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SUMMARY RECORD

PERMANENT REPRESENTATIVES COMMITTEE

19, 20 and 24 June 2024

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COREPER (PART 2)

Statements to the "II" items set out in doc. 11316/3/24 REV 3

THURSDAY 20 JUNE 2024

Foreign Affairs

99. Russia's aggression against Ukraine
Preparation for adoption

9619/1/24 REV 1
8285/24
8287/24
9580/24
8283/1/24 REV 1
11356/24
11357/24
8282/24 ADD 1

DELETED

Statements to the "II" items set out in doc. 11316/3/24 REV 3

MONDAY 24 JUNE 2024

Economic and Financial Affairs

102. **New item**
Meeting of the Council (Economic and Financial Affairs) on 21 June 2024: follow-up

Statement by the Commission to item 8 and 9 on the ECOFIN Council agenda
"As specified in the 'Procedure for accession negotiations (internal arrangements)', the Commission will provide, in the course of the negotiations, impact assessments of future accessions in the main policy areas. In this context, the Commission will examine the impact of future accessions on relevant EU policies, including cohesion and Common Agricultural Policies, when assessing the budgetary impact of enlargement."

Statements to the "I" items set out in doc. 11316/3/24 REV 3

WEDNESDAY 19 JUNE 2024

Economic and Financial Affairs

41.	Regulation amending Regulations (EU) No 1092/2010, (EU) No 1093/2010, (EU) No 1094/2010, (EU) No 1095/2010 and (EU) 2021/523 as regards certain reporting requirements in the fields of financial services and investment support *Mandate for negotiations with the European Parliament*	❶C	10735/24 10734/24 EF

Statement by Germany

"The Reporting Requirements Regulation should aim for a more ambitous approach.

Germany recognises the Belgian Presidency's achievements in leading the negotiations on the Reporting Requirements Regulation swiftly and competently and presenting the compromise text. The Presidency has responded constructively to Member State criticism by making data exchange more voluntary, especially for National Competent Authorities, and by offering supervisory authorities more flexibility to exchange supervisory data with other authorities. Due to these substantial amendments proposed by the Presidency, the proposal's most controversial issues have now been resolved, and the proposal can be supported by Germany in order to agree on a General Approach.
Nevertheless, we are sceptical whether the compromise text will lead to a significant reduction in reporting by financial institutions in practice, as intended by the Commission's proposal. To achieve this goal, it is necessary to precisely identify duplicate and overlapping reporting requirements and to streamline specific existing requirements in various areas of sectoral legislation. Germany asks the Commission to carry out the necessary mapping exercise in cooperation with the European Supervisory Authorities and present concrete proposals for reducing the reporting burdens faced by financial institutions. This should be treated as a priority task so that the Regulation can be supplemented with further steps."

Statement by the Commission
"The amendments proposed by the Council, namely the narrower scope of authorities and data, and additional conditions for data sharing, would reduce the effectiveness of the Commission proposal in terms of data sharing and reuse, and of reporting rationalisation. The reduction of administrative burden is a shared objective, often recalled publicly by Heads of State and Government, and therefore all institutions should aim at delivering simplification for EU businesses."

48. Reform of the bank crisis management and deposit insurance (CMDI) framework — 11139/24, 11140/24, 11141/24, 11146/24, EF
(a) Directive amending Directive 2014/59/EU – Bank Recovery and Resolution Directive (BRRD)
(b) Directive amending Directive 2014/49/EU – Deposit Guarantee Scheme Directive (DGSD)
(c) Directive amending Regulation (EU) No 806/2014 – Single Resolution Mechanism Regulation (SRMR)
Mandate for negotiations with the European Parliament

Statement by Finland
"The negotiating mandate from COREPER to open negotiations on the CMDI package with the European Parliament and the European Commission should not be construed as meaning that Finland as a Contracting Party of the 'Intergovernmental Agreement on the Transfer of Mutualisation of Contributions to the Single Resolution Fund' (IGA) has forfeited or will forfeit its rights under the IGA in connection with Article 9, subparagraph 2 thereto. In particular, Finland reserves its right to exercise its rights existing under public international law regarding a fundamental change of circumstances, in relation to any legal text resulting from the CMDI trilogue negotiations and eventually adopted by the co-legislators where Finland concludes that such text would change the legal framework establishing the Single Resolution Fund, in a manner described in Article 9, paragraph 2 of the IGA, against its will."

Statement by Germany
"The representative of Germany hereby declares the following:
1. CMDI review
a. Preserving the functioning of institutional protection schemes
Germany recalls statement of 16 June 2022 by the Eurogroup in inclusive format on the future of the Banking Union, endorsed by statement of 24 June 2022 by the Euro Summit in inclusive format, in which the Eurogroup in inclusive format agreed that
"*the improved CMDI framework will take due account of the specificities in the national banking sectors, including by preserving a functioning framework for institutional protection schemes to implement preventive measures*".
Germany stresses the paramount importance of preserving the functioning of the institutional protection schemes, including the implementation of preventive measures, as agreed by the Eurogroup, and emphasises that the outcome of the CMDI review must be compatible with this objective. In this context, it also recalls that the requirements laid out in the CMDI review shall not constitute a current or foreseen material, factual or legal obstacle to complying in whole or in part with the requirements of Article 113(7) of Regulation (EU) No 575/2013. We will carefully examine the final legal texts in this regard.
b. Preserving the principle of primary loss absorption by shareholders and creditors, protecting the integrity of the Single Resolution Fund (SRF), of the future backstop facility to the SRF and of deposit guarantee schemes, as well as protecting depositors and taxpayers.

Germany recalls the paramount importance of the principles and rules in the resolution framework, according to which losses must be borne primarily by shareholders and creditors. This is essential to protect the integrity of the SRF, of the future common backstop to the SRF and of deposit guarantee schemes, as well as to protect depositors and taxpayers, in particular with regard to the counting of contributions made by deposit guarantee schemes in resolution towards the minimum threshold of loss absorption by shareholders and creditors prior to a contribution by the SRF to an institution's recapitalisation (Bridge the Gap Tool).

Germany recalls that, pursuant to the Intergovernmental Agreement on the Transfer and Mutualisation of Contributions to the Single Resolution Fund, signed on 21 May 2014, "*the use of the Fund on a mutual basis and the transfer of contributions to the Fund shall be contingent upon the permanence of a legal framework on resolution whose rules are equivalent to, and lead at least to the same results as certain core rules under the SRM Regulation*".

Germany further recalls that, pursuant to the Agreement Amending the Treaty Establishing the European Stability Mechanism, signed on 27 January and 8 February 2020, *"[t]he backstop facility and its use under this Article shall be contingent upon compliance with the condition of permanence of the legal framework for bank resolution [while] the permanence of the legal framework for bank resolution shall consist of [inter alia] the permanence, as defined in Article 9(1) of the Intergovernmental Agreement of 21 May 2014 on the transfer and mutualisation of contributions to the Single Resolution Fund ('IGA')*".

Moreover, Germany recalls recitals 41a to 41c of the SRMR in the general approach of the Council, which read as follows:

„(41a) The role that deposit guarantee schemes may play in resolution together with the possible impact thereof on the Single Resolution Fund requires the establishment of rules, including on burden sharing which, taken together, constitute a holistic approach. These rules, including the burden-sharing rules should, in addition to the restrictions to the use of deposit guarantee scheme funds which are set out under Directive 2014/59/EU and also apply under the Single Resolution Mechanism, establish the maximum contribution by the Single Resolution Fund over a period of three years in resolution proceedings in which the contribution of the deposit guarantee scheme is counted towards the 8% threshold of total liabilities including own funds established by Regulation (EU) No 806/2014. Furthermore, these rules together with the burden-sharing rules should provide that this option should be assigned as a priority to institutions with a maximum size of EUR 30 billion and only by way of an exception, for a period of 10 years, to preserve financial stability and avoid significant adverse effects on the financial system, to institutions whose balance sheet total exceeds EUR 30 billion, provided that the institution's business model corresponds to that of an institution financed mainly by deposits. However, this exception should not apply to top-tier banks, G-SIBs or institutions with a balance sheet total exceeding EUR 80 billion or if, twelve months before the determination that the institution or entity is failing or likely to fail, the own funds and eligible liabilities of the institution did not amount to at least 8 % of its total liabilities including own funds. This comprehensive framework including the burden-sharing rules should also confirm the principle for losses to be absorbed in priority by the shareholders and creditors of the institution and should provide therefore that the intervention of the deposit guarantee scheme, when counted towards the 8% threshold of total liabilities including own funds established by this Regulation, should not exceed 2.5 % of total liabilities including own funds of the institution under resolution where its total assets do not exceed EUR 30 billion, or 1.25 % of total liabilities including own funds of the institution under resolution where its total assets do exceed EUR 30 billion but do not exceed EUR 80 billion.

In addition, and without prejudice to the above and to the rules applicable otherwise to the use of the Fund under this Regulation, shareholders and creditors should contribute to loss absorption and recapitalisation for an amount not less than 6.5% of the total liabilities *including own funds of the institution under resolution when the institution's total assets do not exceed EUR 30 billion, and not less than 8% of the total liabilities including own funds of the institution under resolution otherwise, whereby both of these additional thresholds consider the contribution made by shareholders and creditors for the loss absorption and recapitalisation of the institution including over the 12 months preceding the declaration of the failing or likely to fail. In such cases a contribution of 1 % of the total liabilities including own funds of losses of the institution under resolution absorbed over the 12 months preceding the declaration of the failing or likely to fail could be counted towards these additional thresholds, when the institution's total assets do not exceed EUR 30 billion and 1.25% otherwise. Furthermore, the exceptional nature of a DGS contribution that counts towards the 8 % threshold for institutions whose total assets exceed EUR 30 billion should require a qualified majority decision by the Board of 5 out of its 6 full-time members.*

(41b) In addition, given the considerable impact of the resolution decisions on the financial stability of Member States and on the Union as a whole, as well as on the fiscal sovereignty of Member States, it is important that the implementing power to take certain decisions relating to resolution be conferred on the Council. This is particularly justified when it comes to the use of the Single Resolution Fund for an institution of which the total value of assets exceeds EUR 30 billion, in light of its significance and of the potential impact on financial stability of Member States as well as fiscal sovereignty of Member States. It should therefore be for the Council, acting on a proposal by the Commission, to adopt an implementing act over the use of the Single Resolution Fund following an intervention of the deposit guarantee scheme for an institution whose balance sheet total exceeds EUR 30 billion.

(41c) All these elements included in recitals 41a and 41b underlying the burden sharing and governance constitute an integrated approach which aims at achieving the same balance and, as a whole, lead to the same result as in the current legal framework. Any deviation from one of these aspects could fundamentally alter the balance achieved on the burden sharing."

We stress that a holistic approach, including comprehensive and effective conditions and safeguards for the use of the Bridge the Gap Tool, is of paramount importance in order to preserve the principle of primary loss absorption by shareholders and creditors, to protect the integrity of the SRF, of the future backstop facility to the SRF and of deposit guarantee schemes, as well as to protect depositors and taxpayers.

While we regard the holistic approach in general approach of the Council as a significant improvement to the initial proposal, we reserve our rights under the aforementioned Intergovernmental Agreement on the Transfer and Mutualisation of Contributions to the Single Resolution Fund, signed on 21 May 2014, the aforementioned Agreement Amending the Treaty Establishing the European Stability Mechanism, signed on 27 January and 8 February 2020and the Vienna Convention on the Law of Treaties, in particular as regards the permanence of a legal framework on resolution. We will carefully examine the final legal texts in this regard.

2. Banking Union

Recalling the statement of 16 June 2022 by Eurogroup in inclusive format on the future of the Banking Union, we wish to stress that the Eurogroup in inclusive format agreed that "*as an immediate step, work on the Banking Union should focus on strengthening the common framework for bank crisis management and national deposit guarantee schemes (CMDI framework). Subsequently, we will review the state of the Banking Union and identify in a consensual manner possible further measures with regard to the other outstanding elements to strengthen and complete the Banking Union*".

In line with this agreement, we should continue to focus on the CMDI review. Potential further measures will be discussed afterwards and must be identified by Member States in a consensual manner.

Statement by Portugal

"Portugal is a strong supporter of the European Commission's proposal to further strengthen the EU's existing bank crisis management and deposit insurance (CMDI) framework, with a focus on medium-sized and smaller banks.

The experience of applying the Europe's crisis management framework since it was first adopted in 2014 has clearly shown that there is a funding gap, which this package looked to address, as requested by the Eurogroup, when managing the failure of medium-sized and smaller banks whose main business consist in capturing deposits and lending to the economy. The possibility to use deposit guarantee schemes to bridge those funding needs, so that funding from the single resolution fund can be accessed, is key to protect taxpayers and depositors in the Banking Union.

It is therefore with regret that we take note that many of the amendments introduced in the Council deviate considerably from the Commission's initial proposal by introducing many conditions that must be fulfilled so that the bridge gap mechanism can be used by resolution authorities. As a result, there is a risk that this package will fail its primary objective to ensure that the failure of deposit-based banks can be addressed, when needed, with resort to industry-funded safety nets, in order to safeguard taxpayers and depositors.

While Portugal is willing to achieve a compromise in this package, we consider that further discussion will be needed in trilogues so that this package can achieve its objectives, as detailed in the Eurogroup's statement."

Joint statement by Italy and France

"Italy and France still want to signal their discomfort regarding the text proposed regarding the governance of the Single Resolution Board (SRB), and more specifically the modification introduced to the approval processes of guidelines, guidance notes and other public documents by the Executive Session and the Plenary Session.

Italy and France wish to remind that this topic was not included in the Commission's initial proposal and was introduced as an amendment at a late stage of Council working party discussions. While this amendment was based on a willingness to give a greater say to national resolution authorities, it was not linked to any clearly identified deficiencies in the elaboration of the SRB documents and it has raised a very sensitive issue among Member States, as it was not part of the mandate approved on a consensual basis of the June 2022 Eurogroup statement. Furthermore, the proposed amendment codifies the relationship between the Executive session and national resolution authorities in terms of confrontation, instead of open and frank cooperation, hampering the smooth functioning of the SRB and, in the end, its capacity to effectively pursue its mission. Last, but not least, such an amendment would require a more thorough analysis of the whole governance of the SRB: if we are to change one element, we have to reconsider the whole setting, and the CMDI is not the place to carry out such a revision."

Joint statement by Italy and Spain

"Italy and Spain commend the efforts devoted to this crucial – yet very difficult – file and recognizes the balance found in the general approach put forward by the Belgian Presidency, building on the work achieved by the Spanish Presidency. The compromise text represents an important step forward to strengthen our comprehensive crisis management and deposit insurance framework. However, it leaves some crucial issues unsolved.

While the CMDI review does represent an improvement compared to the status quo, as it remedies some rigidities of the framework and enriches the resolution toolkit, Italy and Spain believe that the new framework still lacks some key elements to close the remaining regulatory shortcomings.

In particular, to effectively manage any exceptional threats to financial stability, the framework would require introducing a financial stability exemption, as emphasized by the Euro Area IMF Article IV and along the lines envisaged and successfully tested in the US March 2023 banking turmoil. Moreover, Italy and Spain believe there is still significant room to improve the text in order to get to a better and more efficient use of the industry-funded safety nets.

In view of this, Italy and Spain stress the importance of proceeding swiftly with the trilogues, with the aim of reaching a fair and balanced synthesis between the original Commission's proposal and the compromise texts approved by the co-legislators. The CMDI review will then lay down the path to proceed with the completion of the Banking Union and will create a fertile environment for holding new political discussions aimed at finally closing any regulatory gaps, already during the new legislative cycle."

Joint statement by The Netherlands and Portugal

"On the Proposal for a Directive of the Council amending Directive 2014/59/EU as regards early intervention measures, conditions for resolution and financing of resolution actions. (BRRD); Proposal for a Directive of the Council amending Directive 2014/49/EU as regards the scope of deposit protection, use of deposit guarantee scheme funds, cross-border cooperation, and transparency. (DGSD); Proposal for a Regulation of the Council amending Regulation (EU) No 806/2014as regards early intervention measures, conditions for resolution and financing of resolution actions. (SRMR); Coreper II, June 19th 2024

The Netherlands and Portugal would have liked to see more substantive improvements in the governance of the SRB, to ensure that national resolution authorities have an appropriate influence on the approval of methodologies and policies.

While the Netherlands and Portugal welcome the changes to the governance of the SRB included in the package, most notably in SRMR article 50(2), we would support continuing the discussions in the trilogue negotiations in order to further improve the provisions related to the governance of the SRB and cannot support any watering down of these provisions in trilogue."

Statement by the Commission
"The Commission takes note of the agreement in COREPER on a draft negotiating mandate on the reform of the Crisis Management and Deposit Insurance framework. The Commission deeply regrets that the Council negotiating position does not meet the objectives of the reform, such as broadening the scope of the resolution framework by ensuring its adequate financing and creating compatible incentives for authorities to choose the best crisis management tool to deal with bank failures. The Council position would not represent an improvement of depositor protection and financial stability, and would increase the risk of using taxpayers' money to handle failing banks. It would also make the framework more complex and less effective. Moreover, the Council position would renationalise and fragment the application of the framework and weaken the governance of the Single Resolution Board. Less harmonised conditions for the use of Deposit Guarantee Schemes increase their different treatment at the level of State aid control. The Council position would also create a stark divergence between the effectiveness and credibility of resolution in Member States in the Banking Union and Member States outside of the Banking Union. This would create differences in the treatment of failing banks, and therefore differences in the treatment of creditors, depositors and taxpayers. It would be detrimental to the future of the Banking Union. The Commission deeply regrets the inconsistency of the Council's negotiating position with the objectives of the CMDI reform, whereby the Council's position may be ultimately considered as a distortion of the core elements of the Commission's proposal."

51. Council Decision establishing the position to be taken on behalf of the European Union regarding the decision of the Participants to the Arrangement on Officially Supported Export Credits to update certain sunset clauses in the Sector Understanding on Export Credits for Climate Change
Adoption

C 10744/24
10886/24
CCG

Statement by the Commission
"The Commission considers that the Council Decision should be addressed to the Commission, and therefore considers the changes to Article 4 to be inappropriate. The expression of the Union position in a body set up by an agreement is an act of external representation of the Union which, in accordance with Article 17(1) TEU, is the institutional prerogative of the Commission. The Commission reserves all its rights in this regard."

General Affairs

55. Council Decision approving a Commission Regulation (Euratom) on the application of Euratom safeguards
Political agreement

C | 10891/24 ATO

Statement by the Czech Republic

"Czechia stresses the high importance of the continued effectiveness of Euratom safeguards in light of the recent developments in the nuclear sector.

Czechia supports the proposal of the Commission Regulation with regards to the introduction of nuclear safeguards measures early in the planning and design at different stages of the lifecycle of new installations ('safeguards-by-design' concept). In particular, it supports the introduction of graded approach in nuclear material reporting, addressing the particularities of the processes of decommissioning of nuclear installations and geological disposal of waste and spent fuel, adapting the provisions of the Regulation to new types of installations expected to become operational in the near future, such as geological repositories, encapsulation plants and novel types of reactors.

Czechia will make its best effort to implement all necessary measures to strengthen the effectiveness of the Euratom safeguards. However, it regrets that the final compromise text does not contain a normative provision on the roles and competencies of the Commission inspectors. These requirements are established within the Euratom legislation on a very general level and Czechia believes that the roles, responsibilities, competencies and verification activities of the Commission inspectors should be well defined and determined within the legislation. In doing so, we can draw inspiration from the Safeguards Agreement and Additional protocol of the International Atomic Energy Agency.

Furthermore, Czechia is concerned that many safeguards-related processes under Euratom are in practice conducted without any documented, written and agreed procedures in Czechia. We believe that the missing explicit particular safeguard provisions for the Czech nuclear facilities are one of the biggest gaps in the implementation of safeguards in the Czechia. Therefore, we welcome the commitment of the Commission to initiate the process of establishment of particular safeguard provisions for Czechia."

Justice and Home Affairs

58. Regulation on enhancing police cooperation on combating migrant smuggling and trafficking in human beings
Mandate for negotiations with the European Parliament

I C | 11280/24 ENFOPOL JAI

Statement by Germany

"Protokollnotiz:

Die Bundesregierung ist weiterhin der Ansicht, dass eine Beteiligung von Europol im Bereich restriktive Maßnahmen bereits aufgrund der Richtlinie des Europäischen Parlaments und des Rates zur Definition von Straftatbeständen und Sanktionen bei Verstoß gegen restriktive Maßnahmen der Union und zur Änderung der Richtlinie (EU) 2018/1673 möglich ist und deshalb keine Ergänzung des Annex I erforderlich ist. Die Bundesregierung stimmt dem Vorschlag in dem Verständnis zu, dass es der abgestimmten Auffassung der Europäischen Kommission entspricht, dass es durch die Ergänzung des Annex I zu keiner Kompetenzüberschneidung oder Doppelung von Informations- und Mitteilungspflichten von Europol mit einer möglichen EU Zollbehörde im Bereich der restriktiven Maßnahmen kommt."

EU positions for international negotiations

89.	Council Decision on the EU position as regards two methods of analyses and the International Olive Council (IOC) Trade Standard for olive oil and olive pomace oil *Adoption*	C	10539/24 10541/24 PROBA

Statement by the Commission

"The Commission considers that the Council Decision should be addressed to the Commission, and therefore considers the changes to Article 4 to be inappropriate. The expression of the Union position in a body set up by an agreement is an act of external representation of the Union which, in accordance with Article 17(1) TEU, is the institutional prerogative of the Commission. The Commission reserves all its rights in this regard."

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General Affairs

93.	Enlargement Accession negotiations with Montenegro EU common position on chapter 23 *Approval*	10884/24 ELARG

Statement by Croatia

"Croatia agrees with the EU Common Position on Chapter 23, including the closing benchmarks set therein, on the understanding that Montenegro needs to make significant progress in the domestic handling of war crimes, in order to end impunity, strengthen the rule of law and enhance reconciliation both in Montenegro and in the region.

Croatia notes that since the opening of negotiations in Chapter 23 only limited progress has been achieved in war crimes prosecution, with a small number of convicted perpetrators, and only at the lowest levels. No command responsibility has been established in any court proceeding in Montenegro.

Moreover, non-discriminatory access to victims' rights, including reparations and compensations, would be another important indicator of an efficient judiciary. Along with the resolution of fate of the missing persons, this would greatly contribute to a lasting peace and reconciliation.

Croatia will follow closely the implementation of the overall legal framework on minority rights, as derived from Montenegro's domestic, EU and international obligations.

Croatia reiterates that regional cooperation and good neighbourly relations remain essential parts of the enlargement process, as reflected in the Negotiating Framework for Montenegro. Croatia also recalls the EU's longstanding expectations in this regard, expressed inter alia in the Council Conclusions on Enlargement from December 2023 and at Zagreb, Brdo, Tirana and Brussels EU-Western Balkans summits.

Therefore, it is particularly important that Montenegro refrain from any activities that could deteriorate or undermine good neighborly relations.

Croatia remains committed to the EU enlargement, as a merit-based process with the rule of law at its core.

MONDAY 24 JUNE 2024

Foreign Affairs

95.	Conclusions on a homogeneous extended internal market and EU relations with Non-EU Western European countries and with the Faroe Islands *Approval*	11137/1/24 **REV 1** 11133/24 EEE

Statement by Italy

"Italy fully shares the spirit of the Association Agreement with Andorra and San Marino and has always actively promoted its conclusion. Without prejudice, therefore, to our support for the Agreement in its general framework, we have already pointed out on several occasions and for some time now the significant shortcomings of the Framework Protocol on Financial Services.

In particular, as already pointed out, there are three critical aspects of equal importance to which we have repeatedly drawn the Commission's attention to urge a revision of the text, so as to adequately guard against the risks of regulatory arbitrage and supervision, as well as contagion in the event of a crisis, which may otherwise result from the corresponding shortcomings.

The following shortcomings have been found:

(1) the insufficient involvement of the Member States and the Council in the definition of essential elements of the institutional architecture, but not yet identified in the Protocol (we refer to the contents of the memorandum of understanding with the European Supervisory Authorities (ESAs); the lack of clarity of the criterion of the substantial "prevalence" of service providers' activities in Andorra and San Marino; the mechanism for monitoring the implementation of the Protocol);

(2) the inadequacy of the Memorandum of Understanding between the ESAs and the Associated States (Art. 3(1)(c) of the Framework Protocol on Financial Services) as a legal instrument to regulate a matter as important as supervision, a matter for which a legally binding instrument, to be approved by a Council decision, would instead be necessary.

(3) the inadequacy of the formal powers and operational set-up of the ESAs, as formally pointed out by them in a letter of 2023, for carrying out the technical assessments required by the protocol, as well as for exercising ordinary and emergency supervision, hence the need to investigate the possibility of involving the European Central Bank itself, with far more structured competences in the matter.

Without clarification on these points, Italy is not able to approve the Association Agreement with Andorra and San Marino referred to in paragraph 46 of the Council conclusions on a homogeneous extended internal market and EU relations with non-EU Western European countries and with the Faroe Islands.

In the light of the above, Italy agrees with the content of paragraph 51 of the Council conclusions on a homogeneous extended internal market and EU relations with non-EU Western European countries and with the Faroe Islands only insofar as it incorporates an agreed language, which is not referable to the context of the Association Agreement.*"*