

AMENDMENT OF REGULATION NO 883/2004 ON THE COORDINATION OF SOCIAL SECURITY SYSTEMS

The Danish trade union movement (LO, FTF and Akademikerne) have the following priorities for the examination of the Council and the European Parliament regarding the Commission's proposal for a regulation amending regulation 883/2004 on the coordination of social security systems (COM(2016)815 final).

Supplementary requirements for entitlement to unemployment benefits

It is positive that the Commission will establish a rule on 296 hours' work during a 12-week period as a condition for entitlement to unemployment benefits. This proposal which appears from ***recital 8*** and ***article 1(19)*** is of vital importance to the Danish trade union movement and should be maintained during the examination of the regulation by the Council and the European Parliament.

Explanation

In order to obtain social benefits, there has to be a closer link to the labour market of the member state responsible for the payment of unemployment benefits than is the case today. This proposal introduces a qualifying period of a reasonable duration, which ensures a real link with the labour market of the competent member state without compromising the possibilities of EU-citizens to apply for jobs in other member states. The European Court of Justice (ECJ) has, in a number of judgements, held that member states can be entitled to condition social benefits on a real link between the job seeker and the labour market of the competent member state.¹

Member states have organized their welfare systems and unemployment benefit systems differently, depending on their national preferences and traditions. In a number of member states, the level of services and benefits are high. This requires financing in the form of taxes and contributions. If you give access to relatively high benefits without getting sufficient funding for these benefits - e.g. in the form of taxation - the foundation and organization of these systems will crumble.

The proposal further contributes to a better balance between the supply and demand of labour. It removes the entitlement to unemployment benefit from the first day of unemployment in a new country - something that can incite workers to move depending on where the work is and not where they can

¹ Cf. e.g. cases C-22/08 and C-23/08, Vatsouras and Koupatanze. The ECJ concludes that job-seekers have the right to equal treatment and equal access to benefits of a financial nature intended to facilitate access to employment in the labour market of a Member state. It is, however, legitimate for a member state to grant such an allowance only after it has been possible to establish a real link between the job-seeker and the labour market of that state.

get the highest benefits.²

Indexation of family benefits

The Danish trade union movement suggests the following specific proposed amendment regarding family benefits in connection with the examination of the Commission's proposal by the Council and the European Parliament:

Proposed amendment 1: Indexation of family benefits

Proposed amendment Article 1(22A) (new)

The Commission's proposal

Proposed amendment

A new subsection 2 is added to article 67:

2. Family benefits paid out by the competent member state to family members residing in another member state must be linked to costs-of-living in that state.

The European Commission shall, once a year, establish a correction coefficient for payments between the member states.

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Explanation

There are two reasons for this proposal:

The proposal is, partly, intended to counteract social dumping. In countries with high family benefits, employers often recruit workers from countries with low family benefits to very low paying jobs- far below the average wage of the host country. This allows the workers to supplement their low wages with family benefits that are 4-8 times higher than the home country. This drives the local workforce out of competition.

In addition to this, the proposal is necessary to ensure popular support for EU-schemes. This support has come under serious pressure in recent years. In countries with high family benefits, no one accepts the paying out of benefits which have a purchasing power which is eight times higher than in

² Surveys on the mobility of labour in the EU indicate that mobile workers are more likely to stay in or return to member states with "high wages" immediately upon unemployment with a view to collecting unemployment benefits there. Cf. e.g. European Commission Staff Working Document Impact Assessment SWD(2015)460, p. 45.

the country where the recipient resides. It is, ofcourse, a different story if the recipients of the benefits actually reside in the country that bears the costs.

An indexation of family benefits was part of the agreement concluded with the EU-Commission prior to the UK referendum on Brexit. The rules on indexation linked to costs-of-living are applied in relation to remuneration and pensions for EU-officials.