The Honourable Member asks about problems connected with Dutch rules on pensions for frontier workers.

It is not clear to the Commission whether the pensions to which the Honourable Member refers are those provided by the social security system or are supplementary/private pensions.

In the field of social security pensions, Regulation (EC) No 1408/71(1) sets out a system of co-ordination of social security systems for people who move between the Member States, so that they will not be disadvantaged because they have exercised their right to free movement. The social security contributions a person has paid in one Member State are not transferred to his or her social security contributions in another Member State. Rather, the Regulation provides that a person will receive an old age pension from each of the Member States where he or she has been insured for more than 12 months.

The Commission considers that the Community rules on the co-ordination of social security systems adequately protect people who move between the Member States. However, to improve this protection further, the Commission proposed a modernisation and simplification of Regulation (EEC) No 1408/71 in 1998, and it is hoped that this proposal will be adopted by the end of 2003.

Turning to supplementary pensions, the Commission is very much aware of the problems the present lack of 'portability' can create in the field of free movement of workers, a fundamental right under the Treaty. In this respect it should be recalled, that Council Directive 98/49/EC of 29 June 1998 safeguards the supplementary pension rights of employed and self-employed persons moving within the Community(2) only in certain circumstances and under certain conditions. The Commission is currently consulting the social partners on whether it would be appropriate to follow up this Directive with a second instrument aimed at the portability of supplementary pensions. Before considering what further action is appropriate and necessary, the Commission will await the outcome of this consultation.

In addition, contributors to supplementary or private pensions may encounter tax obstacles where their pension schemes are administered by an organisation in a Member State other than that in which they reside. The Commission issued a communication on these problems in 2001(3). It is currently examining the compatibility with Community law of rules applied by a number of Member States.

agency, IKA. However, the application procedure via the IKA is lengthy — two-year waiting periods are common. Any entitlement to a Greek old-age pension has no bearing on the level of the pension to be awarded in the Netherlands.

1. Does the Commission share my view that the procedure outlined above is unnecessarily cumbersome and time-consuming and thus poses a threat to the financial security of retired persons?

2. In procedural terms, would it not be better if the application for an old-age pension could be submitted directly to the Netherlands social insurance agency, SVB? If so, why is this not possible? If not, what are the arguments against such a procedure?

3. To what extent does the Commission see this as a restriction on the free movement of workers?

Answer given by Mrs Diamantopoulou on behalf of the Commission

(12 August 2003)

The Commission would inform the Honourable Member that Community social security regulations, namely Regulation (EEC) No 1408/71 of the Council of 14 June 1971 on the application of social security schemes to employed persons and their families moving within the Community (1), and Regulation (EEC) No 574/72 of the Council of 21 March 1972 fixing the procedure for implementing Regulation (EEC) No 1408/71 (2), do not envisage the harmonisation of Member States’ social security systems but merely the coordination of the Member States’ national systems in order to enable European citizens to enable European citizens to fully exercise their right to move freely between Member States. The Member States thus remain free to organise their social security systems. However, Community regulations have laid down a series of rules and principles that Member States must respect when exercising their own powers. Regulation (EEC) No 574/72 states that applications for a pension must be submitted to the competent institution of the State of residence. If an applicant has worked and was insured in two or more Member States the competent institution of the place of stay will then forward the application to the competent institution of each Member State in which the applicant was insured. The objective of this procedure is to prevent migrant workers from having to make a separate application for a pension in each Member State where they have worked, and to enable the institution of the place of stay to coordinate the processing of the dossier by all of the institutions involved. However, if the applicant has never worked in the Member State in which he resides, he can apply to the institution of the Member State where he was last insured.

Pension applications from migrant workers must be processed by the competent institutions within a reasonable period of time so that those involved can enjoy the benefits to which they are entitled. In this context, Article 50 of Regulation (EEC) No 574/72 provides for a series of measures to speed up processing of pension applications by the competent institutions and the transmission of applications between institutions of several Member States. Decision No 118 of the Administrative Commission on Social Security for Migrant Workers (3) specifies the conditions of application of this article. Among other provisions, this enables a pension application to be made one year before the person involved reaches pensionable age, so that a complete dossier can be compiled as soon as possible. Furthermore, the Administrative Commission is currently examining a proposal for a decision intended to modernise and simplify the cooperation procedures of the competent institutions of the Member States in order to improve and speed up the processing of pension applications.

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