



**COUNCIL OF
THE EUROPEAN UNION**

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OUTCOME OF PROCEEDINGS

from: Council (Transport, Telecommunications and Energy)
on 20 December 2012

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Subject: Council conclusions on EU relations with the Principality of Andorra, the
Republic of San Marino and the Principality of Monaco

Delegations will find attached Council conclusions on EU relations with the Principality of Andorra, the Republic of San Marino and the Principality of Monaco as adopted by the Council on 20 December 2012.

Council conclusions on EU relations with the Principality of Andorra, the Republic of San Marino and the Principality of Monaco

1. In line with the Council conclusions of 14 December 2010 on EU relations with EFTA countries¹ and the Presidency Report on EU relations with the Principality of Andorra, the Republic of San Marino and the Principality of Monaco, endorsed by the Council on 21 June 2011², the Council welcomes the Communication from the Commission on EU Relations with the Principality of Andorra, the Principality of Monaco and the Republic of San Marino - Options for Closer Integration with the EU of 20 November 2012, as well as the accompanying Commission Staff Working Paper on Obstacles to access by Andorra, Monaco and San Marino to the EU's internal Market and Cooperation in other areas. The Council takes good note of the conclusions and recommendations therein.
2. The Council welcomes the continued interest shown by the three countries concerned in strengthening and deepening their relations with the EU and takes note of the information provided by them regarding current obstacles hampering their access to the EU's Internal Market, as reflected in the above-mentioned Commission Staff Working Paper.
3. The Council recognises that a closer integration of Andorra, Monaco and San Marino is in principle also in the interest of the EU, as it could potentially enhance perspectives for growth, investment, innovation and employment to the benefit of both the EU (first and foremost the neighbouring regions of these countries) and the countries in question.

¹ Doc. 17423/1/10 REV 1.

² Doc. 11466/11.

4. Against this background, the Council encourages the continuation of work of the Commission and the High Representative (as appropriate) regarding enhanced relations with the three countries in question. This work should be guided by the need to ensure the homogeneity and the good functioning of the internal market, while taking into account the specificities of the three countries, as well as by the importance of developing a coherent approach for all three countries.
5. The Council considers that the most viable options for the closer integration of Andorra, Monaco and San Marino would be: i) participation of these countries of small territorial extension in the European Economic Area; and ii) the negotiation of one or more framework association agreement(s) with these countries, with a view to giving them access to the EU's internal market, its flanking measures and horizontal policies, and including institutional mechanisms following the model of the Agreement on the European Economic Area.
6. In the light of the assessment undertaken so far and the interest expressed by Andorra, Monaco and San Marino in strengthening their relations with the EU, the Council invites the Commission and the High Representative (as appropriate) to continue their analysis and reflections on these two options, and in particular:
 - to hold consultations with the Governments of Andorra, Monaco and San Marino and other relevant parties, starting in the first semester 2013, with a view to identifying the feasibility of and the degree of support for these two options, taking into account, in particular, the institutional conditions referred to in the Communication;
 - to submit to the Council, before the end of 2013, a report, including an analysis of the impact and of the main institutional, political and economic implications of these options, as well as recommendations regarding further steps.
7. Finally, the Council takes good note of efforts made by Andorra, Monaco and San Marino. It encourages them to pursue their efforts in order to further increase the convergence of their legislation with EU internal market *acquis* and strengthen their administrative capacity in view of facilitating the implementation of further relevant EU *acquis*.