

The Green Paper and occupational pensions: What role for social partners?

SD Chemical

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EMCEF

➤ The European Mine, Chemical and Energy Workers' Federation

- ✓ 14 sectors including also the pulp & paper, pharmaceutical, rubber, plastic and glass sectors
- ✓ 130 national trade unions
- ✓ From 35 European countries
- ✓ 2.5 million members in the companies
- ✓ Organises both blue and white-collar workers

➤ EMCEF motion on “Pensions, retirement and lifelong work – an EMCEF policy on demography” (General Assembly July 2010)



Green Paper consultation

- The EMCEF expressed its disagreement with the consultation procedure followed
 - ✓ The social partners should have been consulted with a different weight, than that of the wide public because the subject of the consultation clearly concerns the “social policy field”
 - ✓ Indeed, a clearer role for social partners is required
 - ✓ The Green Paper did not take into consideration the role of social partners, in fact the social partners are only mentioned once



Autonomy of social partners?

- **A recent European Court of Justice ruling on pensions undermines the autonomy of social partners**
 - ✓ The ECJ (C-271/08) condemned Germany over the practice of local authority employers to award contracts for pension services on the basis of a selection laid down in collective agreements.
 - ✓ The European Commission referred Germany to the ECJ
 - ✓ The Commission considered that the award of contracts for pension services by public authority employers should be conducted with the tendering procedures required by EU public procurement law, **and not according to the selection laid down in the pension provisions of collective agreements agreed by the social partners**

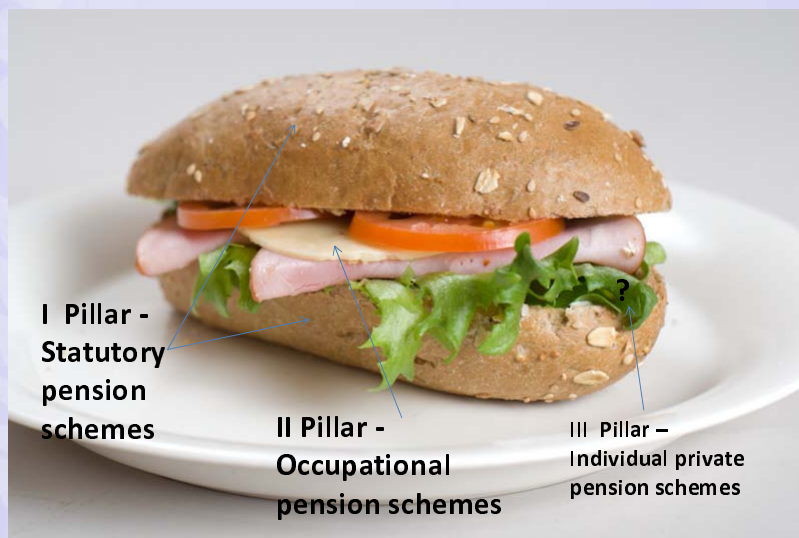


Lesson from the crisis:

- Strong 1st pillar **public pension schemes** including the 2nd pillar **occupational pension schemes** negotiated by the social partners provide the best guarantee for people to receive an adequate pension once they are retired
- Private pensions (private pension schemes in the 3rd **pillar**– in particular defined contribution, DC, systems) must continue to play a **minor role** as additional pension



Pillars of the "pension sandwich"



I Pillar -
Statutory
pension
schemes

II Pillar -
Occupational
pension schemes

III Pillar -
Individual private
pension schemes



Different pillars of the pension sandwich

- "Backbone" of the pension system are the statutory pension schemes (1st pillar)
- Occupational pensions, pension funds, are the butter and cheese and ham (2nd pillar)
- Private pensions, unfortunately, in many cases are nothing more than the "promise of roses" (3rd pillar)
 - ✓ "Don't allow anybody to nibble at your sandwich!"



Defined benefits vs. defined contributions

- The EMCEF strongly rejects the trend from defined benefits towards defined contributions which is more or less promoted in the Green Paper
- The shift from DB to DC schemes is in fact a shift of risks from the collective to the individual
- Although there is always a risk, DB entitlements are backed through the "solidarity of generations" principle and are therefore more secure than DC schemes



Administration of pension funds

- Company-based, pension funds must be financially independent from companies
- Trade unions must have real influence on the administration and investments of their members' savings whether on national or company level
- The trade unions as representatives of workers and pensioners should be in the supervisory bodies of the pension funds



Demographic ageing

- Demographic ageing is a reality that must certainly be taken into account, but not be overestimated, because it can be anticipated
 - ✓ As can be seen from the fact that the Member States did not wait for the Green Paper to adapt their retirement systems
- EMCEF strongly rejects an automatic adjustment of the retirement age based on life expectancy
- Tailor-made solutions should be carefully developed via social dialogue



The major challenge

- EMCEF has emphasized that the major challenge is not retirement age but the question of **employment**
- It is vital to facilitate **young people's** entry into the job market by offering quality jobs that will enable them to finance the public social protection system based on solidarity and to have decent pensions
- Keeping **seniors** in the employment market is of major importance and that is not happening at present, as we well know
 - ✓ The need to improve working conditions in order to allow people to work longer
- Gender equality – **gender pensions gap**



Pre-retirement

- EMCEF is also in favour of enabling workers to choose their retirement age according to their personal situation
- Pre-retirement must remain an **individual choice**
 - ✓ This is particularly true for those workers who have had a very **strenuous** working life
- Pre-retirement should be possible **without serious loss** of subsequent pensions
- On the other hand: **There must be real possibilities for those who choose to work longer**
- Additionally, pre-retirement opens the possibility to **pass employment from older workers to young ones** and in the current economic situation may play an important role in the efforts to reduce youth unemployment



The principle of subsidiarity

- The principle of subsidiarity must be respected
- Pensions are a Member State responsibility and the Commission has no general intervening competence on this topic
- In addition, the varied landscape of pensions makes “one size fits all” coordination impossible



Thank you for your attention

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