration

National debates

- *How is the national debate on European integration in your country ?*

- **2007:** Letter of RSM to the Presidency of the European Council expressing the willingness to deepen integration with the EU and discuss a new status for RSM (accession or differentiated integration).

- **2013: Referendum on initiation of EU accession procedure:**

Voters were asked whether the country should submit an application to join the EU. The proposal had a majority vote in favour (50,28%), but did not reach the quorum of 32% of registered voters in favour (10657 voters). So, the proposal was rejected.

- **2015:** Negotiations started on 18 March 2015 in Brussels with the competent services of the European Commission to conclude one or more association agreements.
- Informational activity promoted by the Research Centre for International Relations of the University of San Marino (i.e. public meetings to inform the citizens of San Marino on the path towards the association with the EU "*San Marino towards the EU*" - April-May 2019)

European Integration

Free movement

1. FREE MOVEMENT OF PERSONS

- Note of the Council of the EU n. 13020/2004: Citizens of RSM may use “EU” corridors at external borders of the Member States applying the relevant provisions of the Schengen acquis (Decision of SCIFA Committee that do not have binding nature and has no legal effect on the free movement of persons, from which San Marino is excluded)
- RSM citizens do not need short visa to enter the Schengen area (art. 10.3 Reg. EC/562/2006) but they are Third-Country nationals and therefore in the absence of bilateral agreements need a residence permit for stays of more than three months (or work permits)
- RSM does not issue visas, but through art. 5 of Law no. 118 /2010 the Schengen regime is implemented even though RSM is not legally part of the Schengen system:
art. 5: “1. *The entry and stay in the territory are allowed to the foreigner in possession of a valid passport or equivalent document.* 2. *For the purposes of entry and stay in the territory, foreigners coming from a State not party to the Schengen Agreement must be in possession, if required, of a valid visa for entry, transit or stay in a State that is part of the Schengen area. This provision also applies to the workers referred to in Article 11, who must be in possession of such a visa when granting their residence permit*”.

2. FREE MOVEMENT OF SERVICES AND ESTABLISHMENT

- To avoid further restrictions or formalities, an agency, a branch or a subsidiary in a Member State is required.
- Lack of legislation concerning the recognition of professional qualifications.

3. FREE MOVEMENT OF GOODS

- With specific exceptions for certain products (see, i.e., 1991 Agreement), San Marino products are not considered to be equivalent to those of the Member States, unless there is an agency, a branch or a subsidiary in a Member State
- RSM is in customs union with the EU (1991 Agreement on Cooperation and Customs Union). This regime facilitates the free movement of goods on the territory and in the EU market, but RSM companies are required to comply with EU legislation.

4. FREE MOVEMENT OF CAPITALS

- The current RSM-EU Monetary Agreement, which over time has broadened its legal scope to include matters outside the strictly monetary sphere, already obliges RSM to implement certain EU acts on the free movement of capital.
- Moreover, since 2013 San Marino has been part of the Single European Payment Area (SEPA).

EDUCATION AND TRAINING PROBLEMS:

- Students of RSM citizenship can participate in the Erasmus programme thanks to the 1991 Agreement, but without recognition of educational and professional qualifications there is no incentive to set up educational and formation institutes in Third States. RSM has provisionally solved this problem by awarding dual-titled degrees (Italy-RSM) in order to make the degrees awarded to RSM recognisable in the EU.
- Declarations are attached to the text of the 1991 Agreement, the content of which is not binding but which outline more clearly the nature of the relationship between the Parties. They also provide scope for dialogue and future arrangements. In the third declaration, the Community undertakes to examine San Marino's proposal to benefit from the Erasmus programme for the exchange of students and teachers.

European Integration Conclusions

- *Future trajectories*

San Marino has a **special situation**: it is not an island and is not geographically located between several countries.

San Marino is an **enclave** and will therefore always be necessarily linked to the events of Italy, the only neighbouring State, and to Italian relations with the EU:

STRUCTURALLY San Marino is destined for **greater integration** with the EU because Italy is an EU Member State, although the integration will have to take into account the **specificities** linked to the small size of San Marino (**Declaration n. 3 on Art. 8 TEU**: "*The Union will take into account the particular situation of small-sized countries which maintain specific relations of proximity with it*")

At the domestic level, the trajectory towards greater integration is confirmed by the presence of **negotiations for the association agreement that are currently ongoing**.

However, the path of association to the EU has been and is **contradictory** (i.e. Referendum) so it's hard to trace future trajectories.

San Marino wishes to comply with the general principles of the EU relating to the free movement of persons, while taking due account of measures capable of relying on the Declaration no. 3 on Art. 8 TEU and since this is a particularly sensitive aspect for a State with a small territorial dimension.

However, RSM companies may have difficulties in operating in the EU market, as they cannot currently fully enjoy the benefits of full integration into the single market for goods and services. Moreover, a process of greater European integration aimed at integrating the country into the free movement of capital could allow the country to operate on an equal footing with other European competitors to obtain the same benefits as the Member States

Thank you