

Brussels, 18 July 1984

**Visit of the Secretary of State for Foreign Affairs of
San Marino to the Commission**

Mr Giordano Bruno REFFI, Secretary of State for Foreign Affairs of San Marino, accompanied by Mr Emilio Della BALDA, Secretary of State for Finance and Budgetary Questions, and by Mr Antonio CARATTONI, Minister of Industry and Crafts, will visit the Commission on 19 July 1984.

They will have talks with President Gaston E. THORN, Vice-Presidents Wilhelm HAFERKAMP and Lorenzo NATALI, and Commissioner Antonio GIOLITTI as well as a working meeting with several Commissioners chaired by Vice-President Haferkamp.

Relations between the Community and San Marino

In May 1983, the Republic of San Marino established a diplomatic mission accredited to the Communities. The establishment of diplomatic relations, together with the visit by President Gaston E. Thorn to San Marino in September 1983 and by a Sanmarinese ministerial delegation, headed by the Secretary of State for Foreign Affairs, Mr Giordano Bruno Reffi, to the Commission in July 1984, testifies to the importance both sides attach to their mutual relationship.

San Marino: part of the Community's customs territory

San Marino is an independent state. It has a population of some 22,000 and is totally surrounded by Italy. In these circumstances it is only natural that San Marino should have a special relationship with its large neighbour. The first agreement between the two sides was in fact signed as far back as 1862. The present situation is based in the main on the 1939 Italo-Sanmarinese Convention by which, among other provisions, a customs union was established between the two parties. The Community, for its part, took account of this situation by deciding in 1968 that San Marino would also be part of the customs territory of the Community.

This implies that goods can move freely between San Marino and the Community without tariffs or quantitative restrictions. Customs duties or levies paid on goods from third countries destined for San Marino but imported through an EC Member State are retained as part of the Community's own resources. However, Italy makes annual payments to San Marino, on the basis of the 1939 Convention, to compensate for, among other things, duties and levies not collected by San Marino itself.

Some practical problems

In general these arrangements have worked well. San Marino's position as a third country inside the customs territory of the Community has however, in the view of the Sanmarinese authorities, created an imbalance for them between the obligations and benefits arising from the operation of the customs union. Practical difficulties have arisen concerning the application of the rules of origin in trade with third countries with which the Community has reciprocal preferential arrangements and concerning agricultural exports to third countries. The Commission has noted these practical difficulties and is ready to look for pragmatic solutions to them.

San Marino's Economy and Trade with the Community

The Sanmarinese economy is based mainly on tourism, industry and agriculture (wheat, grapes and wine, livestock). The government also derives substantial benefit from the sale of stamps and coins abroad and from the periodic payments made by Italy in the framework of the 1939 Convention. Trade between the Community and San Marino was approximately 25 MECU in 1983.