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COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 12.12.2007
COM(2007) 790 final

Proposal for a

COUNCIL DECISION

on the position to be taken by the Community within the Association Council created by the Euro-Mediterranean Agreement establishing an association between the European Community and its Member States, of the one part, and the People's Democratic Republic of Algeria, of the other part, with regard to the adoption of provisions on the co-ordination of the social security systems

(presented by the Commission)

EXPLANATORY MEMORANDUM

1) CONTEXT OF THE PROPOSAL

- **Grounds for and objectives of the proposal**

Article 70 of the Euro-Mediterranean Agreement establishing an association between the European Community and its Member States, of the one part, and the People's Democratic Republic of Algeria, of the other part,¹ lays down that the Association Council shall adopt provisions to implement the principles on the co-ordination of social security systems set out in Article 68 of this Agreement before the end of the first year following its entry into force.

- **General context**

At Community level, Member States' social security systems are coordinated by Regulation (EEC) No 1408/71² and its implementing Regulation (EEC) No 574/72³. Articles 68-71 of the Agreement with Algeria contain provisions for limited co-ordination between the social security systems of Member States and Algeria. A Decision of the Association Council established by the Agreement is required in order that the principles set out in Article 68 can take effect.

A number of other Association Agreements with third countries contain similar provisions on the co-ordination of social security systems. This proposal is part of a package of proposals which includes similar proposals with regard to the Agreements with Morocco, Tunisia, Croatia, the former Yugoslav Republic of Macedonia and Israel.

In order to establish the position to be taken by the Community in this Association Council, a Council Decision is necessary.

- **Existing provisions in the area of the proposal**

Council Regulation (EC) No 859/2003⁴ extends the provisions of Regulation (EEC) No 1408/71 and Regulation (EEC) No 574/72 to nationals of third countries who are not already covered by those provisions solely on the grounds of their nationality. This Regulation already covers the principle of aggregation of insurance periods acquired by Algerian workers in the various Member States regarding entitlement to certain benefits, as set out in Article 68 (2) of the Agreement with Algeria. However, as Regulation (EC) No 859/2003 is based on Title IV of the Treaty, Denmark is not bound by or subject to this Regulation, in accordance with Articles 1 and 2 of the Protocol on the position of Denmark annexed to the Treaty on the European Union and the Treaty establishing the European Community. It only applies to the United Kingdom and Ireland, because, in accordance with Article 3 of the Protocol on the position of the United Kingdom and Ireland annexed to the Treaty on the European Union and the Treaty establishing the European Community, both Member States gave notice that

¹ OJ L 265, 10.10.2005, p.2.

² OJ L 149, 5.7.1971, p. 2. Regulation as last amended by Regulation (EC) No 1992/2006 of the European Parliament and of the Council (OJ L 392, 30.12.2006, p. 1).

³ OJ L 74, 27.3.1972, p. 1. Regulation as last amended by Commission Regulation (EC) No 311/2007 (OJ L 82, 23.3.2007, p. 6).

⁴ OJ L 124, 20.5.2003, p. 1.

they wished to participate in the application of Regulation (EC) No 859/2003.

- **Consistency with other policies and objectives of the Union**

Not applicable.

2) CONSULTATION OF INTERESTED PARTIES AND IMPACT ASSESSMENT

- **Consultation of interested parties**

Consultation methods, main sectors targeted and general profile of respondents

The main features of this proposal were discussed with Member States' delegations in the Administrative Commission on Social Security for Migrant Workers, a body established by Regulation (EEC) No 1408/71. Delegations had also the opportunity to submit notes on this subject.

Summary of responses and how they have been taken into account

Most of the comments of Member States were of a very general nature. Some of them, such as those referring to the need for provisions on administrative checks and medical examinations, have been taken into account in this proposal. Other issues, in particular provisions on the enforcement of administrative fines, were not considered appropriate for inclusion in the proposal because they fall outside the scope of Articles 68-71 of the Agreement with Algeria.

- **Collection and use of expertise**

There was no need for external expertise.

- **Impact assessment**

Articles 68-71 of the Agreement with Algeria contain provisions on limited co-ordination between the social security systems of Member States and Algeria. A number of other Association Agreements with third countries contain similar provisions on the co-ordination of social security systems. All of them require a Decision of the relevant Association Council so that the principles, as set out in Article 68, can take effect.

The aim of the above Articles in the social security field is that a worker from the associated country concerned can receive certain social security benefits provided under the legislation of the Member State(s) to which he is or has been subject. This also applies, by way of reciprocity, to an EU national working in the associated country.

As all the provisions in the proposals included in the current package of proposals with regard to six associated countries (Morocco, Algeria, Tunisia, the former Yugoslav Republic of Macedonia, Croatia and Israel) are almost identical, this will facilitate the application of these provisions by Member States' social security institutions. There might be some financial implications for national social security institutions resulting from the application of these proposals, since they have to provide, for example, the benefits as described in Article 68 of the Agreement with Algeria. However, this Article only concerns persons who are or have been contributing to the national social security system of the country concerned, as provided for under its national legislation.

In any case, it may be difficult to gauge the precise impact of these proposals on the national social security systems at this stage.

3) LEGAL ELEMENTS OF THE PROPOSAL

- **Summary of the proposed action**

This proposal consists of a Council Decision on the position to be taken by the Community within the Association Council established by the Agreement with Algeria and, in the Annex, of a Decision of the Association Council in the social security field.

The proposed Decision of the Association Council fulfils the requirement of Article 70 of the Agreement with Algeria for such a Decision, in order to put in place the social security principles contained in Article 68. The Decision therefore contains implementing provisions with regard to those provisions of Article 68 of the Agreement with Algeria which are not already covered by Regulation (EC) No 859/2003 or declared by the Court to be directly applicable, such as the non-discrimination clause contained in Article 68 (1). These remaining provisions concern in particular provisions in respect of Denmark on the aggregation of insurance periods acquired by Algerian workers in the various Member States and the export of certain benefits to Algeria.

Moreover, the proposed Decision of the Association Council ensures that the provisions on the export of benefits and the granting of family benefits also apply, by way of reciprocity, to EU workers legally employed in Algeria and to their family members legally resident in Algeria.

- **Legal basis**

Article 310 of the Treaty in conjunction with its Article 300 (2), first subparagraph, last sentence, and second subparagraph thereof.

- **Subsidiarity principle**

The proposal falls under the exclusive competence of the Community. The subsidiarity principle therefore does not apply.

- **Proportionality principle**

The proposal complies with the proportionality principle for the following reason(s).

Member States continue to have exclusive competence in determining, organising and financing their national social security systems.

The proposal only facilitates the co-ordination of social security systems of Member States and Algeria, to the benefit of the citizens of these countries. Moreover, the proposal does not affect any rights and obligations arising from bilateral social security agreements concluded between the Member States and Algeria where the latter provide for more favourable treatment of the persons concerned.

The proposal minimises the financial and administrative burden for national authorities, as it is part of a package of similar proposals which ensure a uniform application of social security provisions contained in Association Agreements with

third countries.

- **Choice of instruments**

Proposed instruments: Council Decision (containing in Annex a Draft Association Council Decision).

Other means would not be adequate for the following reason(s).

There is no alternative option to the proposed action. Article 70 of the Agreement requires a Decision of the respective Association Council. Article 300 (2) of the Treaty provides for a Council Decision for the purpose of establishing the positions to be adopted on behalf of the Community in a body set up by an Association Agreement, when that body is called upon to adopt decisions having legal effects.

4) **BUDGETARY IMPLICATION**

The proposal has no implications for the Community budget.

5) **ADDITIONAL INFORMATION**

- **Simplification**

The proposal provides for simplification of administrative procedures for public authorities (EU or national), and simplification of administrative procedures for private parties.

The provisions in the proposal relating to the co-ordination of social security systems for Algerian nationals are almost identical to those for the nationals of the other associated countries. This will lead to a simplification of the procedures and fewer administrative burdens for national social security institutions.

Persons falling under the proposal are not confronted with different national provisions as regards the social security principles contained in Article 68 of the Agreement with Algeria, and can therefore rely instead on uniform provisions within the Community.

- **Detailed explanation of the proposal**

A. Council Decision on the position to be taken by the Community within the Association Council created by the Euro-Mediterranean Agreement with Algeria with regard to the provisions for the co-ordination of the social security systems.

Article 1

This Article clarifies the legal relationship between this Council Decision and the annexed Decision of the Association Council.

B. Annexed Decision of the Association Council with regard to the provisions for the co-ordination of the social security systems contained in the Agreement.

Part I: General provisions

Article 1

This Article defines, for the purposes of the legislation of a Member State and for the purpose of the legislation of Algeria, the terms "Agreement", "Regulation",

"implementing Regulation", "Member State", "worker", "member of the family", "legislation", "benefits" and "family benefits", and refers to the Regulation and implementing Regulation for the other terms used in the annexed Decision.

Article 2

In line with the wording of Article 68 of the Agreement with Algeria, this Article defines the persons covered by the annexed Decision.

Part II

Relations between the Member States and Algeria

This Part of the annexed Decision covers the principles contained in Article 68 (4) of the Agreement with Algeria as well as the reciprocity clause with regard to EU nationals and the members of their family, as provided for in Article 68 (5).

Article 3

This Article lists the social security branches referred to in Article 68 (3) and (4) of the Agreement with Algeria to which Part II of the annexed Decision applies.

Article 4

This Article contains the principle of the export of cash benefits as provided for by Article 68 (4) of the Agreement with Algeria and makes it clear that this principle is limited to the benefits contained in Article 1 (h) of the annexed Decision which lists the benefits referred to in this paragraph.

Article 5

This Article specifies which persons covered by this proposal are entitled to family benefits on behalf of the competent state. It clearly follows from this Article that, in line with Article 68 (3) of the Agreement with Algeria, there is no entitlement to family benefits for family members of an Algerian worker, if these family members reside outside the territory of the European Union.

Part III

Application of social security provisions with regard to Denmark

Article 6

Regulation (EC) No 859/2003 already covers the principle of aggregation of insurance periods acquired by an Algerian worker within the Community with regard to the entitlement to certain benefits, as set out in Article 68 (2) of the Agreement with Algeria. However, as this Regulation is based on Title IV of the Treaty, in accordance with Articles 1 and 2 of the Protocol on the position of Denmark annexed to the Treaty on the European Union and to the Treaty establishing the European Community Denmark is not bound by or subject to it. This Article therefore clarifies that Denmark shall use the relevant provisions of Regulations (EEC) No 1408/71 and No 574/72 in order to implement the above aggregation principle.

Part IV

Miscellaneous provisions

Article 7

This Article contains general provisions for cooperation between Member States and their institutions, of the one part, and Algeria and its institutions, of the other part, as

well as between the beneficiaries and the institutions concerned. These provisions are similar to those of Article 84 (1), (2) and (3) of Regulation (EEC) No 1408/71 and Article 76 (3), (4), first and third sub-paragraphs, and (5) of Regulation (EC) No 883/2004.

Article 8

This Article lays down the procedures for administrative checks and medical examinations similar to those contained in Article 51 (1) of Regulation (EEC) No 574/72. Moreover, it provides for the possibility to adopt other implementing provisions in this area.

Article 9

This Article refers to Annex II to the annexed Decision which is similar to Annex VI to Regulation (EEC) No 1408/71 and to Annex XI to Regulation (EC) No 883/2004, and which is necessary in order to lay down the necessary special provisions for the application of Algerian legislation with regard to the annexed Decision.

Article 10

As provided for in Article 71 of the Agreement with Algeria, this Article specifies that provisions of bilateral Agreements providing for more favourable treatment remain in force.

Article 11

This Article provides for the possibility to conclude additional administrative Agreements.

Article 12

The transitional provisions provided for under this Article correspond to the transitional provisions of Article 94 (1), (3), (4), (6) and (7) of Regulation (EEC) No 1408/71 as well as to the similar Article 87 (1), (3), (4), (6) and (7) of Regulation (EC) No 883/2004.

Article 13

This Article clarifies the legal status of the Annexes to the annexed Decision and the procedure for amending them.

Article 14

This Article contains a procedure to ensure that all the necessary measures to implement the annexed Decision are taken.

Article 15

This Article clarifies the date of entry into force of the annexed Decision.

Proposal for a

COUNCIL DECISION

on the position to be taken by the Community within the Association Council created by the Euro-Mediterranean Agreement establishing an association between the European Community and its Member States, of the one part, and the People's Democratic Republic of Algeria, of the other part, with regard to the adoption of provisions on the co-ordination of the social security systems

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 310 in conjunction with Article 300 (2), first subparagraph, last sentence, and second subparagraph thereof,

Having regard to the proposal from the Commission⁵,

Whereas Article 70 of the Euro-Mediterranean Agreement establishing an Association between the European Community and its Member States, of the one part, and the People's Democratic Republic of Algeria, of the other part, lays down that the Association Council shall adopt provisions to implement the principles on the co-ordination of social security systems set out in Article 68 of this Agreement before the end of the first year following its entry into force,

HAS DECIDED AS FOLLOWS

Article 1

The position to be taken by the Community within the Association Council created by the Euro-Mediterranean Agreement establishing an Association between the European Community and its Member States, of the one part, and the People's Democratic Republic of Algeria, of the other part, concerning the implementation of Article 70 of the Agreement shall be based on the draft decision of the Association Council annexed to this Decision.

Done at Brussels,

*For the Council
The President*

⁵ OJ C , , p . .

ANNEX

ASSOCIATION BETWEEN THE
EUROPEAN UNION
AND THE PEOPLE'S DEMOCRATIC REPUBLIC OF ALGERIA

- The Association Council -

DECISION No.../.... OF THE ASSOCIATION COUNCIL

**created by the Euro-Mediterranean Agreement establishing an Association between the
European Community and its Member States, of the one part, and the People's
Democratic Republic of Algeria, of the other part,**

of ...

**with regard to the provisions for the co-ordination of social security systems contained
in the Euro-Mediterranean Agreement**

THE ASSOCIATION COUNCIL,

Having regard to the Euro-Mediterranean Agreement establishing an Association between the European Community and its Member States, of the one part, and the People's Democratic Republic of Algeria, of the other part, and in particular Article 70 thereof,

Whereas

- (1) Articles 68-71 of the said Agreement provide for the co-ordination of the social security systems of Algeria and the Member States. Article 68 lays down the principles for such co-ordination.
- (2) Article 70 of the said Agreement also provides that a Decision of the Association Council shall put in place the principles contained in Article 68 before the end of the first year following the entry into force of this Agreement.
- (3) In applying this Decision, the right of Algerian workers to family benefits is subject to the condition that their family members are legally resident with the worker concerned in the Member State where the worker is employed. The Decision does not give any entitlement to family benefits with respect to members of their family resident in another state, e.g. Algeria.
- (4) Currently, Council Regulation (EC) No 859/2003 extends the provisions of Regulation (EEC) No 1408/71 and Regulation (EEC) No 574/72 to nationals of third countries who are not already covered by those provisions solely on the ground of their nationality. This Regulation is based on Title IV of the Treaty. In accordance with Articles 1 and 2 of the Protocol on the position of Denmark annexed to the Treaty on the European Union and to the Treaty establishing the European Community, Denmark did not take part in the adoption of Regulation (EC) No 859/2003 and is not therefore bound by or subject to it. It is therefore necessary to lay down specific provisions with regard to Denmark concerning those principles contained in Article 68 of the said Agreement, which are already covered by this Regulation.
- (5) It might be necessary to lay down special provisions which correspond to the specific characteristics of the Algerian national legislation, in order to facilitate the application of the co-ordination rules.

- (6) This Decision is without prejudice to rights and obligations arising from bilateral Agreements between the Member States and Algeria which afford advantages in terms of social security.
- (7) In order to ensure a smooth functioning of the co-ordination of the social security systems of the Member States and Algeria, it is necessary to establish specific provisions on the cooperation between the Member States and Algeria as well as between the person concerned and the institution of the competent state.
- (8) Transitional provisions should be adopted to protect the persons covered by this Decision and to ensure that they do not lose rights as a result of its entry into force,

HAS DECIDED AS FOLLOWS:

PART I

GENERAL PROVISIONS

Article 1

Definitions

1. For the purposes of this Decision:
 - (a) "Agreement" means the Euro-Mediterranean Agreement establishing an Association between the European Community and its Member States, of the one part, and the People's Democratic Republic of Algeria, of the other part;
 - (b) "Regulation" means Council Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community as applying in the Member States of the European Communities;
 - (c) "implementing Regulation" means Council Regulation (EEC) No 574/72 laying down the procedure for implementing Regulation (EEC) No 1408/71 on the application of social security schemes to employed persons and their families moving within the Community;
 - (d) "Member State" means a Member State of the European Communities;
 - (e) "worker" means,
 - (i) for the purposes of the legislation of a Member State, an employed person within the meaning of Article 1 (a) of the Regulation;
 - (ii) for the purposes of the legislation of Algeria, an employed person within the meaning of that legislation;
 - (f) "member of the family" means,
 - (i) for the purposes of the legislation of a Member State, a member of the family within the meaning of Article 1 (f) of the Regulation;
 - (ii) for the purposes of the legislation of Algeria, a member of the family within the meaning of that legislation;
 - (g) "legislation" means,
 - (i) in relation to the Member States, legislation within the meaning of Article 1 (j) of the Regulation;

- (ii) in relation to Algeria, the relevant legislation applying in Algeria relating to areas of social security concerning old-age and survivors' pensions, benefits in respect of accidents at work and occupational diseases, or in respect of invalidity resulting therefrom, and family benefits;
- (h) "benefits" means,
- (i) in relation to the Member States:
 - old-age or survivors' pensions,
 - benefits in respect of accidents at work and occupational diseases, or of
 - invalidity benefits resulting from accidents at work and occupational diseases,

within the meaning of the Regulation, with the exception of special non-contributory cash benefits as set out in Annex IIa to the Regulation;
 - (ii) in relation to Algeria, the corresponding benefits provided under Algerian legislation, with the exception of special non-contributory cash benefits as set out in Annex I to this Decision;
- (i) "family benefits" means,
- (i) in relation to the Member States, family benefits within the meaning of Article 1 (u) (i) of the Regulation;
 - (ii) in relation to Algeria, family benefits within the meaning of that legislation.
2. Other terms used in this Decision shall have the meaning which is assigned to them in the Regulation and the implementing Regulation.

Article 2

Persons covered

This Decision shall apply:

- (a) to workers who are nationals of Algeria and who are or have been legally employed in the territory of a Member State and who are or have been subject to the legislation of one or more Member States, and their survivors,
- (b) to the members of the family of workers referred to in paragraph (a) provided that they are legally resident with the worker concerned in the Member State where the worker is employed,
- (c) to workers who are nationals of a Member State who are or have been legally employed in the territory of Algeria and who are or have been subject to the legislation of Algeria, and their survivors, and
- (d) to the members of the family of workers referred to in paragraph (c) provided that they are legally resident with the worker concerned in Algeria.

PART II

RELATIONS BETWEEN THE MEMBER STATES AND ALGERIA

Article 3

Matters covered

Part II of this Decision shall apply to all legislation of the Member States and Algeria concerning the following branches of social security:

- (a) old-age benefits;
- (b) survivors' benefits;
- (c) benefits in respect of accidents at work and occupational diseases;
- (d) invalidity benefits resulting from accidents at work and occupational diseases;
- (e) family benefits.

Article 4

Waiving of Residence Clauses

Benefits within the meaning of Article 1 (h) shall not be subject to any reduction, modification, suspension, withdrawal or confiscation by reason of the fact that the beneficiary is residing,

- (i) for the purpose of a benefit under Algerian legislation, within the territory of a Member State, or
- (ii) for the purpose of a benefit under the legislation of a Member State, within the territory of Algeria.

Article 5

Family Benefits

Workers as referred to in Article 2 (c) shall receive under the legislation of Algeria family benefits for the members of their family as referred to in Article 2 (d) in the same way as Algerian nationals.

PART III

APPLICATION OF SOCIAL SECURITY PROVISIONS WITH REGARD TO DENMARK

Article 6

General provision

For the purpose of implementing Article 68 (2) and (3) of the Agreement, Denmark shall apply to persons referred to in Article 2 (a), to the extent necessary, the relevant provisions of the Regulation and the implementing Regulation.

PART IV

MISCELLANEOUS PROVISIONS

Article 7

Cooperation

1. The Member States and Algeria shall communicate to each other all information regarding:
 - (a) measures taken to implement this Decision in accordance with the procedure set out in Article 14;
 - (b) changes in their legislation which may affect the implementation of this Decision.
2. For the purposes of this Decision, the authorities and institutions of the Member States and of Algeria shall lend one another their good offices and act as though implementing their own legislation. The administrative assistance given by the said authorities and institutions shall, as a rule, be free of charge. However, the competent authorities of the Member States and of Algeria may agree to certain expenses being reimbursed.
3. The authorities and institutions of the Member States and of Algeria may, for the purposes of this Decision, communicate directly with one another and with the persons involved or their representatives.
4. The institutions and persons covered by this Decision shall have a duty of mutual information and cooperation to ensure the correct implementation of this Decision.
5. The persons concerned must inform the institutions of the competent Member State or Algeria, where the latter is the competent state, and of the Member State of residence or Algeria, where the latter is state of residence, as soon as possible of any change in their personal or family situation which affects their right to benefits under this Decision.
6. Failure to respect the obligation of information referred to in paragraph 5 may result in the application of proportionate measures in accordance with national law. Nevertheless, these measures shall be equivalent to those applicable to similar situations under domestic law and shall not make it impossible or excessively difficult in practice for claimants to exercise the rights conferred on them by this Decision.

Article 8

Administrative Checks and Medical Examinations

1. When a person covered by this Decision and in receipt of benefits referred to in Article 1 (h) is staying or residing
 - (i) for the purpose of a benefit under Algerian legislation, within the territory of a Member State, or
 - (ii) for the purpose of a benefit under the legislation of a Member State, within the territory of Algeria,

administrative checks and medical examinations shall be carried out, at the request of the institution responsible for payment, by the institution of the place of stay or residence of the recipient in accordance with the procedures laid down by the legislation administered by the latter institution. The institution responsible for payment shall, however, reserve the right to have the recipient examined by a doctor of its own choice.

2. One or more Member States and Algeria may, having informed the Association Council, agree on other administrative provisions.

Article 9

Special provisions for the application of the legislation of Algeria

Special provisions for the application of the legislation of Algeria may, if necessary, be set out in Annex II.

Article 10

More favourable bilateral Agreements

This Decision shall not affect any rights or obligations arising from bilateral Agreements where the latter provide for more favourable treatment (of the persons concerned).

Article 11

Agreements supplementing the procedures for implementing this Decision

Two or more Member States, or Algeria and one or more Member States may, where necessary, conclude Agreements designed to supplement the administrative procedures for implementing this Decision.

PART V

TRANSITIONAL AND FINAL PROVISIONS

Article 12

Transitional provisions

1. No rights shall be acquired pursuant to this Decision for the period before its date of entry into force.
2. Subject to paragraph 1, a right shall be acquired under this Decision even if it relates to a contingency arising before its date of entry into force.
3. Any benefit, including family benefits, which has not been awarded or which has been suspended by reason of the nationality or place of residence of the person concerned shall, at the request of that person, be provided or resumed with effect from the date of entry into force of this Decision, provided that the rights for which benefits were previously provided have not given rise to a lump-sum payment.
4. If a request referred to in paragraph 3 is submitted within two years from the date of entry into force of this Decision, the rights acquired in accordance with this Decision shall have effect from that date, and the legislation of any Member State or Algeria concerning the forfeiture or limitation of rights may not be invoked against the persons concerned.
5. If a request referred to in paragraph 3 is submitted after the expiry of the two-year period following the date of entry into force of this Decision, rights not forfeited or not time-barred shall have effect from the date on which the request was submitted, subject to any more favourable provisions under the legislation of any Member State or Algeria.

Article 13

Annexes to this Decision

1. The Annexes to this Decision constitute an integral part thereof.
2. At the request of Algeria, the said Annexes may be amended by decision of the Association Council.

Article 14

Implementing Measures

1. The Community and Algeria shall each take the necessary measures to implement this Decision and communicate them to the Association Council.
2. The Association Council shall take a decision confirming that all measures referred to in paragraph 1 have been taken.

Article 15

Entry into force

This Decision shall enter into force on the first day of the first month following the date of the publication in the *Official Journal of the European Union* of the Decision of Association Council referred to in Article 14 (2).

ANNEX I

List of Algerian special non-contributory cash benefits

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ANNEX II

Special provisions for the application of the legislation of Algeria

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