



**COUNCIL OF
THE EUROPEAN UNION**

Brussels, 27 September 2012

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REPORT

from : Permanent Representatives Committee (Part I)
to : Council (**Employment, Social Policy**, Health and Consumer Affairs)
No. Cion prop.: 8554/12 + COR 1 - COM(2012) 156 final
Subject : Proposal for a Council Decision on the position to be taken on behalf of the European Union within the Stabilisation and Association Council established by the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Montenegro, of the other part, with regard to the provisions on the coordination of social security systems
= Political agreement

1. On 30 March 2012, the Commission submitted the above-mentioned proposal which aims at establishing the position to be taken by the European Union within the Stabilisation and Association Council established by the Stabilisation and Association Agreement between the European Communities and Montenegro. This draft Decision is part of a package of four proposals which includes similar proposals with regard to Albania, San Marino and Turkey¹ which are largely based on the Decisions which were adopted by the Council in 2010 with regard to Algeria, Croatia, the Former Yugoslav Republic of Macedonia, Israel, Morocco and Tunisia².

¹ Docs 8553/12, 8555/12 and 8556/12.

² OJ L 306 of 23 November 2010, respectively p. 14, p. 35, p. 28, p. 21, p. 1 and p. 8.

2. This proposal consists of a Council Decision on the position to be taken on behalf of the Union within the Stabilisation and Association Council established by the Agreement with Montenegro and, in the Annex, of a draft Decision of the Stabilisation and Association Council in the social security field.
3. The draft Decision aims at fulfilling the requirement set out in the Stabilisation and Association Agreement that a decision of the Stabilisation and Association Council be taken in order to implement the principles for the co-ordination of social security systems as laid down in Article 51 of the Agreement. The draft Decision contains implementing provisions with regard to those provisions of Article 51 of the Agreement with Montenegro which are not already covered by Regulation (EU) No 1231/2010. In substance, the aim of these principles is that Montenegrin nationals who are, or have been, subject to the legislation of one or more Member States, may be granted certain social security benefits as provided for under the legislation of the Member State to which they are, or have been, subject. These principles also apply to their family members provided they are, or have been, legally resident with the worker concerned in the Member State where the worker is employed.
4. By way of reciprocity, these principles are also applicable to EU nationals legally employed in Montenegro as well as to their family members legally resident therein.
5. The proposal for a decision further lays down a number of provisions on cooperation between the Member States and Montenegro concerning, *inter alia*, the procedures for administrative checks and medical examinations.
6. The legal basis proposed by the Commission is Article 79(2)(b) TFEU in conjunction with Article 218(9) TFEU.
7. In accordance with Article 218(10) TFEU, the European Parliament shall have to be immediately and fully informed at all stages of the procedure.

8. In accordance with Articles 1 and 2 of Protocol (No 21) on the position of the United Kingdom and Ireland in respect of the Area of Freedom, Security and Justice, annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union, and without prejudice to Article 4 of that Protocol, those Member States are not taking part in the adoption of this Decision and are not bound by it or subject to its application.
9. In accordance with Articles 1 and 2 of Protocol (No 22) on the position of Denmark, annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union, Denmark is not taking part in the adoption of this Decision and is not bound by it or subject to its application.
10. Considering the importance of giving effect to the principles on the co-ordination of social security systems set out in Article 51 of the Agreement with Montenegro, the Danish and the Cyprus Presidencies held discussions³ on this proposal with a view to the Council (EPSCO) reaching a political agreement at its session on 4 October 2012.
11. At its meeting on 26 September 2012, the Permanent Representatives Committee confirmed the agreement reached at the Working Party level on the draft Decision as set out in the Annex.

DK maintained a parliamentary scrutiny reservation.

CONCLUSION

The Permanent Representatives Committee recommends the Council (EPSCO) to lift any remaining reservations and to reach a political agreement on the draft decision, as set out in the Annex, at its session on 4 October 2012.

³ See outcomes of proceedings in documents 11123/12 + COR1 + COR2 + COR3 and 12364/12 + COR 1.

Draft

COUNCIL DECISION

on the position to be taken on behalf of the European Union within the Stabilisation and Association Council established by the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Montenegro, of the other part, with regard to the provisions on the coordination of social security systems⁴

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 79(2)(b) in conjunction with Article 218(9) thereof,

Having regard to the proposal from the European Commission,

Whereas:

(1) Article 51 of the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Montenegro, of the other part⁵ ("the Agreement"), provides that the Stabilisation and Association Council shall, by decision, put in place the provisions to implement the principles set out in that Article.

⁴ DK maintained its parliamentary scrutiny reservation on the proposal.

⁵ OJ L 108, 29.4.2010, p.1.

- (2) In accordance with Articles 1 and 2 of Protocol (No 21) on the position of the United Kingdom and Ireland in respect of the Area of Freedom, Security and Justice, annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union, and without prejudice to Article 4 of that Protocol, those Member States are not taking part in the adoption of this Decision and are not bound by it or subject to its application.
- (3) In accordance with Articles 1 and 2 of Protocol (No 22) on the position of Denmark, annexed to the Treaty on European Union and to the Treaty on the Functioning of the European Union, Denmark is not taking part in the adoption of this Decision and is not bound by it or subject to its application.

HAS ADOPTED THIS DECISION:

Article 1

The position to be taken on behalf of the European Union within the Stabilisation and Association Council set up by the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Montenegro, of the other part ("the Agreement"), concerning the implementation of Article 51 of the Agreement, shall be based on the draft decision of the Stabilisation and Association Council attached to this Decision.

Minor changes to the draft decision may be agreed to by the representatives of the Union in the Stabilisation and Association Council without further decision of the Council.

Article 2

The Decision of the Stabilisation and Association Council shall be published in the *Official Journal of the European Union*.

Article 3

This Decision shall enter into force on the day of its adoption.

Done at Brussels,

For the Council

The President

Draft

**DECISION No..../.... OF THE EU – MONTENEGRO STABILISATION AND
ASSOCIATION COUNCIL**

of ...

**with regard to the provisions on the coordination of social security systems contained in the
Stabilisation and Association Agreement**

THE STABILISATION AND ASSOCIATION COUNCIL,

Having regard to the Stabilisation and Association Agreement establishing an association between the European Communities and their Member States, of the one part, and the Republic of Montenegro, of the other part⁶, and in particular Article 51 thereof,

Whereas:

- (1) Article 51 of the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Montenegro, of the other part ("the Agreement"), provides for the coordination of the social security systems of Montenegro and the Member States and lays down the principles for such coordination.

- (2) Article 51 of the Agreement provides that the Stabilisation and Association Council shall adopt a Decision for the purposes of implementing the principles set out in that Article.

⁶ OJ L108, 29.4.2010, p.1.

- (3) With regard to the application of the non-discrimination principle, this Decision should not give any additional rights arising from certain facts or events occurring on the territory of the other Contracting Party, where such facts or events are not taken into account under the legislation of the first Contracting Party, other than the right to export certain benefits.
- (4) In applying this Decision, the right of workers to family benefits should be subject to the condition that their family members legally reside with these workers in the Member State where the workers are employed. In the case where their family members legally reside in another Member State the provisions of Regulation (EU) No 1231/2010 apply. This Decision should not give any entitlement to family benefits with respect to members of their family who reside in a country other than a Member State, for instance Montenegro.
- (5) Council Regulation (EU) No 1231/2010⁷ already extends the provisions of Regulation (EC) No 883/2004 and Regulation (EC) No 987/2009 to nationals of third countries who are not already covered by those provisions solely on the grounds of their nationality. Regulation (EU) No 1231/2010 already covers the principle of aggregation of insurance periods acquired by Montenegrin workers in the various Member States regarding entitlement to certain benefits, as set out in Article 51(1)(a) of the Agreement.
- (6) It might be necessary to lay down special provisions which correspond to the specific characteristics of the legislation of Montenegro, in order to facilitate the application of the coordination rules.
- (7) To ensure the smooth functioning of the coordination of the social security systems of the Member States and of Montenegro, it is necessary to provide for specific provisions regarding the cooperation between the Member States and Montenegro as well as between the person concerned and the institution of the competent State.

⁷ OJ L 344, 29.12.2010, p. 1.

(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 ADOPTED THIS DECISION:

PART I

GENERAL PROVISIONS

Article 1

Definitions

1. For the purposes of this Decision

- (a) "Agreement" means the Stabilisation and Association Agreement between the European Communities and their Member States, of the one part, and the Republic of Montenegro, of the other part;
- (b) "Regulation" means Regulation (EC) No 883/2004 of the European Parliament and of the Council of 29 April 2004 on the coordination of social security systems⁸ as applicable in the Member States of the European Union;
- (c) "implementing Regulation" means Regulation (EC) No 987/2009 of the European Parliament and of the Council of 16 September 2009 laying down the procedure for implementing Regulation (EC) No 883/2004 on the coordination of social security systems⁹;
- (d) "Member State" means a Member State of the European Union;

⁸ OJ L 166, 30.4.2004, p.1.

⁹ OJ L 284, 30.10.2009, p. 1.

(e) "worker" means,

- (i) for the purposes of the legislation of a Member State, a person pursuing an activity as an employed person within the meaning of Article 1(a) of the Regulation;
- (ii) for the purposes of the legislation of Montenegro, a person pursuing an activity as 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(i) of the Regulation;
- (ii) for the purposes of the legislation of Montenegro, 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(l) of the Regulation as applicable to the benefits covered by this Decision;
- (ii) in relation to Montenegro, the relevant legislation as applicable in Montenegro relating to the benefits covered by this Decision;

(h) "benefits" means,

- old-age pensions,
- survivors' pensions,

- pensions in respect of accidents at work and occupational diseases,
- invalidity pensions related to accidents at work and occupational diseases,
- family allowances.

(i) "exportable benefits" means,

(i) in relation to the Member States:

- old-age pensions,
- survivors' pensions,
- pensions in respect of accidents at work and occupational diseases,
- invalidity pensions related to accidents at work and occupational diseases,

within the meaning of the Regulation, with the exception of special non-contributory cash benefits as listed in Annex X to the Regulation;

(ii) in relation to Montenegro, the corresponding benefits provided under the legislation of Montenegro, with the exception of special non-contributory cash benefits as set out in Annex I to this Decision;

2. Other terms used in this Decision shall have the meaning which is assigned to them:

(a) in relation to the Member States, in the Regulation and the implementing Regulation;

(b) in relation to Montenegro, in the relevant legislation as applicable in Montenegro.

Article 2

Persons covered

This Decision shall apply:

- (a) to workers who are Montenegrin nationals 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 point (a) provided that these family members are or have been legally resident with the worker concerned while the worker is employed in a Member State;
- (c) to workers who are nationals of a Member State who are or have been legally employed in the territory of Montenegro and who are or have been subject to the legislation of Montenegro and their survivors; and
- (d) to the members of the family of workers referred to in point (c) provided that these family members are or have been legally resident with the worker concerned while the worker is employed in Montenegro.

Article 3

Equality of Treatment

1. Workers who are Montenegrin nationals and are legally employed in a Member State and any members of their families legally residing with them shall enjoy, with regard to the benefits within the meaning of Article 1(1)(h), treatment free from any discrimination based on nationality relative to nationals of the Member States in which those workers are employed.

2. Workers who are nationals of a Member State and are legally employed in Montenegro and any members of their families legally residing with them shall enjoy, with regard to the benefits within the meaning of Article 1(1)(h), treatment free from any discrimination based on nationality relative to Montenegrin nationals.

Part II

RELATIONS BETWEEN THE MEMBER STATES AND MONTENEGRO

Article 4

Waiving of residence clauses

1. Exportable benefits within the meaning of Article 1(1)(i) to which the persons as referred to in Article 2(a) and (c) are entitled 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 the legislation of a Member State, within the territory of Montenegro, or
 - (ii) for the purpose of a benefit under the legislation of Montenegro, within the territory of a Member State.
2. Family members of a worker as referred to in Article 2(b) are entitled to exportable benefits within the meaning of Article 1(1)(i)(i) in the same way as the family members of a worker who is a national of the Member State concerned when these family members reside within the territory of Montenegro.
3. Family members of a worker as referred to in Article 2(d) are entitled to exportable benefits within the meaning of Article 1(1)(i)(ii) in the same way as the family members of a worker who is a national of Montenegro when these family members reside within the territory of a Member State.

MISCELLANEOUS PROVISIONS

Article 5

Cooperation

1. The Member States and Montenegro shall communicate to each other all information regarding 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 Montenegro 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 Montenegro may agree to certain expenses being reimbursed.
3. The authorities and institutions of the Member States and of Montenegro 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 Montenegro, where the latter is the competent state, and of the Member State of residence or Montenegro, where the latter is the 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.
7. The Member States and Montenegro may provide for national provisions that establish conditions for verification of the entitlement to benefits to take into account the fact that the beneficiaries are staying or residing outside the territory of the State where the debtor institution is located. Such provisions shall be proportionate, free from any discrimination based on nationality and in accordance with the principles of this Decision. Such provisions shall be notified to the Stabilisation and Association Council.

Article 6

Administrative checks and medical examinations

1. This Article shall apply to the persons as referred to in Article 2 and in receipt of exportable benefits as referred to in Article 1(1)(i), as well as to the institutions in charge of the implementation of this Decision.
2. Where a recipient or a claimant of benefits, or a member of his family, is staying or residing within the territory of a Member State when the debtor institution is located in Montenegro or in Montenegro when the debtor institution is located in a Member State, the medical examination shall be carried out, at the request of that institution, by the institution of the beneficiary's place of stay or residence in accordance with the procedures laid down by the legislation applied by that institution.

The debtor institution shall inform the institution of the place of stay or residence of any special requirements, if necessary, to be followed and points to be covered by the medical examination.

The institution of the place of stay or residence shall forward a report to the debtor institution that requested the medical examination.

The debtor institution shall reserve the right to have the beneficiary examined by a doctor of its choice, either in the territory where the recipient or claimant of benefit is staying or residing or in the country where the debtor institution is located. However, the beneficiary may be asked to return to the State of the debtor institution only if he or she is able to make the journey without prejudice to his health and the cost of travel and accommodation is paid for by the debtor institution.

3. Where a recipient or a claimant of benefits, or a member of his family, is staying or residing in the territory of a Member State when the debtor institution is located in Montenegro or in Montenegro when the debtor institution is located in a Member State, the administrative check shall, at the request of the debtor institution, be performed by the institution of the beneficiary's place of stay or residence.

The institution of the place of stay or residence shall forward a report to the debtor institution that requested the administrative check.

The debtor institution shall reserve the right to have the situation of the beneficiary examined by a professional of its choice. However, the beneficiary may be asked to return to the State of the debtor institution only if he or she is able to make the journey without prejudice to his health and the cost of travel and accommodation is paid for by the debtor institution.

4. One or more Member States and Montenegro may agree on other administrative provisions, subject to their informing the Stabilisation and Association Council thereof.
5. As an exception to the principle of free-of-charge mutual administrative assistance set out in Article 5(2) of this Decision, the effective amount of the expenses of the checks referred to in paragraphs 2 and 3 of this Article shall be refunded to the institution which was requested to carry them out by the debtor institution which requested them.

Article 7

Application of Article 129 of the Agreement

Article 129 of the Agreement shall apply in case either Party considers that the other Party has not complied with the obligations as laid down in Articles 5 and 6.

Article 8

Special provisions for the application of the legislation of Montenegro

The Stabilisation and Association Council may, if necessary, lay down special provisions for the application of the legislation of Montenegro in Annex II.

Article 9

Administrative procedures from existing bilateral agreements

Administrative procedures contained in existing bilateral agreements between a Member State and Montenegro may continue to apply provided that these procedures do not adversely affect the rights or obligations of the persons concerned established by this Decision.

Article 10

Agreements supplementing the procedures for implementing this Decision

One or more Member States and Montenegro may conclude agreements designed to supplement the administrative procedures for implementing this Decision, especially with regard to preventing and combating fraud and error.

TRANSITIONAL AND FINAL PROVISIONS

Article 11

Transitional provisions

1. No rights shall be acquired pursuant to this Decision for the period before its 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 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 as 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 the date of entry into force of this Decision, and the legislation of any Member State or Montenegro concerning the forfeiture or limitation of rights may not be invoked against the persons concerned.
5. If a request as 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 Montenegro.

Article 12

Annexes to this Decision

1. The Annexes to this Decision constitute an integral part thereof.
2. At the request of Montenegro or the European Union, the Annexes may be amended by a decision of the Stabilisation and Association Council.

Article 13

Entry into force

This Decision shall enter into force on the day following that of its publication in the *Official Journal of the European Union*.

Done at Brussels,

For the Stabilisation and Association Council

The President

ANNEX I

LIST OF MONTENEGRIN SPECIAL NON-CONTRIBUTORY CASH BENEFITS

ANNEX II

**SPECIAL PROVISIONS FOR THE APPLICATION OF THE LEGISLATION OF
MONTENEGRO**