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### EU-San Marino relations

#### Overview

San Marino, an enclave in Italy, has very close relations with this Member State (Convention of Friendship and Good neighbourhood of 1939). San Marino and Italy are looking into their bilateral agreements in the context of the future Association Agreement. On social security there are bilateral agreements with Italy (1974), Belgium (1955) and France (1949).

San Marino is a close neighbour and partner of the European Union (EU) that shares its core values. EU-San Marino relations, established in 1983, are based on a range of bilateral agreements, which cover areas such as customs union, taxation of private savings income and monetary issues.

A referendum, in 2013, brought a 'yes' to EU accession, but did not reach the quorum. A first ever meeting between a President of the European Council and San Marino's co-Heads of state, the two Captains Regent, was held on 29 January 2018 (Brussels). The Council's EFTA Working Party conducted a study visit to San Marino in March 2019. A second visit is planned on 16-18 October 2024. In July 2021, an EU-San Marino Friendship Group was established in the European Parliament.

In 2015, the EU opened **negotiations on an Association Agreement** with Andorra, Monaco and San Marino, in line with the EU's objective of developing a special relationship with neighbouring countries, aiming to establish an area of prosperity and good neighbourliness, founded on the EU's values and characterised by close and peaceful relations based on cooperation. The main aim of the Association Agreement is to provide for the participation of the partner countries to the internal market. The responsibilities over the negotiations were transferred from the EEAS to the Commission on 1 January 2022, under the political lead of Executive Vice-President Šefčovič.

On **12 December 2023**, Executive Vice-President Šefčovič presented to the General Affairs Council the outcome of the negotiations for an Association Agreement between the EU and Andorra and San Marino. He informed Member States that **an agreement had been reached at the level of negotiators** and on the same day, in a joint press conference with the Prime Minister of Andorra and the Secretary of State of San Marino, announced that an agreement had been reached at the level of negotiators<sup>1</sup>.

On 26 April 2024, the Commission adopted **proposals for Council Decisions on signing and provisional application and on conclusion** of the Association Agreement and published the text of the draft agreement.

The **Council Conclusions of 25 June 2024** on EU relations with non-EU western European countries noted that the Agreement will establish a framework to develop and promote dialogue and cooperation in areas of common interest, opening a new chapter in the relations between the EU and Andorra and San Marino. The Council further noted that it is having an in-depth

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<sup>1</sup> Press release [https://ec.europa.eu/commission/presscorner/detail/en/ip\\_23\\_6522](https://ec.europa.eu/commission/presscorner/detail/en/ip_23_6522); Speech by EVP Šefčovič [https://ec.europa.eu/commission/presscorner/detail/en/SPEECH\\_23\\_6562](https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_23_6562)

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analysis of the legal texts with a view to a timely examination, signing and conclusion of the Agreement.

**The last Section** of this background document provides an overview of the **state of play of the negotiations on the Association Agreement**.

### Recent Developments

Following the general elections of 09 June 2024, a coalition government was formed by the Sammarinese Christian Democratic Party (PDCS) (22 seats), Libera PS (10 seats), Party of Socialists and Democrats (PSD) (8) and Alleanza Riformista (4). They have a majority of 44 seats over 60 seats of the Grand and General Council. The Christian Democratic Party of Luca Beccari, State Secretary, was reconfirmed as the main political force of the country. Luca Beccari is also the main driver of the Association Agreement with the EU, which remains a pillar of the new government's programme. Other priorities are the economic and social development, as well as the international dimension of San Marino, focusing on multilateral cooperation and diplomacy. The **next general elections** are scheduled in 2029.

**Economic situation** – on 14 June 2024, Fitch Ratings has affirmed San Marino's Long-Term Foreign-Currency Issuer Default Rating (IDR) at 'BB' with a Positive Outlook. San Marino's 'BB' rating is supported by high income levels, a resilient export sector and large net external creditor position, and a stable political system. The rating is weighed down by a high debt burden and weak asset quality in the large banking sector, the very small size of the economy, limited administrative capacity reflected in data quality issues, and low growth potential. The Positive Outlook reflects steady improvement in some key banking sector metrics as well as solid fiscal performance and favourable debt dynamics.

Growth in 2023 remained positive, thanks to the dynamic service sector, although manufacturing growth slowed down from historically high. Manufacturing growth, a key driver during 2021-22, slowed last year due to weak external demand and higher costs. Nevertheless, manufacturing exports have stabilized at high levels. Following the trend in Italy, the service sector showed resilience and the labor market remains tight with close to full employment. Growth in 2024 is projected to be around 1%, showing a moderate recovery, but uncertainty related to the volatile international environment weighs on the growth outlook.

In May 2023, San Marino successfully completed the pre-financing of its 2024 Eurobond maturity that significantly reduced short-term risks improving domestic liquidity and supporting confidence. The government issued €350 million notes due in January 2027 carrying a 6.5% coupon rate, of which €287.5 million was tendered for purchase to the existing holders of the 2024 Eurobond. Preliminary fiscal results for 2022 indicate that the government managed to return to a balanced fiscal position, following sizeable deficits in 2020-2021 as a result of the pandemic shock. The strong results were driven by strong tax revenue growth, while expenditure execution has been below expectations. San Marino's debt trajectory has improved: projection is that that public debt will fall to 65.7% in 2024, supported by higher-than-expected nominal GDP (nominal GDP growth in 2021 amounted to 16.0%) and an improved fiscal balance. However, debt will remain significantly higher than the 'BB' forecast median of 53.7% of GDP.

San Marino's financial sector has weathered the recent international financial market turbulence well and the sector is currently on track to report a small profit for a third consecutive year, following 11 years of losses.

On **COVID-19**, in terms of sanitary and socio-economic consequences of the pandemic, San Marino, enclaved in the most severely hit Italian Emilia-Romagna region, was hit the most among the small-sized countries. Due to unavailability of EMA-approved vaccines, San Marino undertook primary vaccination of a large majority of its citizens with the Russian Sputnik V, non-EMA approved, which led to concerns on the recognition of vaccination certification within the EU. When it came to booster doses, EMA-approved vaccines, available at the time, were generally administered. The Commission decided the equivalence of the San Marinese COVID certificate on 30 July 2021.

The European Central Bank (ECB) created, in response to the COVID-19 crisis, a backstop facility "Eurosystem repo facility for central banks (EUREP)" to provide precautionary euro repo lines to central banks outside the euro area. Under EUREP, the Eurosystem will provide euro liquidity to a broad set of central banks outside the euro area against adequate "collateral" (conditions). The ECB, on 18 August 2020, set up a repo line under which the Central Bank of the Republic of San Marino will be able to borrow up to €100 million from the ECB. [REDACTED]

**During the energy crisis in 2022**, San Marino, almost fully dependent on Italian suppliers for both electricity and gas, with no gas/electricity storage and limited renewables capacities, **requested to be included in any Joint Procurement of energy of EU** (as announced for Western Balkans, Ukraine, Moldova - San Marino feared a replication of the COVID vaccine situation, when they were not included) and that no export restrictions from EU will be implemented on electricity and gas.

On the **independence of the judiciary**, the Council of Europe's Human Rights Commissioner had a letter exchange with San Marino (2020)<sup>2</sup>. On 17 June 2021, the Council of Europe's Group of States against Corruption (GRECO) has published its Fourth Evaluation Compliance Report<sup>3</sup> commending San Marino's efforts to prevent corruption in respect of members of parliament, judges and prosecutors. It found that San Marino had implemented ten of fourteen recommendations sufficiently, partially implemented three and did not implement one. Judiciary reforms guaranteeing greater judicial independence were particularly welcomed by the anti-corruption body. Following the publication of GRECO's report on justice reforms, parliamentary discussion remained tense and dominated by partisan divisions. A justice reform package is underway, having been undertaken by the current government, impacting among others the code of criminal procedure and the abstention/recusal of judges. Since December 2021, the parliament has approved a number of legal amendments intended to strengthen the independence of the judiciary. On 25 October 2022, FM Beccari received a delegation from the Council of Europe and briefed representatives on reforms undertaken to strengthen political

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<sup>2</sup> Letter to San Marino <https://rm.coe.int/letter-to-mr-luca-beccari-minister-for-foreign-affairs-of-san-marino-b/16809f81bd> ; reply from San Marino <https://rm.coe.int/commdhgovrep-2020-10-en/16809f9111>

<sup>3</sup> GrecoRC4(2022)10

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accountability, including new codes of conduct for Members of Parliament and counselors. After their visit, the rapporteurs of the Parliamentary Assembly of the Council of Europe (PACE) assessed positively the recent reforms aimed at the strengthening of both the independence of the judiciary and the checks and balances in the country.

The Report of the Republic of San Marino under the sixth monitoring cycle of the Council of Europe Framework Convention for the Protection of National Minorities was due on 1 February 2024.

In June 2024, the European Commission against Racism and Intolerance (ECRI) - an independent human rights monitoring body established by the Council of Europe - published its 6th monitoring report on San Marino<sup>4</sup>. ECRI welcomed the progress made and the development of good practices in a number of fields. However, ECRI considered the legislative framework for preventing and combating discrimination in San Marino to remain incomplete and formulated recommendations.

On 30 November 2023, the European Committee for the Prevention of Torture and Inhuman or Degrading Treatment or Punishment (CPT) published its report on the treatment of persons held in police custody at San Marino Prison, persons subject to “compulsory medical treatment” and residents of the “La Fiorina” nursing home. The report states that no allegations of ill-treatment were received, or any indication of such acts witnessed, in any of the facilities visited, and that material conditions at San Marino Prison are satisfactory. However, the Committee urged the authorities to operationalize the electronic medical record system and maintain comprehensive records, including documents relating to the medical examination on admission. It also requested to be kept informed of the progress of the project to create secure rooms for patients in acute mental crisis, and reiterates its long-standing recommendation that the judge authorizing the compulsory medical treatment systematically see the person concerned before any decision is taken. More generally, a comprehensive and clear legal framework is needed for involuntary placements in nursing homes, especially in cases where restrictions on movement amount to de facto deprivation of liberty.

San Marino was the first European State and the third in the world to **abolish the death penalty in 1865**. That is why San Marino has always supported, within all international fora, the universal abolition of death penalty.

In the context of the third cycle of the **Universal Periodic Review** of the Human Rights Council, the UN High Commissioner for Human Rights wrote a follow up letter to the Sanmarinese Foreign Minister on 13 May 2020, and encouraged San Marino to consider submitting a mid-term follow up report to the third cycle of the review by 2022. San Marino has not submitted a mid-term report yet.

On 26 September 2021, a referendum on the **voluntary interruption of pregnancy** was held. With a turnout of 41.11%, the decriminalisation of abortion was approved with 77.30% of votes in favour and 22.70% against. On 31 August 2022, the Grand and General Council (Parliament) adopted a bill legalising the voluntary termination of pregnancy within San Marino and for Sanmarinese citizens outside the country. It establishes a mandatory counselling service for those seeking an abortion within the first 12 weeks of pregnancy, to be staffed by personnel

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<sup>4</sup> <https://rm.coe.int/sixth-ecri-report-on-san-marino/1680b06621>

who do not object to abortion, which is legal up to the 12th week of pregnancy, or thereafter in cases of fetal abnormality or where the mother's life is at risk.

Regarding **LGTBI rights**, both male and female same-sex sexual relationships are legal in San Marino. Discrimination on account of sexual orientation is banned under the 2019 amendments to the Constitution of San Marino. From 1975 to 2004, the Criminal Code prohibited homosexual acts if they had been engaged in "habitually" and thereby caused "public scandal". This provision was repealed in September 2004. On 15 November 2018, the San Marino Grand Council approved a bill to legalise civil unions. The law allows same-sex and opposite-sex couples to enter into a union and receive certain legal rights with respect to residency, citizenship, pension rights, healthcare, succession rights, and stepchild adoption. In December 2017, the Sammarinese Parliament approved an amendment to a proposed 2018 budget law that would allow same-sex marriages of foreign couples to be performed in San Marino, with the aim of encouraging tourism. Sammarinese same-sex couples will still be banned from marrying. On 28 April 2008, the Sammarinese Parliament approved amendments to the Penal Code, outlawing discrimination and hate speech on the basis of sexual orientation. In November 2019, during the country's Universal Periodic Review, San Marino accepted recommendations from Liechtenstein, Luxembourg and Mexico to outlaw discrimination on the basis of gender identity. San Marino had the first ever openly gay Head of State in 2022.

### **Foreign Policy**

San Marino has bilateral relations with 152 States, 150 of them at diplomatic level. Its diplomatic network includes Embassies in Albania, Austria, Belgium, Bosnia and Herzegovina, France, Indonesia, Italy, Japan, Switzerland, Singapore and the United States, and also Missions in Brussels (EU), Geneva (UN and international organisations in Switzerland), New York (UN), Rome (FAO) Strasbourg (Council of Europe) and Vienna (international organisations), as well as to the Association of Southeast Asian Nations (ASEAN), the International Maritime Organization (IMO), to the Organisation for the Prohibition of Chemical Weapons (OPCW) and to UNESCO. While there is no a permanent EU presence in the country, the Head of the EU Delegation to FAO and UN organisations in Rome is the EU Ambassador accredited to San Marino (non-resident).

San Marino is member of international organizations such as the UN and specialized agencies, ILO, FAO, WB, IMF, International Atomic Energy Agency, Organization for the Prohibition of Chemical Weapons, Council of Europe, OSCE, Interpol, ICRC, Inter-Parliamentary Union. It is an observer member of the International Organization for Migration (IOM) and UN Economic and Social Commission for Asia and the Pacific (ESCAP). In some particular cases, in the past, San Marino took part as an observer to the WTO Ministerial Conferences, even if it is not an observer member of WTO. On 1<sup>st</sup> January 2023, San Marino took up the chair of FAO's European Regional Group for half a year. San Marino votes in line with the EU in the context of the UN Rome based Agencies.

In terms of alignments with the EU, as a like-minded partner, San Marino, like Andorra and Monaco, supports, on a case-by-case basis, EU foreign policy positions in international organisations. The country's foreign policy has been traditionally based on "active neutrality", focused on strengthening relations with Italy, on enhancement of its regional role and relations with/participation in international organizations (EU, UN, OSCE...). Russia's war on Ukraine has involved a major shift (see below).

In UN-Geneva, Andorra, Monaco and San Marino are not on the alignment list, and are therefore not approached by the EU in the context of human rights. In 2022, San Marino even if not part of the Human Rights Council Membership for the 15<sup>th</sup> cycle, co-sponsored EU resolutions on Afghanistan, Belarus and the joint EU-SIDS/LDCs resolution on climate change. San Marino is keen to work internationally including on fiscal matters and anti-corruption. It wishes to attract international fora/institutions that promote peace, freedom, democracy and intercultural/inter-faith contacts.

Andorra, Monaco and San Marino are not yet part of the group of countries that are systematically invited to formally align with CFSP declarations by the High Representative on behalf of the EU and Council decisions on restrictive measures. In its **Conclusions of 25 June 2024**, as regards foreign policy, the Council welcomed the continued cooperation with San Marino in multilateral fora. It recalled Council's support for a further reinforcement of the cooperation through the setting up of a framework for bilateral political dialogues on foreign policy, and a structured and systematic process of alignment with the EU in the area of CFSP<sup>5</sup>, notably by including San Marino (as well as Andorra and Monaco) in the group of countries that are systematically invited to formally align with CFSP Declarations by the High Representative on behalf of the EU and EU restrictive measures. [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Andorra, Monaco and San Marino were invited to and participated in the European Political Community meetings in Moldova on 1 June 2023 (Sanmarinese Foreign Secretary declined the invitation last minute and decided not to attend, due to a domestic political crisis), in Spain in October 2023 and in the United Kingdom in July 2024.

### San Marino stance on Russia's war on Ukraine

On 28 February 2022, the Foreign Secretary announced that San Marino aligns with the EU on sanctions against Russia and, on 1 March 2022, the Parliament mandated the Government to define the modalities for their application. The Decree-Law n.35 of 15 March 2022 lays the basis for sanctions legislation in alignment with EU's restrictive measures on Russia. A decree law from 4 March 2022 sets an upper limit of 300 refugees from Ukraine, proportionally a substantial amount, which was reached one month later. Refugees are being provided with education, housing and social services. On 25 April, the Parliament ratified sanctions against Russia, aligning with EU restrictions on asset freezes and prohibition of transit through the territory of the country despite some dissenting voices in Parliament, concerned with the abandonment of the traditional neutrality. Furthermore, San Marino has consistently voted with the EU in the UN following Russia's war on Ukraine.

San Marino has implemented restrictive measures against Russia equivalent to the EU measures.

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<sup>5</sup> Fourteen countries are currently systematically invited to align to CFSP declarations by the High Representative on behalf of the EU and Council decisions on restrictive measures: Turkey, North Macedonia, Montenegro, Serbia, Albania, Bosnia and Herzegovina, Iceland, Liechtenstein, Norway, Ukraine, Moldova, Armenia, Azerbaijan and Georgia

[REDACTED]

On 9 January 2024, Andorra, Monaco and San Marino subscribed to a Joint statement on DPRK/Russia ballistic missile transfers for the aggression in Ukraine<sup>6</sup>.

San Marino is among the forty countries that have joined the Council of Europe Register of Damage Caused by the Aggression of the Russian Federation against Ukraine as founding members on 17 May 2023.

### **Israel - Hamas conflict**

Following Hamas attacks on Israel on 7<sup>th</sup> October 2023, the Secretary of State for Foreign Affairs expresses a deep concern about the escalation of violence in the Middle East, [REDACTED]

[REDACTED]. San Marino's condemnation of armed solutions is firm and called to pursue the path of dialogue and to resort to peace strategies and negotiating solutions on a global scale. At UN General Assembly discussions on this topic San Marino abstained in the United Nations General Assembly resolution of 27 October 2023, which called for an "immediate, durable and sustained humanitarian truce". However it voted in favour of the UN General Assembly resolution of 12 December 2023 concerning "*Protection of civilians and upholding legal and humanitarian obligations*" demanding an "*immediate humanitarian ceasefire*".

On 10 May 2024, San Marino voted in favour of a resolution<sup>7</sup> of the UN General Assembly for the upgrade of Palestinian rights at the United Nations as an observer State, urging the Security Council to favourably consider its full membership.

On 28 August 2024, the Grand and General Council unanimously agreed to grant the Palestinian Authority the right to establish a diplomatic representation in San Marino, as one of the steps of San Marino's preparations to recognise a Palestinian State, alongside, i.a., support for the peace process and mutual recognition among the two States in conflict.

San Marino has diplomatic relations with Israel since 1995<sup>8</sup>.

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<sup>6</sup> EEAS: [https://www.eeas.europa.eu/eeas/dprkrussia-joint-statement-ballistic-missile-transfers-aggression-ukraine\\_en](https://www.eeas.europa.eu/eeas/dprkrussia-joint-statement-ballistic-missile-transfers-aggression-ukraine_en) State Department: <https://www.state.gov/joint-statement-on-dprk-russia-ballistic-missile-transfers/>

<sup>7</sup> <https://documents.un.org/doc/undoc/ld/n24/129/97/pdf/n2412997.pdf>

<sup>8</sup> <https://www.esteri.sm/pub2/EsteriSM/Relazioni-Internazionali/Rapporti-Bilaterali.html>

**Relations with China**

San Marino and China established consular-level relations on 6 May 1971 and ambassador-level relations on 5 July 1991. On 6 May 2021, President Xi and Sammarinese Captains Regent exchanged messages of congratulations in honour of the 50th anniversary of the establishment of diplomatic relations between the two countries. On 6 May 1985, China and San Marino signed a mutual visa-free agreement, which took effect on 22 July of that year - this made San Marino the first country in the world to allow visa-free travel to Mainland China for ordinary passports (even if in practice Chinese citizens need a Schengen visa in order to enter San Marino - as San Marino is completely surrounded by Italy with no airports or border controls.)



**Defence and internal security arrangements**

San Marino has no established army, paramilitary forces or intelligence services. **National defence** is, by arrangement, the responsibility of Italy's armed forces. It has professional Military (Guard of the Great and General Council and Fortress Guard) and voluntary Corps (Uniformed Militia and Guard of the Great and General Council).

**Regarding internal security**, three principal agencies coordinate national investigations with an international connection. These are Gendarmeria (a military police force, which is part of the Ministry for Foreign and Political Affairs. It is responsible for investigations, public order and safety, drugs, terrorism, cybercrime and the protection of minors. It is also responsible for the state prison), Guardia di Rocca (Fortress Guard - a front-line military unit in charge of day-to-day law enforcement duties, also part of the Ministry for Foreign and Political Affairs. It is responsible for border security, customs and trade exchange) and Polizia Civile (part of the Home Office, this agency is responsible for road-traffic, taxation, fraud, environmental protection and fire brigade services). San Marino also has a Financial Intelligence Agency (Agenzia d'Informazione Finanziaria).

**Bilateral agreements with Italy** include inter alia police cooperation and civil protection<sup>9</sup>

**INTERPOL** supports San Marino to tackle international crime. The country's geographic location landlocked inside the Adriatic side of central Italy and the fact that one of its principal resources is tourism makes San Marino attractive to people and businesses from all over the world and therefore potentially also to organized crimes and terrorism. The international characteristics of these crimes make the role of San Marino's INTERPOL National Central Bureau (NCB) fundamental to maintaining national and regional security. NCB San Marino acts as "national central authority" and it's an independent body located at the Headquarters of the Gendarmeria, one of San Marino's three law enforcement agencies. It is part of the Ministry of Foreign and Political Affairs and Ministry of the Interior and also serves as national anti-counterfeiting office and asset recovery office. The NCB plays a key role in national efforts to tackle financial crime and in preventing the country from serving international organized crime.

<sup>9</sup> [https://www.esteri.sm/pub2/EsteriSM/en/Relazioni-Internazionali/Accordi-Internazionali-new/accordi\\_internazionali\\_bilaterali.html](https://www.esteri.sm/pub2/EsteriSM/en/Relazioni-Internazionali/Accordi-Internazionali-new/accordi_internazionali_bilaterali.html)

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The NCB is the lead agency for San Marino police cooperation with INTERPOL’s global law enforcement community. It is staffed by officers from the three principal agencies who coordinate national investigations with an international connection mentioned above (Gendarmeria, Guardia di Rocca and Polizia). San Marino also has a Financial Intelligence Agency (Agenzia d’Informazione Finanziaria) which investigates money laundering in cooperation with the INTERPOL NCB and the Police Corps. In October 2021, San Marino and INTERPOL signed an agreement on collaboration in the fight against terrorism, organised and financial crime, and counterfeiting of money. The collaboration will entail sharing of information, good practices and expertise as well as undertaking joint training sessions.

### **EU-San Marino Agreements**

- a) Cooperation and Customs Union Agreement - Concluded in 1991, the Cooperation and Customs Union Agreement established a customs union between the Republic of San Marino and the then European Economic Community, setting the basis for extensive cooperation in various fields.
- b) Monetary Agreement (2001, updated 2012) - According to the Monetary Agreement, the Republic of San Marino is entitled to use the euro as its official currency and grants legal tender status to euro banknotes and coins in the territory of San Marino.
- c) Agreement on the automatic exchange of information on financial accounts to improve international tax compliance of 2015 – it replaces the original Agreement on the taxation of savings income of 2004 (in force since 2005) and takes into account the progress made within the EU and the OECD in relation to mutual administrative assistance in tax matters. Following important changes to the internationally agreed OECD Common Reporting Standard (“CRS”) approved at international level on 26 August 2022<sup>10</sup> and the implementation of these changes within the EU<sup>11</sup>, the European Commission has proposed to the Council in January 2024<sup>12</sup> to authorise the opening of negotiations in view of the amendment of the agreements on the automatic exchange of financial account information to improve international tax compliance with Andorra, Monaco, San Marino, Switzerland and Liechtenstein.

Since 2004 Sammarinese citizens may use “EU” corridors at external borders of Schengen Member States applying the relevant Schengen acquis (without prejudice to the application of the regime of external border controls of third country nationals to San Marino). Should a thorough control give rise to delays for EU citizens (or other citizens benefiting from relevant EU acquis), the control will be carried out outside the “EU” corridor. [REDACTED]

[REDACTED]

<sup>10</sup> <https://www.oecd.org/tax/exchange-of-tax-information/crypto-asset-reporting-framework-and-amendments-to-the-common-reporting-standard.htm>, pages 62 to 102.

<sup>11</sup> Council Directive (EU) 2023/2226 of 17 October 2023, OJ L 2023/2226 of 24 October 2023.

<sup>12</sup> COM(2024) 11

**Other areas of cooperation**

- **Climate change** –San Marino, one of the first States to sign the Framework Convention on Climate Change, has been strongly committed, over the last years, to reducing its greenhouse gas emissions, both by complying with the undertakings it made in ratifying the Convention, and by adopting Laws that promote energy saving and the use of renewable resources.<sup>13</sup> It has submitted its first nationally determined contribution (NDC) under the Paris Agreement in 2016, in which it commits to reduce GHG emissions to 20% below 2005 levels by 2030 .San Marino did not send a delegation to COP 28 due to the visit of the Italian President Mattarella, but endorsed the Global Pledge on renewables and energy efficiency.
- **Regional policy** - In November 2021, the Council decided the inclusion of San Marino in the European Union Strategy for the Adriatic and Ionian Region (EUSAIR), adopted by the European Council on 29 September 2014. It is a tool to foster social, economic and territorial cohesion to reduce disparities in the Adriatic-Ionian macro-region through cooperation. The strategy involves ten countries: four EU Member States (Greece, Croatia, parts of Italy, Slovenia), five candidate countries (Albania, Bosnia and Herzegovina, Montenegro, Serbia, and North Macedonia), and a third country, San Marino, since February 2022, when it formally joined EUSAIR. The initiative is managed by DG REGIO. Its general objective is to promote sustainable economic and social prosperity in the region by creating growth and jobs; improving the region’s attractiveness, competitiveness and connectivity; preserving the environment; and ensuring healthy and balanced marine and coastal ecosystems. As a consequence of its inclusion in the EUSAIR, San Marino will also take part in the Interreg IPA ADRION (2021-2027), a transnational cooperation programme with the same geography of the macro-regional strategy. IPA ADRION will invest among other areas in research and innovation capacities, skills for smart specialization, climate change adaptation, circular economy, preservation of biodiversity, sustainable urban mobility, and sustainable transportation with a strong focus facilitating the enlargement process of candidate and potential candidate countries.
- **Tax good governance:** San Marino is within the scope of the enhanced dialogue on tax good governance the EU conducts with third countries (EU list of non-cooperative jurisdictions for tax purposes and tate of play of the cooperation of third countries with the EU with respect to commitments taken to implement tax good governance principles). The aim is to promote good governance worldwide, in order to maximise efforts to prevent tax fraud and tax evasion. The Council removed, on 7 December 2018, San Marino from the EU’s ‘state of play’ (jurisdictions that have undertaken commitments), once San Marino had complied with its commitments to bring its harmful tax regimes in line with EU requirements. The Council’s work has been conducted in parallel with the OECD and in the context of the G20. In July 2018, the Global Forum (on Transparency and Exchange of Information for Tax Purposes) found San Marino to be “compliant” (positive assessment)

<sup>13</sup> [https://unfccc.int/sites/default/files/resource/Second\\_NatCom\\_Report\\_SanMarino.pdf](https://unfccc.int/sites/default/files/resource/Second_NatCom_Report_SanMarino.pdf)

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with the international standard on tax transparency and exchange of information on request (EOIR). In November 2023, the Global Forum found San Marino's legal framework implementing the international standard on automatic exchange of information on financial accounts (AEOI) to be "In place" (positive assessment)<sup>14</sup>. As part of its 2023 AEOI peer review, the Global Forum also assessed the effectiveness in practice of the implementation of the AEOI standard by member jurisdictions, assigning an "On track" rating to San Marino (positive assessment). Information exchanges with EU MSs in this field (AEOI) take place thanks to a specific agreement signed by San Marino with the EU in 2015, which will undergo limited amendments in the coming years in relation to the changes to the Common Reporting Standard adopted by the OECD in 2022 (please see point c) on page 37 above).

In September 2023, the OECD/G20 Inclusive Framework against Base Erosion and Profit Shifting (BEPS IF) confirmed that San Marino has adequately implemented the minimum standard on country-by-country reporting.<sup>15</sup> San Marino is also among the 139 members of the BEPS IF joining the OECD/G20 Statement on a Two-Pillar Solution to Address the Tax Challenges Arising from the Digitalisation of the Economy. In the framework of the Association Agreement currently under negotiation, the EU and San Marino have agreed in December 2023 on the inclusion of the standard EU provision on tax good governance in the agreement. It has also been agreed that a framework for recovery assistance between San Marino and the EU Member States, relating to all tax claims, will be established within 4 years from the entry into force of the Association Agreement currently negotiated.

- **Anti-money laundering (AML) / Countering Financing of Terrorism (CFT) regime:** the Moneyval has recently assessed the AML/CFT framework of San Marino. The Mutual Evaluation report, published in April 2021, highlights the following results in terms of effective implementation of the AML/CFT framework: a high level of effectiveness has been achieved in international cooperation, and a substantial level of effectiveness has been achieved in risk, national AML/CFT policies and coordination, in the use of financial intelligence, in the confiscation of criminal proceeds, instrumentalities and property of equivalent value and in investigating and prosecuting terrorism financing. A moderate level of effectiveness has been achieved in other areas covered by the FATF standards. In terms of technical compliance against the 40 FATF Recommendations, improvements are still needed as regards to: beneficial ownership of legal persons, new technologies, regulation and supervision of FIs and DNFBPs and related sanctions. San Marino has informed the Commission that it transposed the 5th AML Directive into national legislation (i.e. amendments to Law 92/2008) by means of Delegated Decree 154/2023. The Decree also takes on board the Moneyval recommendations and some of the recent amendments to the FATF standards on preventive measures.
- San Marino and **Europol** signed a Working Arrangement in September 2021; it enables a structured cooperation and the deployment of a Liaison Officer at the Agency's headquarters, although it cannot be the basis to exchange personal data.

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<sup>14</sup> <https://www.oecd-ilibrary.org/docserver/5c9f58ae-en.pdf?expires=1707157043&id=id&accname=oid031827&checksum=71BA568A4E95AA4CD3EA8F7C10698C5C>

<sup>15</sup> <https://www.oecd-ilibrary.org/docserver/21bd1938-en.pdf?expires=1707158298&id=id&accname=oid031827&checksum=944B5EF5F5343C63D0EA2C942B99F3F1>

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- San Marino is party to the key Council of European Conventions and their Protocols on **cooperation in criminal matters** that provide the basis for cooperation with Member States in this area.
- On **Erasmus Plus**, San Marino signed a framework agreement with the Italian authorities regarding their participation in the programme via the Italian National Agency dealing with higher education (INDIRE). A more operational agreement is yet to be established before anything materialises.
- **Research and Innovation** – San Marino can participate as “associated partner” in the EU Research and Innovation programme (“Horizon Europe”), i.e. without receiving EU funding (due to their status as high income third countries). San Marino may wish to consider establishing a co-funding mechanism (providing financial support to its legal entities wishing to participate in Horizon projects) in order to strengthen its participation in the EU research and innovation programme and R&I consortia in areas of mutual interest. First exploratory, informal contacts between EU and San Marino have taken place on the potential establishment of a co-funding mechanism in San Marino in the course of 2023.
- **Food supply and food security in times of crisis** - In the Farm to Fork Strategy, the Commission committed itself to stepping up its coordination of a common European response to crises that put, or threaten to put, food supply and food security in the Union in danger. In November 2021, it adopted a Communication on the Contingency plan for ensuring food supply and food security in times of crisis and set up a group of experts on the European Food Security Crisis preparedness and response Mechanism (EFSCM). Considering that San Marino’s agri-food value chains are strongly linked to those of the EU, and following the Commission invitation, San Marino has participated in the expert group since March 2022.

**Agreement establishing an association between the European Union and the Principality of Andorra and the Republic of San Marino, respectively (the ‘Association Agreement’)**

San Marino has successfully negotiated with the EU an Association Agreement aimed at extending the internal market of the EU to its territory. This agreement, structured similarly to the EEA Agreement, entails a dynamic alignment of Sammarinese legislation with the EU acquis governing the internal market and its accompanying and flanking policies.

The positive reception of this agreement in San Marino represents a significant milestone in its relations with the EU, as it addresses their relationship in a comprehensive manner, departing from the sectoral agreements of the past. Furthermore, this agreement is expected to bring legal certainty and clarity to various aspects of the relationship between the EU and San Marino, by virtue of the extension to San Marino of the internal market.

Negotiations on the text of the agreement started in 2015 and were finalised in December 2023. In April 2024, the Commission adopted proposals for Council Decisions on signing and provisional application and on conclusion of the Association Agreement and also published the text of the draft agreement. The Commission presented the draft decisions and the agreement in Council and replied to questions from Member States. Once the agreement is signed, the European Parliament will have to give its consent before the agreement can be concluded. Unlike Andorra, San Marino does not plan to hold a referendum on the agreement.

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## Limited

### Country fiche – Republic of San Marino



#### **Political and geographic data:**

**Land Area:** 61.2 km<sup>2</sup>

**Borders:** Italy (39 km)

**Capital city:** San Marino

**National day:** 3 September, commemorates the foundation of San Marino in 301

**Political system:** Parliamentary Republic

**Co-Heads of State and Government:** Captains Regent Francesca Civerchia and Dalibor Riccardi (Oct 2024-March 2025); Captains Regent are appointed every six months (1 April, 1 Oct) by the Grand and General Council (Parliament)

**Government:** State Congress, coordinated by the Captains Regent, formed by 10 Secretaries of State (Ministers) appointed by the Grand and General Council (Parliament)

**Foreign Minister:** Luca Beccari (since January 2020 – also PM reconfirmed after June 2024 elections)

**Ambassador to the EU:**

Eros GASPERONI (since July 2024, Accreditation in progress)

**Political parties in Parliament - Government (44 seats) 2024 elections:** Sammarinese Christian Democratic Party (PDCS) (22 seats), Libera PS (10s seats), Party of Socialists and Democrats (PSD) (8), Alleanza Riformista (4)  
**Opposition (16 seats):** RETE Movement (3), Libera (10), Repubblica Futura (RF) (8), DML (5)

**National legislature:** Grand and General Council (Parliament): 60 members, elected by universal suffrage for a 5 year term, proportional system, 5% threshold

**Next elections:** 2029

#### **Demographic and social indicators:**

**Population:** 35 182 (17 269 male; 17.913 female) (December 2023)

**Density:** 550 inhabitants / km<sup>2</sup>

**Population growth rate:** 0,004% (Sep2021 to Sep 2021)

**Population groups:** 5,616 foreign residents (end 2019): from Europe 5,344 (4.798 Italians), Asia 28, Africa 51, America 193

**Language:** Italian

**Life expectancy at birth (2023)** 83.34 years (men), 86.95 years (women)

**Literacy level:** 96%

#### **Economic data:**

**GDP:** 1.924 M€ (est 2024)

**GDP/capita (PPP):** 54.733 USD (2021)

**Real GDP Growth:** 2.2% (2023)

**Debt/GDP:** 67.6% (est 2023)

**GDP structure (2022)** Manufacturing 36.4%, Services 25.6%, Public Administration 12.1%, Trade 14.1%, Financial Services / Insurances 3.8%, Construction 3.9%

**Inflation:** 5.9% (est 2023)

**Natural resources:** n.a.

**Unemployment:** 4% (est 2023)

**Exports:** 2,423 M€ (2019) - to Italy 83.48%, UK 2.24%, Switzerland 1.14%, China 1.04%, Germany 0.98%, France 0.93%

**Imports:** 1,789 M€ (2019) - from Italy 78.34%, China 4.30%, Germany 3.03%, Poland 1.57%, Spain 1.53%, Belgium 1.14%

**Human Development Index:** n.a.

**Global Freedom Score (2021):** 93 (free)

**WBI Governance Indicators (2020)**

Voice and Accountability: 85,02/100

Political Stability and Absence of

Violence/Terrorism: 76,89/100

Government Effectiveness: n.a.

Regulatory Quality: n.a.

Rule of Law: n.a.

Control of Corruption: n.a.

