



Foreign & Commonwealth Office

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Dear Mr Malton

Thank you for your email of 30 December asking for information about the EU Association agreement with Monaco.

An agreement between the European Community and the Principality of Monaco was signed on 4 December 2003 and came into force on 1 May 2004. The purpose of the agreement was to facilitate economic activity and trade between the parties to the agreement in medicines for human and veterinary use, cosmetic products and medical devices. In particular, the intention was to provide legal certainty that the relevant provisions of Community law in these fields were consistently applied and appropriately controlled on the territory of Monaco. Such legal certainty was needed to provide manufacturers established in Monaco access to the EU market, and to give EU authorities the confirmation that Community law was applied and supervised in a stringent way in Monaco's territory. The 2003 Agreement established a 'Joint Committee' to implement and amend the Agreement as necessary.

In June 2011 the Council of the European Union invited the European External Action Service (EEAS) and the Commission to explore "a possible new institutional framework for relations, taking into account the importance of a coherent approach for all three countries [Monaco, Andorra and San Marino]." Therefore, in November 2013 the Commission issued a communication on the state of the relationship and options to achieve greater integration with the EU. This included the options of the three small countries participating in the European Economic Area or agreeing one or several Association Agreements.

The Council supported the latter option because the scope and content of the Agreements could be adapted to suit EU requirements. The Council also suggested that, if there was mutual interest, the scope of the Agreement(s) could also cover areas beyond the internal market. In December 2013 the Council welcomed the Communication in conclusions agreed in the Working party on EFTA and adopted at the Agriculture and Fisheries Council on 16 and 17 December. Links to both documents can be found below.

http://eeas.europa.eu/andorra/docs/council_conclusions_ad_mc_sm_16_dec_2013.pdf
http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/agricult/140120.pdf

The General Affairs Council on 16 December 2014 assessed the overall state of relations of the EU and development of relations with the Principality of Monaco.

http://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/er/146315.pdf

The UK fully endorses the statement in these conclusions that:

“The Council is convinced that stronger and deeper relations with Andorra, Monaco and San Marino will contribute to the consolidation of a Europe founded on the values of respect for human dignity, freedom, democracy, the rule of law and respect for human rights and fundamental freedoms, equality and solidarity, and to the promotion of these values on the international scene.”

We have assessed that the direct impacts on the UK will be small. However, though minor, this is a positive widening of the single market.

The principle concerns of the UK in relation to the negotiations of an Association Agreement between the EU and the Principality of Monaco were around ensuring that the process for agreeing such an Association Agreement was conducted in accordance to the UK's interpretation of the EU's legal requirements.

We have been keen to ensure that in any Association Agreement with these three countries, that the division of competences as outlined in the treaties are respected. Member states must be directly represented on issues of 'member state competence' i.e. where the EU does not have the legal right to represent member states views. Decisions on these areas must be agreed by the Council using the correct legal base – Article 217 Treaty of the Functioning of the European Union (TFEU). The UK has also been focused on ensuring that if the negotiation covered any areas that would fall under Title V of Part Three of the TFEU, the negotiation mandate must reflect the special position of the United Kingdom and Ireland under Protocol 21, preserving our opt-out.

On 16 December 2014 the countries of the European Union, acting as the Council of the European Union agreed a decision authorising the opening of negotiations on one or several Association Agreement(s) between the European Union and the Andorra, Monaco and San Marino. The Council Decision contains recitals confirming: that the legal nature of the Agreement(s) shall be decided at the end of negotiations; that the agreement does not confer to Commission any additional powers over matters falling within Member State competence; and that the special position of UK, Ireland and Denmark on Justice and Home Affairs matters should be reflected in the agreement(s) as appropriate. It also cites Article 217 as a legal base.

Yours sincerely,

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