



1 March 2011

MEETING BETWEEN MR SANDOR CZOMBA, HUNGARIAN MINISTER FOR EMPLOYMENT AND PHILIPPE DE BUCK, DIRECTOR GENERAL OF BUSINESSEUROPE

BUDAPEST, 1 MARCH 2011

The 7 March Employment and Social Affairs Council will discuss a series of issues which are of key concern to BUSINESSEUROPE. They include in particular:

- The Annual Growth Survey and the European Semester
- Posting of Workers
- The Green Paper on Pensions

European Semester, Annual Growth Survey

- BUSINESSEUROPE welcomes the focus on “an employment friendly recovery” and “more opportunities for youth” chosen by the Hungarian presidency for its Presidency of the Council.
- The 75% Europe 2020 employment rate target is crucial. European companies would like to see pressure put on Member States to adopt more ambitious employment rate targets in order not to fall short of the 75% target
- BUSINESSEUROPE broadly agrees with the four measures in the Annual Growth Survey targeting the functioning of European labour markets and social protection systems. We ask the Hungarian Presidency to ensure that these are reflected in the country-specific guidelines to be adopted in June.
 1. Making work more attractive ;
 2. Reforming pensions systems ;
 3. Getting the unemployed back to work ;
 4. Balancing security and flexibility ;
- However, the idea to introduce a “single open-ended contract” goes against the Commission and Council’s approach to flexicurity. Gradually increasing the level of protection until the level of permanently employed workers is reached would only increase overall labour market rigidity. This proposal also underestimates the importance of a diversity of contractual arrangements.
- Social partners need to be closely associated to the new framework for macroeconomic governance. Wage policies in particular are of critical importance for social partners because this is their area of competence. BUSINESSEUROPE asks the Hungarian Presidency to underline the



importance of wage flexibility (including the abolition of automatic wage indexation mechanisms) in the preparation of the Council conclusions.

Posting of workers

- BUSINESSEUROPE supports the development of “an electronic exchange system facilitating the administrative cooperation in the framework of the posting of workers Directive”. Better information is instrumental to ensure a greater level of compliance with the directive.
- The Council should not touch upon the minimum requirements foreseen in the directive with respect to posted workers. Instead it should find ways to improve the enforcement of the directive in practice without creating additional administrative burdens for companies. BUSINESSEUROPE stands ready to contribute to this debate.

Green paper on pensions

- Further reforms of pension systems are needed, including raising the retirement age and where appropriate abolishing early retirement schemes..
- BUSINESSEUROPE is opposed to additional solvency rules (Solvency II) for pension funds. This will raise the cost for companies providing such schemes to their employees, deterring them from doing so. There is no need to create a level playing field with insurance companies by introducing similar solvency rules for pension funds. Pension funds operate differently, as part of the benefit plan with employees, often part of a collective agreement.
- The design of pension schemes is specific to the individual company or sector and should be managed at that level. It is for each member state to adequately protect pension plan members. The EU can help possibly through guidelines or common objectives.
- With respect to the issue of mobility, the issue is not so much whether mobile people can transfer the pension benefits they have already gained in another country or company, but that they have access to them once they retire. The EU could help by providing guidance on national tracking services.

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