

**João Antonio Felicio**

President  
Président  
Präsident  
Presidente

**Sharan Burrow**

General Secretary  
Secrétaire générale  
Generalsekretärin  
Secretaria General

**Government of the Republic of Croatia**

Mr. Andrej Plenković, Prime Minister  
predsjednik@vlada.hr

**Ministry of Labour and Pension System**

Mr. Marko Pavić, Minister  
e-mail: kabinet@mrms.hr

Brussels, 17 October 2018

**The ITUC urges the Government of Croatia to reconsider planned pension reforms**

Dear Prime Minister,

I am writing on behalf of the International Trade Union Confederation, representing 207 million workers globally, to call on the Government of Croatia to reconsider its current plans to reform the pension system in Croatia without the constructive engagement of social partners.

The ITUC's Croatian trade union affiliates have pointed out that the forthcoming pension reforms have been decided without genuine consultation and negotiation with unions, who were explicitly informed by government officials that there was no room for negotiation on the planned reforms.

Unions have serious concerns with regard to the negative impacts of the pension reforms. While the stated intention of the reforms is to bring greater financial suitability to the pension system and encourage greater participation of older workers in employment, in practice they will likely come to the detriment of income security for many of Croatia's current and future pensioners.

Although life expectancy has risen slightly in Croatia in recent years, the projections show that it will not be at the average EU level by the end of this century and healthy life expectancy in Croatia remains among the lowest in the European Union – standing at 58 years for women and 57 years for men. It is therefore unacceptable that the proposed pension reform seeks to raise the retirement age to 67 years of age. Such an increase is unrealistic and will unfairly penalise the many workers who will not be physically equipped to work until this age. It should moreover be pointed out that Article 26 of ILO Convention 102 on Social Security, which Croatia has ratified, sets out that the prescribed age for old age benefits shall not be higher than 65 without due regard to the working ability of elderly persons.

Such reforms will also likely further exacerbate poverty among pensioners. Nearly 30% of the elderly population in Croatia is already at risk of poverty and social exclusion, according to the European Commission's 2018 Pension Adequacy Report. By significantly raising the contribution requirements to such unrealistic levels, many more workers will not be capable of acquiring rights to a full pension – thereby further weakening the capability of the pension

system to provide sufficient income security to allow pensioners to live in dignity.

Unions are moreover opposed to planned provision to reduce funds for the first pillar pension due to increasing payments to second pillar. As outlined in ILO Recommendation 202, the state has the overall and primary responsibility to ensure basic income security for those in old age. It is unacceptable that the government of Croatia is considering to reduce the financing base of the first pillar, whose redistributive elements ensure certain minimal safety net, for the sake of increasing payments to the second pillar, which can't fulfil this function.

The government of Croatia must instead ensure that the first pillar of the pension system remains adequate and able to ensure intergenerational solidarity.

This is why unions are calling on the government to reconsider the reforms, with the retirement age set at 65. They are moreover calling for the possibility for full retirement at 60 years of age combined with 41 years of contributions, and are calling for the sanctioning of employers who force workers to retire early. Unions also call for the so called 'privileged pensions', such as those for former MPs and war veterans, to be separated into a separate fund, rather than subsidised through workers' pension funds, and harmonised with the general rules for retirement in order to ensure fair conditions for all. Such reforms would simultaneously bring greater financial sustainability to the system while providing crucial protections for older workers in the labour force and helping to ensure that first pillar pensions remain adequate and fair.

Unions intend to protest the planned reforms on 20 October and bring widespread public attention to the disastrous consequences such provisions will have on workers and their livelihoods. The ITUC will stand in solidarity with unions and ensure international visibility to this issue.

In advance of this activity, the ITUC sincerely hopes that the government will reconsider these reforms and engage in meaningful dialogue with social partners on how to ensure both financial sustainability and adequacy of the current pension system, in order for it to better meet the needs of current and future pensioners.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'A. B.', written in a cursive style.

General Secretary