

Mr László Andor, Commissioner for Employment, Social Affairs and Inclusion
European Commission
200, Rue de la Loi
B-1049 Brussels

The European Affairs
Committee of the Danish
Parliament (Folketinget)
Christiansborg
DK-1 240 Copenhagen K
Tel. +45 33 37 55 00
Fax +45 33 32 85 36
www.ft.dk
ft@ft.dk

Statement concerning the Commission Green Paper towards adequate, sustainable and safe European pension systems – COM (2010) 365

5 November 2010

Dear Laszlo Andor,

Ref. 09-000697-4

The Labour Market Committee, the Social Affairs Committee and the European Affairs Committee of the Danish Parliament have considered the Commission's Green Paper towards adequate, sustainable and safe European pension systems – COM (2010) 365.

Contact
Thomas Fich
EU special consultant

Dir. tel. +45 33 3736 11

A majority in the committees (the Liberal Party, the Social Democratic Party, the Socialist People's Party, the Conservative People's Party and the Danish Social Liberal Party) emphasise that the issue of the adequacy of pension systems fundamentally is a political question for the individual Member State to decide on the number of people (e.g. by age, gender, earning capacity, labour market background, residence in the country, citizenship etc.) to offer pension, and how much, subject to specific requirements (e.g. period of residence in the country, own savings, employer-paid savings, etc.).

Under the present EU Treaty, the Member States have not authorised the EU to make binding decisions in relation to these political issues.
It is very important that this distribution of powers be maintained in future.

In connection with the pension providers' access to the EU's internal market, the majority point out two important issues:

As a number of citizens select pension schemes across national borders, and as a number of pension providers compete across national borders, it is important that the EU makes requirements for a high level of transparency. Among other things, it is in the best interest of the pension holder not to be lured into risky pension schemes, and both the pension holder and society in general have an interest in having pension savings which will actually be paid out when people reach the pensionable age. Furthermore, experience from the financial crisis shows that there is an urgent need to modernise the current minimum provisions concerning transparency, solidity, limited risk profile, provision of guarantees, etc.

The partial liberalisation of the pension providers in the EU must be adjusted so as to allow a country to offer tax privileges for pension contributions on the condition that the payments are made to a pension provider which is subject to Danish legislation, e.g. concerning safe investment, solidity, etc. Otherwise, you risk that the pension and the tax deduction are given in one country, while the payout is made in another and that the pension savings are invested more or less speculatively and in a risky manner. Both elements will be detrimental to the socioeconomic sustainability of the pension schemes of the respective country.

The majority also find it appropriate for the EU and the Member States to work on initiatives aimed at encouraging people to stay longer in the labour market, which may contribute to increasing the real (early) retirement age. In particular, the majority in the committees emphasise:

the need for improved EU minimum rules governing health and safety at work. This will not affect Denmark, which is generally at a higher level, but for wage earners in a number of EU countries it will result in much needed improvements.

that they agree with the Commission's deliberations concerning the efforts to provide employees with the option of increasing and maintaining their working capacity throughout their working life by offering them opportunities for supplementary training and other forms of continuous upgrading of their qualifications. Here, the majority recommend that the EU intensify its efforts by supporting the Member States through the open coordination method by means of mutual inspiration and exchange of experience, best practice, benchmarking, etc.

that they agree with the Commission that it is a good idea – one which should be given high priority – to have a European Year for Active Ageing in 2012, the aim of which is to encourage Member States, the labour market parties and others to create better opportunities and labour market conditions for keeping senior employees longer in the labour market and counter the perception of age being a handicap.

A minority in the committees (the Danish People's Party) do not believe that pension systems should be an EU concern. The national pension systems are set up very differently from country to country, and a harmonisation of pension systems is both unrealistic and unsustainable. The Danish People's Party can neither accept joint EU principles and joint EU solutions within this area, nor can the Danish People's Party accept EU supervision of the pension area. The Danish People's Party is thus of the opinion that the pension systems should strictly be subject to the governments and parliaments of the individual Member States, and recommends and encourages the EU Commission to ensure that any EU initiatives do not directly or indirectly bind the Member States.

Another minority in the committees (the Red-Green Alliance) consider it a major problem that the EU is working to increase pension provider liberalisation, thereby undermining the collective schemes. This will significantly increase the risk of pension savings being reduced as a result of speculation so that people are left with worthless pensions when they retire. If the EU wants to encourage people to stay longer in the labour market, attempts should instead be made to stop the social dumping and safeguard the right to demand that collective agreements be observed. The Red-Green Alliance also believes that pension systems should not be an EU concern. The national pension systems are set up very differently from country to country and a harmonisation of pension systems is both unrealistic and unsustainable. The Red-Green Alliance can neither accept joint EU principles and joint EU solutions within this area, nor can the Red-Green Alliance accept EU supervision of the pension area. The Red-Green Alliance is thus of the opinion that the pension systems should strictly be subject to the governments and parliaments of the individual Member States, and recommends and encourages the EU Commission to ensure that any EU initiatives do not directly or indirectly bind the Member States.

Anne-Marie Meldgaard
Chairman of the European Affairs
Committee of the Danish Parliament
(Folketinget)