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Eurostat Report on the intermediate update of remuneration and pensions of EU officials

In accordance with the Articles 64, 65 and Annex XI of the Staff Regulations applicable to officials and other servants of the European Union

Reference period: 1 July 2023 – 1 January 2024

EN

Eurostat Report on the intermediate update of remuneration and pensions of EU officials

SPECIFIC INDICATORS; CONTROL INDICATORS; JOINT BELGIUM-LUXEMBOURG INDEX; CORRECTION COEFFICIENTS FOR INTRA-EU STAFF; CORRECTION COEFFICIENTS FOR PENSIONERS

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Methodology to establish the statistical indicators required to implement the parallelism and equivalence principles set out in the EU Staff Regulations is developed by Eurostat in collaboration with the Expert Working Group on Articles 64 and 65.

Where possible, Eurostat collaborates on data production with the United Nations International Civil Service Commission and the International Service for Remunerations and Pensions of the Coordinated Organisations under a trilateral memorandum of understanding.

This report has been prepared by the Remuneration Team within Eurostat C3 Statistics for administrative purposes: the Editor-in-chief was Ian Dennis.

EXECUTIVE SUMMARY

This is the eleventh intermediate report which is prepared under the EU Staff Regulations as amended by Regulation 1023/2013.

The Eurostat report on the 2023 annual update of remuneration and pensions was prepared and transmitted in October $2023(^{1})$. In accordance with the adoption procedure in the Staff Regulations, the definitive update applicable with effect from July 2023 was published in the Official Journal(²).

This intermediate report presents all the information required for consideration whether an intermediate update of remuneration and pensions in Belgium/Luxembourg and in other places is required, namely:

- evolution of the purchasing power of national officials (global specific indicator forecast);
- changes in the cost of living in Belgium and Luxembourg (Joint Index);
- correction coefficients for Intra-EU staff and pensioners(³).

The specified threshold to trigger an intermediate update is a movement in purchasing power parity of $\pm 3.0\%$ or more for the six-month period 1 July – 1 January(⁴).

For the period 1 July 2023 - 1 July 2024 the forecast global specific indicator (average change in real net remuneration in the sample of 10 countries) is 103.3 (+3.3%). As this forecast is positive, half of it does not have to be taken into account for any intermediate update. Details are provided in *Appendix One*.

Note: for the measurement of changes in the cost-of-living index and correction coefficients, the reference is to the data situation at the first of each month (e.g. 1 January 2024), which in practice means the situation for the preceding month (e.g. December 2023).

For the period 1 July 2023 - 1 January 2024 the Joint Index (change in the cost of living measured for the EU officials) is 103.0 (+3.0%). Details are provided in <u>Appendix Two</u>, together with comparative information. This change is <u>equal</u> to the specified threshold. In consequence, a general intermediate update of the nominal remuneration of active European officials and pension of retired European officials is required in Belgium and Luxembourg at 1 January 2024.

The general intermediate adjustment is equal to the six-month Joint Index, i.e. 103.0 (+3.0%), as the Global Specific Indicator forecast is positive and therefore it is not taken into account for the calculation of the intermediate update.

The correction coefficients which should apply to remuneration of active staff outside Brussels and Luxembourg in order to maintain equality of purchasing power at 1 January 2024 are provided in *Appendix Three*.

The correction coefficients which should apply to the pensions of retired staff outside Belgium and Luxembourg in order to maintain equality of purchasing power at 1 January 2024 are provided in *Appendix Three*.

^{(&}lt;sup>1</sup>) See document Ares(2023)7336768 dated 27.10.2023.

^{(&}lt;sup>2</sup>) See communication C/2023/1544 dated 14.12.2023 for Intra-EU staff and pensioners (and communication C/2023/1546 dated 14.12.2023 for Extra-EU staff).

^{(&}lt;sup>3</sup>) Intermediate correction coefficients for Extra-EU staff are presented in a separate report because there are additional rules under Annex X of the Staff Regulations (notably, a different sensitivity threshold applies, and monthly variations are required rather than the six-monthly variation).

⁽⁴⁾ Equivalent to $\pm 6.0\%$ for the year 1 July – 1 July.

The implicit index for each location is the product of the Joint Index and the change in the economic parities for that location. For active staff, this does exceed the specified threshold in 2 Intra-EU duty station locations (however, as there will be a general intermediate update, the CC presented in the Appendix will apply directly for all locations).

The corresponding movement in the implicit index for pensioners does exceed the specified threshold in 1 of the EU Member States (however, as there will be a general intermediate update, the CC presented in the Appendix will apply directly for all locations).

A table with the computed values for the intermediate update at 1 January 2024 for active Intra-EU staff and for pensioners is shown in <u>Appendix Four</u>.

The general intermediate adjustment will apply with effect from 1 January 2024, and the correction coefficients at January 2024 will apply in all locations.

The implicit indices do not exceed the trigger thresholds in the High Inflation Clause thus there will be no earlier payment in any location for active staff, or in any country for pensioners.

On the basis of the available information at the time of drafting this report(⁵), it currently seems likely that the Exception Clause will not apply for the 2024 exercise. It also currently seems likely that the Exception Clause was correctly implemented for the 2023 exercise and that no retroactive correction is therefore required to the July 2023 annual update. These preliminary assessments will be confirmed in the annual report.

By contrast, on the basis of the available information at the time of drafting this report(⁶), it currently does seem likely that the Moderation Clause will apply for the 2024 exercise. Thus, the amount of the GSI component of the residual update in July will be split into two elements: (a) 2%, payable with effect from 1 July 2024, and (b) the balance, payable with effect from 1 April 2025.

The specific indicator forecasts are based on information provided by responsible authorities in the Member States - in the absence of a specific data transmission, official forecast by DG ECFIN is used (for the current exercise, for salary data that is only the case for Greece, and for inflation data that is the case for Ireland, Greece, Malta, Austria and Slovenia). With the exception of the information about staff numbers in Brussels and Luxembourg obtained from Commission internal services and consumption expenditure pattern data compiled by direct survey of staff, all other figures and calculations contained in this report are based on data supplied by the responsible authorities in the Member States.

Note: The United Kingdom left the EU with effect 1 February 2020 and is now a 'third country'. The transition period introduced by the 'withdrawal agreement' expired with effect 31 December 2020. Consequently, the UK is no longer included in the core sample of Member States for specific indicator calculation purposes (the remaining sample continues to represent at least 75% of the remaining EU27 gross domestic product). Similarly, the UK is not included for the calculation of correction coefficient values for active Intra-EU staff (it is included in a separate intermediate report for active Extra-EU staff(⁷)). By contrast, the UK continues to be included for the calculation of correction coefficient values for pensioners residing in the UK(⁸).

^{(&}lt;sup>5</sup>) DG ECFIN winter 2024 forecast of GDP growth in real terms.

^{(&}lt;sup>6</sup>) The forecast GSI for 12 months.

^{(&}lt;sup>7</sup>) Results package covering period August 2023-January 2024 (Note: Ares(2024)____ reference not yet available as produced in parallel to this report).

⁽⁸⁾ Note: only relevant for pension rights acquired prior to May 2004

Purely for information purposes, this report presents an advance forecast of the Joint Index for the six months to July 2024 (<u>*Appendix Five*</u>), 100.1 (+0.1%) and a preliminary estimate of the residual annual update for six months to July 2024, 103.1 (+3.4%) and the total annual update for twelve months to July 2024, 106.5 (+6.5%). It also includes extrapolated values for PPP at July 2024 for Intra-EU staff and for Pensioners (<u>*Appendix Six*</u>).

More information on methodology, detailed results and statistical analysis is available in the annexes to this report and detailed procedural manuals(⁹). For any information concerning this report, please contact Eurostat in Luxembourg:

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⁽⁹⁾ Document A6465/14/26rev6 methodology for the calculation of Specific Indicators (version March 2024); document A6465/14/58rev2 methodology for the calculation of the Joint Index (version March 2020); document A6465/14/59rev5 methodology for the calculation of Intra-EU correction coefficients (version February 2022).

1. Introduction

This is the eleventh intermediate report covering Intra-EU locations which is prepared under the EU Staff Regulations as amended by Regulation 1023/2013.

The Eurostat report on the 2023 annual update of remuneration and pensions was prepared and transmitted in October $2023(^{10})$. In accordance with the adoption procedure in the Staff Regulations, the definitive update applicable with effect from 1 July 2023 was published in the Official Journal(¹¹).

Under the Staff Regulations, an intermediate update is made where the cost of living measured in Belgium and Luxembourg (i.e. the Joint Index) or the cost of living measured in any individual duty station outside Belgium and Luxembourg (i.e. implicit index, being the combined impact of the Joint Index and the change in the local purchasing power parity relative to Brussels) exceeds a specified threshold. This threshold is set at $\pm 6\%$ for the year, interpreted as half of that value for six months (i.e. $\pm 3\%$) by a decision of the Articles 64&65 Working Group in April 2005. It is therefore necessary to compute the Joint Index for the period June-December (i.e. 1 July-1 December) and the Staff and Pensioner PPPs at December (i.e. 1 January) and identify whether these exceed the specified threshold. This document summarises the result of those calculations.

The Staff Regulations also provide that if the global specific indicator forecast (the movement in net remuneration of national civil servants in real terms) for the year to 1 July is negative, half of this amount has to be taken into account for the intermediate update calculation. It is therefore necessary to compile and validate these forecasts for the period 1 July-1 July. This document also summarises those results.

^{(&}lt;sup>10</sup>) Op.cit.(1) See document Ares(2023)7336768 dated 27.10.2023.

^{(&}lt;sup>11</sup>) Op.cit.(2) See communication C/2023/1544 for Intra-EU staff and pensioners (and communication C/2023/1546 for Extra-EU staff).

2. Global specific indicator forecast to July 2024

Forecasts were requested by Eurostat from responsible authorities in Member States in January 2024. Comparative data was compiled from available sources during February and March. A preliminary estimate of the global indicator forecast (weighted average of individual country values in the sample of 10) was computed according to the agreed methodology and presented to the Articles 64&65 Working Group in March $2024(^{12})$.

The value of the forecast global specific indicator for the core sample was finalised shortly thereafter to be 103.3 (+3.3%) for the core sample, 104.1 (+4.1%) for the remaining 17 Member States, and 103.5 (+3.5%) for the EU27 as a whole. Further information can be found in <u>Appendix</u> <u>One</u>.

As this global specific indicator forecast is positive, half of it does not have to be taken into account for any intermediate update.

^{(&}lt;sup>12</sup>) Virtual meeting via Webex.

3. The Joint Index, 1 July 2023 – 1 January 2024 (i.e. June-December 2023)

The 1 July 2023 - 1 January 2024 (i.e. June 2023 - December 2023) index was computed by Eurostat according to the agreed methodology, using information about the evolution of consumer prices at detailed level provided by the relevant Belgian and Luxembourgish national authorities and information about numbers of staff in Belgium and Luxembourg provided by internal Commission services, and then applying aggregation weights from the most recent survey of household expenditure conducted by Eurostat amongst staff(¹³).

A preliminary estimate was presented to the Articles 64&65 Working Group in March 2024. The value of the joint index was finalised shortly thereafter to be 103.0 (i.e. +3.0%) for the six-month period. This variation equals the specified threshold ($\pm 3.0\%$). In consequence, a general intermediate update of the nominal remuneration of active European officials and pension of retired European officials in Belgium and Luxembourg is required. The updated nominal remuneration and pension will then apply for all other locations.

Further information about the calculation can be found in <u>Appendix Two</u>.

^{(&}lt;sup>13</sup>) Solely the weights for Brussels have been used.

4. Calculation of the Intermediate Update

Per <u>section 2</u>, for the period 1 July 2023 - 1 July 2024, the forecast Global Specific Indicator (GDP-weighted average of the change in real terms of the net remuneration of national civil servants in central government for each Member State in the sample of 10) is +3.3%.

|--|

As this is positive, it does not have to be taken into account for any intermediate update.

Per <u>section 3</u>, over the period 1 July 2023 - 1 January 2024 (i.e. June 2023 to December 2023), the Joint Index (cost of living for EU officials) was +3.0%.

JBLI = 103.0

This is equal to the threshold. In consequence, a general intermediate update of the nominal net remuneration of active EU officials and pensions of retired EU officials is required *in Belgium and Luxembourg*.

As the GSI is positive i.e. the intermediate update is not calculated as the product of the GSI and the JBLI, but is equal to the JBLI.

Calculation of the general intermediate update for the six months to 1 January 2024

$$\frac{100.0 \times 103.0}{100} = 103.0$$

The intermediate update of nominal net remuneration of EU officials *outside Brussels and Luxembourg* which would normally be necessary to maintain parallel development of purchasing power(14), is therefore also +3.0%, unless there is a change in the economic parities.

For active staff, the total change in nominal net remuneration of EU officials *outside Brussels and Luxembourg* is measured by the combination of the general intermediate update and the change in the bilateral economic parities with Brussels for the Intra-EU duty station concerned per <u>section 5</u>. This is equivalent to the product of the GSI and the implicit index.

^{(&}lt;sup>14</sup>) Before taking any change in the pension contribution rate and/or the special levy into account.

Calculation of the general intermediate update for the six months to 1 January 2024, outside Brussels and Luxembourg



For pensioners, the total change in nominal net pension of retired EU officials *outside Belgium and Luxembourg* is measured by the combination of the general intermediate update and the change in the bilateral economic parities with Belgium for the Member State concerned per <u>section 6</u>. This can be calculated in the same way as for active staff.

5. PPP for active staff at 1 January 2024

The aggregate PPP for Intra-EU staff at 1 January 2024 (i.e. December 2023) for each duty station was computed according to the agreed methodology. In other words, the individual basic heading PPPs established for 1 July 2023 (i.e. June 2023) were updated using for each basic heading the movement in relevant HICP sub index between June and December for each duty station relative to the movement of the corresponding Joint Index sub index for the same period. The results (i.e. updated parities at basic heading level) were then aggregated using the weights from the most recent Family Budget Survey amongst staff (same structure as used to establish the 1 July 2023 results). The results were presented to the Articles 64&65 Working Group in March 2024.

Further information about these aggregate PPP for Intra-EU staff can be found in <u>Appendix Three</u>.

When comparing the 1 January 2024 PPP values to the 1 July 2023 values, the simple average change in the duty station PPPs is -2.1%. This masks a variation between -4.5% (for SI-Ljubljana) and +0.2% (for PL-Warsaw and RO-Bucharest). The PPP change for twenty-five locations is negative, and for the remaining two locations, it is positive. Brussels = Luxembourg = zero.

If there is no general intermediate update, then when the 'implicit index' (i.e. combination of the JBLI evolution and the change in the PPP) exceeds the threshold specified in the Staff Regulations ($\pm 3.0\%$), a specific intermediate update is applied to the nominal remuneration of EU officials in the duty stations concerned, by adjusting the CC as follows:

CC_{intermediate} = CC_{January} x [JBLI_{Jun-Dec} x ½ GSI (if negative)] = ??.? x [103.0 x 1.0]/100 = ??.? x 1.03

There are two Intra-EU duty stations outside Brussels and Luxembourg, which have an implicit price index exceeding the specified threshold for the period. In consequence, a specific intermediate update would normally be required for these places.

However, this year there will be a general intermediate update, thus the CC presented in <u>Appendix Three</u> will apply directly for all locations.

The combined total impact of the general intermediate update and the change in the PPPs is shown in *Appendix Four*.

6. PPP for pensioners at 1 January 2024

The aggregate PPP for pensioners at 1 January 2024 (i.e. December 2023) for each Member State was also computed according to the agreed methodology, taking the updated individual basic heading PPPs established for Intra-EU Staff at 1 January 2024 (i.e. December 2023) for the capital city, and applying the same adjustment to convert rents from capital city price level to national average price level as was used for the 1 July 2023 (i.e. June 2023) calculation. The updated parities are then aggregated using the weights from the most recent Family Budget Survey amongst pensioners (same structure as used to establish the 1 July 2023 results). The results were presented to the Articles 64&65 Working Group in March 2024.

Further information about these aggregate PPP for pensioners can be found in Appendix Three.

When comparing the 1 January 2024 PPP values to the 1 July 2023 values, the simple average change in the country PPPs is -2.0%. This masks a variation between -4.0% (for Slovenia) and +0.2% (for Romania). The PPP change for one country is positive, and for the remaining twenty-four countries, it is negative. Belgium = Luxembourg = zero.

If there is no general intermediate update, but the 'implicit index' (i.e. combination of the JBLI evolution and the change in the PPP) exceeds the threshold specified in the Staff Regulations ($\pm 3.0\%$), then a specific intermediate update is applied to the nominal pensions of pensioners residing in the Member States concerned, by adjusting the CC in similar manner as for staff.

There is one EU Member State outside Belgium and Luxembourg which has implicit price index exceeding the threshold for the period. In consequence, a specific intermediate update would normally be required for this country.

However, this year there will be a general intermediate update, thus the CC presented in the Appendix will apply directly for all locations.

The combined total impact of the general intermediate update and the change in the PPPs is shown in Appendix Four.

7. Application of the high inflation clause

In accordance with Article 8 of Annex XI to the Staff Regulations, the effective dates for the intermediate update of remuneration and pensions shall be:

(a) 16 November for places of employment having an inflation rate higher than 6 %, and

(b) 1 November for places of employment having an inflation rate higher than 10 %.

Table: Application of the high inflation clause on the basis of implicit indices, for staff

The mini-table below summarises the implicit indices for Intra-EU staff in duty stations outside Brussels, for the six-month period to 1 January 2024 (see <u>Appendix Three chapter 5</u> for details):

Range	No.	
$-3\% \le x < 0\%$	5	EE, IT ^{Rom} , IT ^{Var} , LV, SI
$0\% \le x < 3\%$	20	BG, CZ, DK, DE ^{Ber} , DE ^{Mun} , IE, EL, ES, FR, HR, CY, LT, HU, MT, NL, AT, PT, SK, FI, SE
$3\% \le x < 6\%$	2	PL, RO
$6\% \le x < 10\%$	0	-
$10\% \le x$	0	-
	27	Excluding BE and LU

Table: Application of the high inflation clause on the basis of implicit indices, for pensioners

The mini-table below summarises the implicit indices for Pensioners residing in EU Member States (+ United Kingdom) outside Belgium, for the six-month period to 1 January 2024 (see *Appendix Three chapter 5* for details):

Range	No.	
$-3\% \le x < 0\%$	4	EE, LV, LT, SI
$0\% \le x < 3\%$	20	BG, CZ, DK, DE, IE, EL, ES, FR, HR, IT, CY, HU, MT, NL, AT, PL, PT, SK, FI, SE
$3\% \le x < 6\%$	1	RO
$\frac{6\% \le x <}{10\%}$	0	-
$10\% \le x$	0	-
	25	Excluding BE and LU

Note: CC for pensioners are only applied if the CC value is below 100.

It can be seen from the tables above, that the High Inflation Clause is not triggered for any location.

8. Joint Index forecast to 1 July 2024 and preliminary estimate of the Annual and Residual Update

An advance forecast of the movement in the Joint Index can be estimated in various ways, depending on the information which is available.

The methodology approved by the Articles 64&65 Working Group reflects the inflation forecasts validated by Belgium and Luxembourg for the twelve-month reference period (see <u>Appendix One</u>) and the measured JBLI calculation for the first six-month period (see <u>Appendix Two</u>). This gives a twelve-month movement in the JBLI of +3.1%.

The foregoing advance forecast of the JBLI movement for the twelve months to 1 July 2024 can be combined with the global specific indicator forecast from <u>section 3</u>, to produce an advance forecast of the annual update as follows:

Preliminary estimate of the annual update for the twelve months to 1 July 2024

$$\frac{103.3 \times 103.1}{100} = 106.5 \ (+6.5\%)$$

The foregoing advance forecast should be interpreted with caution as precise remuneration values will only be established via the definitive annual data collection exercise and the precise calculation of the JBLI. These will only be possible with availability of statistics later in the year. The definitive values compiled subsequently may legitimately differ from initial forecasts if new information becomes available. In particular, (i) some Member States may be considering pay adjustments for national civil servants which, because of uncertainties about their timing and/or magnitude, are for reasons of prudence not included in the current forecasting exercise, and (ii) the uncertain economic environment may mean that measured inflation differs from forecast inflation.

By combining the advance forecast for the twelve months and the calculated intermediate adjustment, it is possible to identify an advance forecast of the residual annual update for the second six-month period to 1 July 2024, as summarised in the following table.

Table: Summary of intermediate adjustment a	and advance forecast of a	annual and residual
updates		

	[1]		[2]		[3] = [2] / [1]	
	Intermediate		Annual (total)		Annual (residual)	
GSI forecast	na	na	103.3	+3.3%	103.3	+3.3%
JBLI	103.0	+3.0%	:	:	:	:
JBLI forecast	:	:	103.1	+3.1%	100.1	+0.1%
=> total update	103.0	+3.0%	106.5	+6.5%	103.4	+3.4%

An advance forecast of the values of the economic parities and correction coefficients has been made for staff and for pensioners, by extrapolating the values established at 1 January 2024 forwards to 1 July 2024, using the available HICP forecasts and JBLI forecast. The results are presented in <u>Appendix Six</u>.

These results should be interpreted with caution, as the precise calculation will only be possible with availability of statistics later in the year.

9. Potential application of Exception clause for next Annual Report

In accordance with Article 11 of Annex XI to the Staff Regulations, if the value of the specific indicator is positive, but there is a decrease in the EU total gross domestic product for the current year according to the latest available forecast produced by the Commission, then only part of the specific indicator shall be used to calculate the annual update at 1 July and the remainder shall be delayed.

Four scenarios are therefore possible:

GDP evolution 1 July 1 April Cumulative*							
$0\% \le X$ 100% 0% 0%							
$-1.0\% \le X < 0\%$	$-1.0\% \le X < 0\% \qquad 33\% \qquad 67\% \qquad 0\%$						
$-3.0\% \le X < -1.0\%$ 0% 100% 0%							
X < - 0% 0% 100%							
* 1 July in year when cumulative GDP is again positive							

The Winter European Economic Forecast issued by DG ECFIN on 15^{th} February $2024(^{15})$ projected that, the EU was set to experience a delayed rebound in growth amid faster easing of inflation. According to the Winter Forecast, the estimated GDP growth for the EU27 as a whole in real terms is expected to be positive (+0.9%) for 2024, and again positive (+1.7%) in 2025.

At the time of drafting this report, the Spring European Economic Forecast has not yet been issued by DG ECFIN: this is expected during May 2024.

Consequently, on the basis of the Winter Forecast, it currently seems unlikely that the Exception Clause will apply for the 2024 exercise.

^{(&}lt;sup>15</sup>) <u>Winter 2024 Economic Forecast: A delayed rebound in growth amid faster easing of inflation - European</u> <u>Commission (europa.eu)</u>

10. Review application of Exception Clause from previous Annual Report

In accordance with Article 11 of Annex XI to the Staff regulations, if there is a gap between the forecast of GDP growth used in the annual report for the previous year and the final GDP data for that calendar year, which would modify the original assessment whether the exception clause should have applied, a retroactive adjustment should take place.

In the 2023 annual report(¹⁶), the assessment was made that the exception clause did <u>not</u> apply for the 2023 exercise. The basis for that assessment was the summer forecast issued by DG ECFIN on 11 September 2023, which predicted that GDP for the EU as a whole would increase by +0.8% for 2023 and by +1.4% in 2024.

A first estimate of the real GDP growth rate (percentage change on previous year) for the EU27 as a whole for calendar year 2023 was published in February 2024 ('T+2') (¹⁷). This indicates positive growth of +0.4%. This preliminary statistic will be confirmed by Eurostat when preparing the annual report, using information available in October 2024 ('T+9').

On this basis, it currently seems likely that the (non-application of the) Exception Clause was correctly implemented for the 2023 exercise, and that no retroactive correction is required to the annual update which was established for the 2023 exercise.

^{(&}lt;sup>16</sup>) Op.cit.(1) Annual report for July 2023 exercise Ares(2023)7336768

^{(&}lt;sup>17</sup>) Eurobase table TEC00115 'Real GDP growth rate' (using data from table NAMA_10_GDP 'GDP and main components')

11. Potential application of Moderation Clause for next Annual Report

In accordance with Article 10 of Annex XI to the Staff Regulations, if the value of the specific indicator exceeds an upper limit of +2% or is below a lower limit of -2%, then the value of the limit shall instead be used to establish the annual update which applies with effect from 1 July – and the remainder of the annual update shall be applied with effect from 1 April.

To assess whether the Moderation Clause will be applicable for the 2024 Annual Report to be published later this year, the preliminary estimate of the annual update is used (see <u>section 8</u> of this report).

The residual forecast global specific indicator value for the current exercise (+3.3%) falls outside the $\pm 2\%$ boundaries for application of the Moderation Clause. The moderation clause is therefore likely to apply and, other things being equal, the full calculated value of the residual annual update should not be used with effect from 1 July 2024, but should instead be split into two elements.

	[1]		[2]		[3] = [2] / [1]	
	Residual (total)		From 1.7.2024		From 1.4.2025	
GSI forecast	103.3	+3.3%	102.0	+2.0%	101.3	+1.3%
JBLI forecast	100.1	+0.1%	100.1	+0.1%	-	-
=> total update	103.4	+3.4%	102.1	+2.1%	101.3	+1.3%

Table: Potential application of moderation clause to residual annual update

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Appendix ONE:

Global specific indicator forecast (details)

1. STEPS TO PRODUCE GSI FORECAST

Article 1.4 of the Annex XI says that to establish a global specific indicator for the European Union, Eurostat shall use a sample composed of the following 11 Member States: Belgium, Germany, Spain, France, Italy, Luxembourg, the Netherlands, Austria, Poland, Sweden and the United Kingdom. The United Kingdom left the EU with effect 1 February 2020 and is now a 'third country'. The transition period introduced by the 'withdrawal agreement' expired with effect 31 December 2020. Consequently, the UK is no longer included in the core sample of Member States for specific indicator calculation purposes. The remaining sample continues to represent at least 75 % of the remaining EU27 gross domestic product (GDP).

For the intermediate update, data was requested in January 2024(¹⁸) from the above-mentioned 10 Member States about the expected changes in net remuneration in nominal terms, between 1 July 2023 and 1 July 2024, together with similar information for the remaining 17 Member States. Where these forecasts are not available, Eurostat or DG ECFIN estimates are used instead: for the current exercise that is the case for 1 Member State (Greece).

National estimates of expected movements in the harmonized consumer price indices (inflation rates) during the period June 2023 to June 2024 (i.e. 1 July-1 July) have been used to transform nominal changes in the remunerations into movements in real terms. Where these forecasts are not available, Eurostat or DG ECFIN estimates are used instead: for the current exercise that is the case for 5 Member States (Ireland, Greece, Malta, Austria and Slovenia)(¹⁹).

In order to calculate the global specific indicator the results per country have been weighted in proportion to their national GDP for the latest available calendar year expressed in purchasing power parities⁽²⁰⁾. Following the adoption and implementation of ESA2010, figures established on this basis are used as the weights.

A preliminary estimate of the forecast was presented to the Articles 64&65 Working Group in March 2024. Following bilateral confirmation of data with Member States, and extraction of the latest available GDP weights, the value of the global specific indicator forecast was finalised shortly thereafter.

The forecast global specific indicator (average change in real net remuneration) for the year to 1 July 2024 is 103.3 (+3.3%) for the core sample, and 104.1 (+4.1%) for the remaining 17 Member States, i.e. 103.5 (+3.5%) for the EU27 as a whole.

As this forecast global specific indicator is positive, half of it does not have to be taken into account for any intermediate update.

^{(&}lt;sup>18</sup>) Request letter reference Ares(2024)97092 dated 08.01.2024.

^{(&}lt;sup>19</sup>) The initial inflation estimate for Spain also used ECFIN forecast, however this was subsequently replaced with national forecast.

^{(&}lt;sup>20</sup>) The initial estimate presented in document submitted at the March 20234 meeting of the Articles 64&65 working group used percentages of EU27 total GDP in purchasing power standards for the calendar year 2022, as this was the latest available at the time of calculation and drafting. Preliminary ('T+2') values for calendar year 2023 became available during March. Definitive ('T+9') GDP values for 2023 are due in September 2024 and will be used for the annual report.

2. Results table (values after March 2024 meeting of Articles 64&65 working group)

The following tables show the values presented to, and confirmed by, Member State delegates in March 2024, or shortly thereafter, for the core sample of 10 countries, and for the remaining 17 countries:

Country	Weight ⁴ EU27=100	Weight in sample	Nominal net ² specific indicator	Consumer price indices ³	Real net ² specific indicator
	(%)	(%)	(%)	(%)	(%)
BE	3.1	3.9	1.6	3.3	-1.7
DE	21.6	27.1	8.3	2.6	5.6
ES	9.5	11.9	3.0	3.5	-0.5
FR	15.4	19.3	2.1	2.6	-0.5
ІТ	12.7	15.9	3.8	0.8	3.0
LU	0.4	0.5	2.0	2.1	-0.1
NL	5.2	6.5	3.8	3.1	0.6
AT	2.5	3.1	9.2	4.2	4.7
PL	6.7	8.4	20.0	3.7	15.7
SE	2.7	3.4	4.1	2.2	1.9
Global (EU10)	79.8	100.0	6.0	2.6	3.3

Table 1.1: Forecast of changes in the net re	emuneration of national	civil servants (con	re sample
of 10 countries) for the twelve months 1 Jul	y 2023 - 1 July 2024		

(1) The figures presented in this table are Eurostat estimates based on information supplied by country delegates

and other sources and do not prejudice the outcomes of any current or future pay negotiations

(2) Forecast of net remuneration (= gross remuneration less statutory deductions) (MS estimate)

(3) All-items HICP (estimated by MS, except AT= ECFIN)

(4) GDP 2023 (ESA 2010) in PPS at current prices (website enquiry 27.03.2024)

Table 1.2: Forecast of changes in the net remuneration of national civil servants (17remaining countries) for the twelve months 1 July 2023 - 1 July 2024

Country	Weight ⁴ EU27=100	Weight in sample	Nominal net ² specific indicator	Consumer price indices	Real net ² specific indicator
	(%)	(%)	(%)	(%)	(%)
BG	0.9	4.4	11.4	4.8	6.3
CZ	2.2	10.8	4.0	2.2	1.8
DK	1.7	8.4	6.7	2.8	3.8
EE	0.2	1.0	7.2	4.4	2.7
IE	2.5	12.3	5.2	2.1	3.1
EL	1.6	7.9	4.1	2.5	1.5
HR	0.6	3.0	26.9	4.2	21.8
СҮ	0.2	1.0	1.9	2.4	-0.5
LV	0.3	1.5	8.0	1.5	6.4
LT	0.6	3.0	2.9	2.8	0.1
HU	1.6	7.9	9.0	4.9	3.9
МТ	0.1	0.5	3.0	2.8	0.3
РТ	1.9	9.4	5.8	2.5	3.2
RO	3.3	16.3	13.4	5.8	7.2
SI	0.4	2.0	2.9	2.9	0.0
SK	0.9	4.4	11.0	5.5	5.2
FI	1.3	6.4	4.1	4.3	-0.2
Global (EU17)	20.3	100.0	7.8	3.6	4.1

(1) The figures presented in this table are Eurostat estimates based on information supplied by country delegates and other sources and do not prejudice the outcomes of any current or future pay negotiations

(2) Forecast of net remuneration (= gross remuneration less statutory deductions) (MS estimate, except EL)

(3) All-items HICP (estimated by MS, except IE, EL, MT, SI = ECFIN)

(4) GDP 2023 (ESA 2010) in PPS at current prices (website enquiry 27.03.2024)

3. FORECASTS MAY DIFFER FROM ACTUAL MEASURED MOVEMENT

The information presented about the evolution of remuneration of national civil servants (the nominal net specific indicator) is a best estimate based on available information at the time. Definitive values compiled subsequently may legitimately differ from those values if new information becomes available.

However, as an indicator of the quality of such forecasts, the following tables illustrate the degree to which for three recent annual exercises the forecast in the intermediate report varied from the eventual definitive value for the annual report. In this table, a negative value indicates that the forecast value is lower than the definitive value.

Country	Twelve months ended 1st July 2020		Twelve mo 1st Ju	ve months ended Twellst July 2021		nths ended y 2022	Twelve months ended 1st July 2023		
Country BE DE ES FR IT LU NL AT PL SE	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	
BE	-1.2	-1.2	-0.1	+0.9	-3.9	-0.3	-3.0	-5.5	
DE	-0.1	-0.9	+0.1	+0.5	-0.5	+5.1	-0.8	-1.6	
ES	0.0	-1.2	0.0	+1.5	-0.1	+4.7	0.0	-2.4	
FR	+1.1	+0.2	0.0	+1.0	-5.1	-1.2	-1.8	-1.9	
IT	-1.8	-2.3	0.0	+0.3	-5.2	-3.2	+0.5	-3.3	
LU	+0.8	-2.0	0.0	+1.0	+0.5	+4.6	+1.1	+0.6	
NL	-0.2	+0.1	+0.1	+0.5	-3.3	-1.1	+0.1	+2.1	
AT	-4.3	-4.7	-0.4	+0.6	+0.7	+6.6	-0.9	+0.3	
PL	-4.8	-3.5	-7.5	-7.0	-1.7	+3.8	-1.5	-6.7	
SE	+0.2	-0.3	0.0	+0.8	-2.3	+3.3	+0.4	+0.7	
UK	-1.4	-2.5	:	:	:	:			
Global (EU10)	-0.9	-1.4	-0.6	-1.4	-2.6	+1.7	-0.8	-2.0	

Table 1.3: Differences between the net specific indicator and the forecast in nominal terms and in real terms (core sample of 10 countries)

Negative number signifies actual higher than forecast

From the foregoing table it is apparent that for the core sample, for the 2020 exercise, the difference between the forecast and the definitive value is relatively similar when expressed in nominal terms and in real terms. By contrast, for the 2021 exercise, the difference in real terms is positive for most countries which suggests that actual consumer price inflation was higher than initial forecasts. For the 2022 exercise, there are clear differences between the forecast and definitive values when expressed in nominal and in real terms which suggests that economic uncertainty (rising inflation) made it difficult to supply initial forecasts. The same appears to be the case for the 2023 exercise.

Country	Twelve months ended 1st July 2020		Twelve mo 1st Jul	Twelve months ended 1st July 2021		nths ended ly 2022	Twelve months ended 1st July 2023		
	Nominal	Real	Nominal	Real	Nominal	Real	Nominal	Real	
BG	+4.2	+2.8	-2.7	-2.9	+6.0	+14.4	+2.2	+3.5	
CZ	+3.0	+3.4	-5.4	-4.7	-0.9	+3.2	+3.2	+4.4	
DK	-0.1	-1.1	-0.6	+0.1	-0.2	+3.2	+0.1	-1.3	
EE	+5.4	+1.9	-11.8	-8.7	+2.2	+14.0	+3.2	-4.5	
IE	-0.1	-0.1	-0.6	+0.6	-5.7	-0.2	+4.8	+5.5	
EL	+0.9	-1.9	+0.2	+0.9	+2.3	+10.6	+0.9	+0.1	
HR	+0.2	-1.3	+5.1	+6.2	-2.8	+6.2	-4.1	-7.6 -4.8	
СҮ	-0.3	-3.5	-0.1	+3.3	-0.3	+3.4	-1.8		
LV	+3.1	+1.5	-2.2	-0.7	-3.3	+5.3	-11.5	-13.0	
LT	-4.0	-4.5	+0.2	+2.7	-1.0	+6.7	-0.1	-7.7	
HU	-4.9	-6.5	-6.6	-4.4	-1.7	+2.7	-8.7	-6.4	
мт	+0.7	+0.2	-2.7	-3.8	-0.5	+1.0	+0.1	+1.9	
РТ	0.0	-0.6	0.0	-0.8	-1.2	+3.1	-2.8	-6.3	
RO	0.0	-0.8	-0.5	+0.3	-1.7	-0.4	-1.1	-1.9	
SI	-0.4	-3.1	-0.4	+2.0	-1.9	+5.6	-0.1	+0.8	
SK	-5.2	-6.1	-7.3	-6.0	-4.1	+1.2	-3.0	-5.9	
FI	+0.1	-1.0	+0.4	+1.9	-0.2	+5.1	+1.2	-3.1	
Global (EU17)	-0.1	-6.1	-1.9	-2.1					

 Table 1.4: Difference between the net specific indicator and the forecast in nominal terms and in real terms (remaining 17 countries)

Negative number signifies actual higher than forecast

From this table it is apparent that, for the remaining Member States, for both the 2020 exercise and the 2021 exercise, there are some differences between the initial forecast and the definitive value, both in nominal terms and in real terms. For the 2022 exercise, there are clear differences between the forecast and definitive values when expressed in nominal and in real terms which suggests that economic uncertainty (rising inflation) made it difficult to supply initial forecasts. The same appears to be the case for the 2023 exercise.

Appendix TWO:

Joint Index (details)

1. JOINT INDEX 1 JULY 2023 – 1 JANUARY 2024 (I.E. JUNE-DECEMBER 2023)

The Joint Index represents a weighted average of the available <u>national</u> indices for Belgium and Luxembourg, and may not reflect the specific price evolution in the reference <u>cities</u> (Brussels and Luxembourg).

The Joint Index is a weighted average of the HICP for Belgium and the CPI for Luxembourg, using the number of EU staff in Brussels and Luxembourg as weights (see <u>section 2</u> hereafter). The detailed sub-indices for the 80 basic headings are used, aggregated using weights derived from the latest of the periodic "Family Budget Surveys" conducted amongst EU staff in Brussels (2017). The following table presents the calculation of the Joint Index for the period June 2023 – December 2023, with the final figure in the right-hand column showing the variation for the period, +3.0% (103.0).

Table 2.1. Change in the	Joint Belgium-Luxembo	ura Index for the period	d June 2023 - December 2023
Table 2.1. Change in the	Source Dergram-Lavembo	ung mues for the period	

Joint B	ELU Index		
FBS w	eights 2017		
			2023m12/2023m6
		WEIGHTS	VARIATION
1	FOOD AND NON-ALCOHOLIC BEVERAGES	125.9	100.4
2	ALCOHOLIC BEVERAGES AND TOBACCO	13.9	99.7
3	CLOTHING AND FOOTWEAR	43.1	102.2
4	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	344.2	105.1
5	FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	64.5	100.6
6	HEALTH	12.7	100.9
7	TRANSPORT	130.0	102.5
8	COMMUNICATIONS	19.8	100.2
9	RECREATION AND CULTURE	79.6	100.9
10	EDUCATION	26.7	106.4
11	HOTELS, CAFES AND RESTAURANTS	81.1	104.5
12	MISCELLANEOUS GOODS AND SERVICES	58.6	101.2
	TOTAL WITHOUT RENTS	721.4	103.3
	RENTS	278.5	102.2
	TOTAL	1000.0	103.0

2. STAFF RATIO BRUSSELS : LUXEMBOURG

In accordance with the agreed methodology, the staff weights available for the index base period (i.e. the closest date preceding 1 July) are used and applied at the level of the detailed sub-indices for the 80 basic headings. The latest available information is obtained from Commission internal services and summarised in the table e^{21} .

Table 2.2:	Number	of	permanent	officials	and	other	servants	in	active	service	at 1	July	2023	(i.e.
December	2022)													

Duty station	No.	%
Brussels	39,169	80.4
Luxembourg	9,566	19.6
Total	48,735	100.0

Source: Eurostat, from PMO and PSEO databases

^{(&}lt;sup>21</sup>) The available staff numbers information for December 2022 (i.e. applicable at July 2023) was obtained from PMO in March 2024 and confirmed in April 2024.

3. BELGIUM HICP

The following table presents the published HICP values for June 2023 (i.e. 1 July 2023) and December 2023 (i.e. 1 January 2024), base 2015=100, and the final figure in the right-hand column shows the variation for the period, +5.0% (105.0).

 Table 2.3: Change in the Belgium HICP for the period June 2023 - December 2023, national weights excluding owner-occupiers

Belgia	n HICP index, 2015=100					
HICP	veights					
Rents	from HICP	WEIGHTS	INDICES	WEIGHTS	INDICES	
		from HICP 2023	30/06/2023	from HICP 2023	31/12/2023	VARIATION
1	FOOD AND NON-ALCOHOLIC BEVERAGES	155.4	134.2	155.4	134.6	100.3
2	ALCOHOLIC BEVERAGES AND TOBACCO	47.4	149.4	47.4	154.0	103.1
3	CLOTHING AND FOOTWEAR	60.1	115.3	60.1	118.0	102.3
4	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	201.3	120.0	201.3	133.1	118.5
5	FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	72.9	117.0	72.9	118.2	101.0
6	HEALTH	70.6	112.7	70.6	113.6	100.8
7	TRANSPORT	105.9	131.8	105.9	133.3	101.1
8	COMMUNICATIONS	32.2	109.5	32.2	109.8	100.3
9	RECREATION AND CULTURE	85.8	118.0	85.8	120.6	102.2
10	EDUCATION	5.4	129.6	5.4	139.3	107.5
11	HOTELS, CAFES AND RESTAURANTS	82.7	132.6	82.7	136.8	103.2
12	MISCELLANEOUS GOODS AND SERVICES	80.4	121.6	80.4	123.7	101.5
	TOTAL WITHOUT RENTS	931.7	125.2	931.7	128.9	105.2
	RENTS	68.3	119.7	68.3	122.8	102.6
	TOTAL	1000.0	124.8	1000.0	128.5	105.0

This information is provided by the Belgian authorities "Service public fédéral, Economie, P.M.E., Classes moyennes et Energie, division des prix" (Federal Public Service, Economy, Small and medium-sized enterprises, Middle classes and Energy, Price indices department), and reformatted by Eurostat. The weights do not include rents data for owner-occupiers.

Replacing with weights which include owner-occupiers gives the following variation for the period: +3.6% (103.6), as shown in the table below.

Table 2.4: Change in the Belgium	HICP for	the period	June 202.	3 - December	2023, staff
weights including owner-occupiers					

Belgia	an HICP index, 2015=100				
FBS v	veights				
Rents	from HICP	FBS	INDICES	INDICES	
		WEIGHTS	30/06/2023	31/12/2023	VARIATION
1	FOOD AND NON-ALCOHOLIC BEVERAGES	125.9	134.2	134.6	100.3
2	ALCOHOLIC BEVERAGES AND TOBACCO	13.9	137.8	137.4	99.4
3	CLOTHING AND FOOTWEAR	43.1	116.1	118.8	102.3
4	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	344.2	119.6	126.1	106.2
5	FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	64.5	115.9	116.8	100.7
6	HEALTH	12.7	112.7	113.6	100.8
7	TRANSPORT	130.0	126.6	130.6	103.4
8	COMMUNICATIONS	19.8	111.3	111.6	100.3
9	RECREATION AND CULTURE	79.6	119.6	122.0	102.0
10	EDUCATION	26.7	129.6	139.3	107.5
11	HOTELS, CAFES AND RESTAURANTS	81.1	130.5	137.2	105.1
12	MISCELLANEOUS GOODS AND SERVICES	58.6	121.8	123.5	101.4
	TOTAL WITHOUT RENTS	721.4	124.6	129.1	104.0
	RENTS	278.5	119.7	122.8	102.6
	TOTAL	1000.0	123.2	127.3	103.6

4. LUXEMBOURG CPI

The following table presents the published CPI values for June 2023 (i.e. 1 July 2023) and December 2023 (i.e. 1 January 2024), base 2015 = 100, and the final figure in the right-hand column shows the variation for the period, +0.5% (100.5).

Table 2.5: Change in the Luxembourg CPI for	the period June 20	023 - December	2023, national
weights excluding owner-occupiers			

Luxembourg CPI index, 2015=100								
CPI w	eights							
Rents	from CPI	WEIGHTS	INDICES	WEIGHTS	INDICES			
		from CPI 2023	30/06/2023	from CPI 2023	31/12/2023	VARIATION		
1	FOOD AND NON-ALCOHOLIC BEVERAGES	128.9	133.1	128.9	134.5	101.0		
2	ALCOHOLIC BEVERAGES AND TOBACCO	34.3	120.9	34.3	122.1	101.1		
3	CLOTHING AND FOOTWEAR	61.7	115.7	61.7	117.5	101.6		
4	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	163.7	120.1	163.7	121.1	100.9		
5	FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	98.1	121.3	98.1	120.9	99.3		
6	HEALTH	26.3	112.6	26.3	113.8	101.1		
7	TRANSPORT	133.1	118.1	133.1	118.3	100.2		
8	COMMUNICATIONS	18.5	90.3	18.5	89.9	99.6		
9	RECREATION AND CULTURE	79.4	123.2	79.4	120.2	98.1		
10	EDUCATION	13.6	121.2	13.6	123.2	101.6		
11	HOTELS, CAFES AND RESTAURANTS	75.1	124.4	75.1	127.0	102.1		
12	MISCELLANEOUS GOODS AND SERVICES	167.2	117.0	167.2	118.4	100.9		
	TOTAL WITHOUT RENTS	935.6	121.1	935.6	121.8	100.5		
	RENTS	64.4	111.1	64.4	111.7	100.6		
	TOTAL	1000.0	120.5	1000.0	121.2	100.5		

This information is provided by the Luxembourg authorities "Institut national de la statistique et des etudes économiques, STATEC, unité SOC4-Prix" (National Institute for Statistics and Economic Analysis, STATEC, Unit SOC4-Prices), and reformatted by Eurostat. The weights do not include rents data for owner-occupiers.

The only distinction between the Luxembourg CPI and the Luxembourg HICP is that for the CPI the weights used for aggregation purposes exclude expenditures by non-residents on the Luxembourg territory, whereas these are included for the HICP.

Replacing with weights which include owner-occupiers gives the following variation for the period: +0.3% (100.3), as shown in the table below.

Table 2.6: Change in the Luxembourg CPI for the period June 2023 - December 2023, staff weights including owner-occupiers

Luxem	bourg CPI index, 2015=100				
FBS w	eights				
Rents	from CPI	FBS	INDICES	INDICES	
		WEIGHTS	30/06/2023	31/12/2023	VARIATION
1	FOOD AND NON-ALCOHOLIC BEVERAGES	125.9	133.4	134.7	101.0
2	ALCOHOLIC BEVERAGES AND TOBACCO	13.9	121.0	122.2	101.0
3	CLOTHING AND FOOTWEAR	43.1	116.2	118.0	101.6
4	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	344.2	115.6	116.4	100.7
5	FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	64.5	120.3	120.6	100.3
6	HEALTH	12.7	112.6	113.8	101.1
7	TRANSPORT	130.0	124.1	121.7	98.6
8	COMMUNICATIONS	19.8	92.4	92.1	99.6
9	RECREATION AND CULTURE	79.6	120.3	116.1	96.8
10	EDUCATION	26.7	121.2	123.2	101.6
11	HOTELS, CAFES AND RESTAURANTS	81.1	113.8	116.2	101.9
12	MISCELLANEOUS GOODS AND SERVICES	58.6	115.5	116.1	100.5
	TOTAL WITHOUT RENTS	721.4	122.4	122.4	100.1
	RENTS	278.5	111.1	111.7	100.6
	TOTAL	1000.0	119.2	119.4	100.3

Appendix THREE:

Intra-EU Staff PPPs and Pensioner PPPs (details)

1. CALCULATION OF CORRECTION COEFFICIENTS

The correction coefficients (CCs) applicable to the salaries of the European institution officials working in the capitals and places of employment other than Brussels and Luxembourg are determined on the basis of the relationships between the economic parities (PPP) and the exchange rates at a given point in time. The correction coefficient operates as a percentage adjustment to remuneration to take account of the cost-of-living differences between Brussels and the various duty stations.

For pensioners, similar calculation and adjustment principles apply(²²). The difference is that instead of being based on capital city price comparisons they relate to national comparisons, with Belgium as the base country.

The United Kingdom left the EU with effect since 1 February 2020 and is now a 'third country'. The transition period introduced by the 'withdrawal agreement' expired with effect since 31 December 2020. Consequently, the UK is no longer included for the calculation of correction coefficient values for active Intra-EU staff (it is included in separate intermediate report for active Extra-EU staff). By contrast, the UK continues to be included for the calculation of correction coefficient values for pensioners residing in the UK.

^{(&}lt;sup>22</sup>) Note: only relevant for pension rights acquired prior to May 2004; the correction coefficient being 100% for the pension rights acquired from that date. The correction coefficient applies in full for transfers into, or out of, the pension scheme of European Officials.

2. STEPS TO PRODUCE PPPS FOR INTERMEDIATE UPDATE

2.1 PPPs for Intra-EU staff

The object of the economic parities is to compare the relative costs of living of EU officials in Brussels (reference city) with each of the European capitals and other places of employment for which a correction coefficient has been set. The method used is to compare the price of a "basket" of goods and services in Brussels with the prices of the same goods and services in each of the other places of employment. The weighted average of all the price ratios is the overall ('global') "economic parity". The average consumption expenditure pattern of EU officials is used as weights, identified by means of periodic surveys of household expenditure. In places of employment outside Brussels with very few officials, a common structure pooling all the questionnaires from similar locations is derived instead.

The starting point is the parities for the 80 basic headings, as established for the annual update of the year in question (i.e. 1 July 2023).

For each duty station, the individual basic heading parities are then updated using the movement in official HICP between June and December, relative to the movement of the Joint Index for the same period.

Finally, the updated basic heading parities are aggregated using the same expenditure weighting structure as was used to establish the 1 July overall parity. These weights were derived from the most recently validated Family Budget Surveys conducted amongst active staff: the dates of the survey in each location are different(²³).

2.2 PPPs for Pensioners

In accordance with the agreed methodology, the approach to calculate PPPs for Pensioners for the intermediate update is the same as the approach to establish those for the annual update.

In this case, the parities for all basic headings, except rents, are set equal to the updated parities established for Staff. A specific adjustment is then made to rent parities to convert them from capital city price level to national average price level. The same adjustment factor is applied for the intermediate update as was applied for the July calculation.

The updated parities for all basic headings are then aggregated using consumption expenditure weights derived from the wide scale Family Budget Survey amongst pensioners which was last conducted in 2013.

^{(&}lt;sup>23</sup>) Family budget surveys were conducted since 2016 in 30 duty stations, including Brussels, and have been validated and integrated for the calculation of parities. Arrangements for the next cycle of surveys have not yet been finalised.

3. CALCULATED CC VALUES AT 1 JANUARY 2024 (I.E. DECEMBER 2023)

In the tables, parities are shown rounded to 3 decimal places (Euro zone) or 4 significant figures; exchange rates are shown with the same format; correction coefficients are shown rounded to 1 decimal place; percentage movements are shown rounded to 1 decimal place.

3.1 PPPs for Intra-EU Staff

The following **Table 3.1** presents the calculated values of the economic parities and correction coefficients for staff as at 1 January 2024 (i.e. December 2023). Exchange rates for 1 July 2023 are used, for consistency with the last annual update(24).

As at December 2023, information is compiled for a list of 29 Intra-EU capital cities and other duty stations. By comparison to the situation at June 2023 presented in the last annual update, 1 location (DE-Karlsruhe) is now excluded from the list(²⁵).

Ten duty station locations have a correction coefficient higher than 100; the remaining seventeen have a correction coefficient below 100. Brussels = Luxembourg = 100. The highest value is for IE-Dublin (137.1). The lowest value is for BG-Sofia (68.2).

3.2 PPPs for Pensioners

Similarly, the following **Table 3.2** presents the calculated values of the economic parities and correction coefficients for pensioners as at 1 January 2024 (i.e. December 2023). Exchange rates for 1 July 2023 are again used(26).

Nine countries have a CC greater than 100; the remaining sixteen have a coefficient below 100. Belgium = Luxembourg = 100. The highest value is for Ireland (135.1). The lowest value is for Bulgaria (65.1).

^{(&}lt;sup>24</sup>) This is in accordance with Article 63 of the Staff Regulations.

⁽²⁵⁾ This is because data for DE-Karlsruhe is no longer available from the national statistics office in accordance with European Comparison Programme methodology applied for the other duty stations in Germany for which CC are produced (DE-Berlin and DE-Munich).

^{(&}lt;sup>26</sup>) This is in accordance with Article 20(3) of Annex XIII to the Staff Regulations.

			01-Jan-24				
				Final			
			PPP	Ex. Rate	CC		
1	BE	Brussels	1	1	100.0		
2	BG	Sofia	1.334	1.956	68.2		
3	cz	Prague	23.89	23.69	100.9		
4	DK	Copenhagen	9.561	7.448	128.4		
5	DE	Berlin	1.011	1	101.1		
6		Munich	1.127	1	112.7		
7	EE	Tallinn	0.955	1	95.5		
8	IE	Dublin	1.371	1	137.1		
9	EL	Athens	0.873	1	87.3		
10	ES	Madrid	0.924	1	92.4		
11	FR	Paris	1.170	1	117.0		
12	HR	Zagreb	0.834	1	83.4		
13	ΙТ	Rome	0.944	1	94.4		
14		Varese	0.921	1	92.1		
15	СҮ	Nicosia	0.804	1	80.4		
16	LV	Riga	0.848	1	84.8		
17	LT	Vilnius	0.907	1	90.7		
18	LU	Luxembourg	1	1	100.0		
19	HU	Budapest	319.9	370.9	86.2		
20	мт	Valletta	0.915	1	91.5		
21	NL	The Hague	1.115	1	111.5		
22	AT	Vienna	1.112	1	111.2		
23	PL	Warsaw	3.589	4.449	80.7		
24	РТ	Lisbon	0.945	1	94.5		
25	RO	Bucharest	3.710	4.964	74.7		
26	SI	Ljubljana	0.878	1	87.8		
27	sĸ	Bratislava	0.834	1	83.4		
28	FI	Helsinki	1.164	1	116.4		
29	SE	Stockholm	13.42	11.82	113.6		

 Table 3.1: Calculation of correction coefficients at December 2023 for Intra-EU staff

Table 3.2: Calculation of correction coefficients at December 2023 for Pens	sioners
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			01-Jan-24			
				Final		
			PPP	Ex. Rate	CC	
1	BE	Belgium	1	1	100.0	
2	BG	Bulgaria	1.273	1.956	65.1	
3	cz	Czechia	21.08	23.69	89.0	
4	DK	Denmark	9.944	7.448	133.5	
5	DE	Germany	1.032	1	103.2	
6	EE	Estonia	1.003	1	100.3	
7	IE	Ireland	1.351	1	135.1	
8	EL	Greece	0.837	1	83.7	
9	ES	Spain	0.896	1	89.6	
10	FR	France	1.094	1	109.4	
11	HR	Croatia	0.734	1	73.4	
12	п	Italy	0.963	1	96.3	
13	СҮ	Cyprus	0.825	1	82.5	
14	LV	Latvia	0.793	1	79.3	
15	LT	Lithuania	0.801	1	80.1	
16	LU	Luxembourg	1	1	100.0	
17	HU	Hungary	281.9	370.9	76.0	
18	мт	Malta	0.952	1	95.2	
19	NL	Netherlands	1.120	1	112.0	
20	AT	Austria	1.149	1	114.9	
21	PL	Poland	3.137	4.449	70.5	
22	РТ	Portugal	0.889	1	88.9	
23	RO	Romania	3.248	4.964	65.4	
24	SI	Slovenia	0.856	1	85.6	
25	sĸ	Slovakia	0.851	1	85.1	
26	FI	Finland	1.194	1	119.4	
27	SE	Sweden	12.72	11.82	107.7	
28	UK	United Kingdom	1.108	0.8640	128.3	

4. COMPARISON OF CC FOR INTRA-EU STAFF WITH CC FOR PENSIONERS

The following **Table 3.3** compares calculated correction coefficients at 1 January 2024 (i.e. December 2023) for pensioners and Intra-EU staff. Some quite large differences are apparent for rents; the difference is smaller when rents are excluded. The variations are due to the rent price adjustment to produce pensioner PPPs and to the use of a different consumption weighting structure for pensioners.

Graph 3.4 shows the CC for staff ranked by order of magnitude. Graph 3.5 shows the CC for pensioners ranked by order of magnitude.

Table 3.3: Comparison of correction coefficients at December 2023 for Intra-EU staff and Pensioners

Correction coefficients for pensioners		Correction coefficients for staff					
Country	without rent	rents	Total	Capital	without rent	rents	Total
BE	100.0	100.0	100.0	Brussels	100.0	100.0	100.0
BG	71.8	38.6	65.1	Sofia	72.6	55.4	68.2
cz	89.5	87.7	89.0	Prague	89.9	129.8	100.9
DK	119.7	179.0	133.5	Copenhagen	116.2	171.0	128.4
DE	97.4	123.7	103.2	Berlin	95.8	116.6	101.1
EE	94.5	122.2	100.3	Tallinn	94.6	99.0	95.5
IE	114.6	216.4	135.1	Dublin	110.4	228.6	137.1
EL	86.2	75.9	83.7	Athens	86.2	92.7	87.3
ES	85.8	105.3	89.6	Madrid	84.5	119.7	92.4
FR	103.3	131.2	109.4	Paris	101.5	164.6	117.0
HR	79.3	53.4	73.4	Zagreb	79.3	98.8	83.4
г	95.4	99.0	96.3	Rome	94.2	95.5	94.4
СҮ	85.3	73.4	82.5	Nicosia	86.5	64.1	80.4
LV	83.3	67.8	79.3	Riga	84.2	87.5	84.8
LT	84.5	57.9	80.1	Vilnius	85.6	110.9	90.7
HU	76.9	73.6	76.0	Budapest	78.0	114.0	86.2
мт	85.8	132.8	95.2	Valletta	86.4	107.5	91.5
NL	104.3	139.9	112.0	The Hague	104.4	131.1	111.5
AT	104.3	154.8	114.9	Vienna	104.6	134.0	111.2
PL	77.7	44.4	70.5	Warsaw	77.4	91.2	80.7
РТ	88.3	91.6	88.9	Lisbon	85.0	132.3	94.5
RO	70.0	48.3	65.4	Bucharest	71.5	82.9	74.7
SI	86.3	83.5	85.6	Ljubljana	85.8	95.0	87.8
sк	80.1	108.4	85.1	Bratislava	79.1	94.7	83.4
FI	109.3	150.9	119.4	Helsinki	108.4	141.5	116.4
SE	102.0	124.3	107.7	Stockholm	100.9	155.9	113.6
UK	108.3	197.8	128.3	London	;	;	;

INTERMEDIATE ADJUSTMENT : - January 2024 pensioner CCs compared to staff CCs



Graph 3.4: Correction coefficients for Intra-EU staff at 1 January 2024, ranked





5. CHANGES IN THE AGGREGATE PPPS

5.1 PPPs for Intra-EU Staff

The following **Table 3.6** shows the changes in the economic parities for Intra-EU staff between 1 July 2023 (i.e. June 2023) and 1 January 2024 (i.e. December 2023), and the associated implicit price index (which also takes the Joint Index into account). **Map 3.7** shows the implicit index for Intra-EU staff, distinguishing movements above/below the $\pm 3\%$ threshold.

The simple average change in the PPPs is -2.1%. This masks a variation between -4.5% (for SI-Ljubljana) and +0.2% (for PL-Warsaw and RO-Bucharest). The PPP change for twenty-five locations is negative, and for the remaining two locations it is positive. Brussels = Luxembourg = zero.

Two Intra-EU duty stations have an implicit price index which exceeds the threshold $(\pm 3.0\%)$ for the six-months period. In consequence, a specific intermediate update would normally be required for these places. However, this year there will be a general intermediate update, thus the CC presented in the Appendix will apply directly for <u>all</u> locations.

5.2 PPPs for Pensioners

The following **Table 3.8** shows the changes in the economic parities for pensioners between 1 July 2023 (i.e. June 2023) and 1 January 2024 (i.e. December 2023), and the associated implicit price index (which also takes the Joint Index into account). **Map 3.9** shows the implicit index for pensioners, distinguishing movements above/below the $\pm 3\%$ threshold.

The simple average change in the PPPs is -2.0%. This masks a variation between -4.0% (for Slovenia) and +0.2% (for Romania). The PPP change for twenty-four countries (and UK) is negative, and for the remaining one country (Romania) it is positive. Belgium = Luxembourg = zero.

One EU Member State has implicit price index which exceeds the threshold $(\pm 3.0\%)$ for the six months. In consequence, a specific intermediate update would normally be required for this place. However, this year there will be a general intermediate update, thus the CC presented in the Appendix will apply directly for <u>all</u> locations.

				Final		
			01-Jul-23	01-Jan-24		
		1	PPP	PPP	Change	Implicit
1	BE	Brussels	1	1	0	3.0
2	BG	Sofia	1.341	1.334	-0.5	2.5
3	cz	Prague	24.36	23.89	-1.9	1.0
4	DK	Copenhagen	9.788	9.561	-2.3	0.6
5	DE	Berlin	1.034	1.011	-2.3	0.7
6		Munich	1.153	1.127	-2.2	0.7
7	EE	Tallinn	0.989	0.955	-3.4	-0.5
8	IE	Dublin	1.396	1.371	-1.8	1.2
9	EL	Athens	0.896	0.873	-2.5	0.4
10	ES	Madrid	0.947	0.924	-2.4	0.5
11	FR	Paris	1.195	1.170	-2.1	0.9
12	HR	Zagreb	0.848	0.834	-1.8	1.2
13	ІТ	Rome	0.973	0.944	-3.0	-0.1
14		Varese	0.950	0.921	-3.0	-0.1
15	СҮ	Nicosia	0.825	0.804	-2.6	0.3
16	LV	Riga	0.880	0.848	-3.7	-0.8
17	LT	Vilnius	0.934	0.907	-2.8	0.1
18	LU	Luxembourg	1	1	0	3.0
19	нυ	Budapest	321.6	319.9	-0.6	2.4
20	мт	Valletta	0.932	0.915	-1.8	1.2
21	NL	The Hague	1.146	1.115	-2.7	0.2
22	AT	Vienna	1.120	1.112	-0.7	2.3
23	PL	Warsaw	3.582	3.589	0.2	3.2
24	РТ	Lisbon	0.966	0.945	-2.2	0.8
25	RO	Bucharest	3.702	3.710	0.2	3.2
26	SI	Ljubljana	0.919	0.878	-4.5	-1.6
27	sĸ	Bratislava	0.848	0.834	-1.6	1.4
28	FI	Helsinki	1.186	1.164	-1.8	1.1
29	SE	Stockholm	13.69	13.42	-2.0	1.0

Table 3.6: Change in purchasing power parities for six months to December 2023, for Intra-EU staff

Map 3.7: Changes in the economic parities in the six months to 1 January 2024 (implicit index) for Intra-EU staff



			01-Jul-23 PPP	Final 01-Jan-24 PPP	Change	Implicit
1	BE	Belgium	1	1	0	3.0
2	BG	Bulgaria	1.277	1.273	-0.3	2.7
3	cz	Czechia	21.59	21.08	-2.4	0.6
4	DK	Denmark	10.17	9.944	-2.3	0.7
5	DE	Germany	1.055	1.032	-2.2	0.7
6	EE	Estonia	1.038	1.003	-3.3	-0.4
7	IE	Ireland	1.376	1.351	-1.8	1.1
8	EL	Greece	0.853	0.837	-1.9	1.1
9	ES	Spain	0.914	0.896	-2.0	1.0
0	FR	France	1.115	1.094	-1.9	1.0
1	HR	Croatia	0.747	0.734	-1.8	1.2
2	іт	Italy	0.988	0.963	-2.6	0.4
3	СҮ	Cyprus	0.846	0.825	-2.5	0.4
4	LV	Latvia	0.823	0.793	-3.7	-0.9
5	LT	Lithuania	0.827	0.801	-3.2	-0.3
6	LU	Luxembourg	1	1	0	3.0
7	ΗU	Hungary	284.5	281.9	-0.9	2.0
3	мт	Malta	0.974	0.952	-2.3	0.7
9	NL	Netherlands	1.145	1.120	-2.1	0.8
D	AT	Austria	1.154	1.149	-0.4	2.6
1	PL	Poland	3.156	3.137	-0.6	2.4
2	РТ	Portugal	0.907	0.889	-2.0	1.0
3	RO	Romania	3.241	3.248	0.2	3.2
4	SI	Slovenia	0.892	0.856	-4.0	-1.1
5	sĸ	Slovakia	0.867	0.851	-1.8	1.1
6	FI	Finland	1.219	1.194	-2.1	0.8
7	SE	Sweden	12.99	12.72	-2.1	0.9

Table 3.8: Change in purchasing power parities for six months to December 2023, for Pensioners

1.123

1.108

-1.3

1.7

υκ

28

United Kingdom

Map 3.9: Changes in the economic parities in the six months to 1 January 2024 (implicit index) for Pensioners



6. REASONS FOR THE CHANGES IN THE AGGREGATE PPPS

Changes in the PPPs for 1 January 2024 (i.e. December 2023), by comparison to those for 1 July 2023 (i.e. June 2023), can solely arise from indexation (local HICP relative to Joint Index). There has been no new price survey data introduced, no new expenditure weighting data and no change in methodology.

However, it is important to note that the updating is done at basic heading level, and then aggregated. The expenditure patterns of EU officials/EU pensioners (used to establish the aggregate PPPs) typically differ from the expenditure patterns of national population (used to aggregate the HICP sub-indices)(²⁷). For this reason alone, there may be a difference between the change in the overall PPP and the evolution of the all-items HICP. In this context it is also important to remember that it is the movement relative to Brussels which is important. Local prices may well have changed, but prices in Brussels may have changed too, and by a different amount.

For information purposes, **Graph 3.10** shows the changes in the all-items HICP with aggregation weights, excluding owner-occupiers, ranked in order of magnitude.

Graph 3.10: Changes in the HICP, six months June 2023-December 2023, national weights excluding owner-occupiers



^{(&}lt;sup>27</sup>) One important explanatory reason for this difference is expatriate status.

Graph 3.11 below shows the changes in the all-items HICP with aggregation weights including owner-occupiers, ranked in order of magnitude.





Note: Various private sector and public sector organisations produce their own cost-of-living comparisons. Methodological differences – for example in the quantity and quality of price information, in the pertinence of weightings data and the appropriateness of the calculation formulae, in the choice of reference basis, in the validation process – explain why the official statistics produced for EU purposes by Eurostat represent a 'gold standard' which may not necessarily indicate similar levels or follow similar trends to those other reported figures.

Appendix FOUR:

Computing the intermediate update for locations outside Belgium/Brussels (details)

1. STEPS TO COMPUTE THE INTERMEDIATE UPDATE OUTSIDE BRUSSELS/BELGIUM

An intermediate update of the standard salary grid applicable to all duty stations is only required where the cost-of-living evolution recorded in Brussels and Luxembourg is greater than the threshold (i.e. six-month Joint Index exceeds $\pm 3.0\%$).

For the 1 January 2024 (i.e. December 2023) exercise, there <u>is</u> a general intermediate update calculation. Thus, the CCs for staff and for pensioners which are presented in <u>Appendix Three</u> apply directly, for <u>all</u> locations.

The following **Table 4.1** shows the total combined impact of the general intermediate update and the change in the economic parities for Intra-EU duty stations, for the six months to 1 January 2024, applicable for Intra-EU staff. The following **Table 4.2** shows the corresponding information for pensioners.

		Place	Change in PPP	General intermediate update	Total impact
			[a]	[b]	$[c] = \left(\frac{(100 + [a]) \times (100 + [b])}{100}\right)$
1	BE	Brussels	na	+3.0	+3.0
2	BG	Sofia	-0.5		+2.5
3	CZ	Prague	-1.9		+1.0
4	DK	Copenhagen	-2.3		+0.6
5	DE	Berlin	-2.3		+0.7
6	DE	Munich	-2.2		+0.7
7	EE	Tallinn	-3.4		-0.5
8	IE	Dublin	-1.8		+1.2
9	EL	Athens	-2.5		+0.4
10	ES	Madrid	-2.4		+0.5
11	FR	Paris	-2.1		+0.9
12	HR	Zagreb	-1.8		+1.2
13	IT	Rome	-3.0		-0.1
14	IT	Varese	-3.0		-0.1
15	CY	Nicosia	-2.6		+0.3
16	LV	Riga	-3.7		-0.8
17	LT	Vilnius	-2.8		+0.1
18	LU	Luxembourg	na		+3.0
19	HU	Budapest	-0.6		+2.4
20	MT	Valletta	-1.8		+1.2
21	NL	The Hague	-2.7		+0.2
22	AT	Vienna	-0.7		+2.3
23	PL	Warsaw	+0.2		+3.2
24	РТ	Lisbon	-2.2		+0.8
25	RO	Bucharest	+0.2		+3.2
26	SI	Ljubljana	-4.5		-1.6
27	SK	Bratislava	-1.6		+1.4
28	FI	Helsinki	-1.8		+1.1
29	SE	Stockholm	-2.0		+1.0

Table 4.1: Total combined impact of the general intermediate update and the changes in purchasing power parities, for the six months to 1 January 2024, for Intra-EU staff

Note: PPP for Luxembourg is set equal to PPP for Brussels (=1.000)

	Place		Change in PPP	General intermediate update	Total impact
			[a]	[b]	$[c] = \left(\frac{(100 + [a]) \times (100 + [b])}{100}\right)$
1	BE	Belgium	na	+ 3.0	+3.0
2	BG	Bulgaria	-0.3		+2.7
3	CZ	Czechia	-2.4		+0.6
4	DK	Denmark	-2.3		+0.7
5	DE	Germany	-2.2		+0.7
6	EE	Estonia	-3.3		-0.4
7	IE	Ireland	-1.8		+1.1
8	EL	Greece	-1.9		+1.1
9	ES	Spain	-2.0		+1.0
10	FR	France	-1.9		+1.0
11	HR	Croatia	-1.8		+1.2
12	IT	Italy	-2.6		+0.4
13	CY	Cyprus	-2.5		+0.4
14	LV	Latvia	-3.7		-0.9
15	LT	Lithuania	-3.2		-0.3
16	LU	Luxembourg	na		+3.0
17	HU	Hungary	-0.9		+2.0
18	MT	Malta	-2.3		+0.7
19	NL	Netherlands	-2.1		+0.8
20	AT	Austria	-0.4		+2.6
21	PL	Poland	-0.6		+2.4
22	PT	Portugal	-2.0		+1.0
23	RO	Romania	+0.2		+3.2
24	SI	Slovenia	-4.0		-1.1
25	SK	Slovakia	-1.8		+1.1
26	FI	Finland	-2.1		+0.8
27	SE	Sweden	-2.1		+0.9
28	UK	United Kingdom	-1.3		+1.7

 Table 4.2: Total combined impact of the general intermediate update and the changes in purchasing power parities, for the six months to 1 January 2024, for Pensioners

Note: PPP for Luxembourg is set equal to PPP for Belgium (=1.000)

Appendix FIVE:

Advance forecast of the Joint Index for the twelve months to 1 July 2024

1. ADVANCE FORECAST OF THE JOINT INDEX

An advance forecast of the Joint Index can be estimated in various ways.

The methodology approved by the Articles 64&65 Working Group reflects the inflation forecasts validated by Belgium and Luxembourg for the twelve-month reference period as part of the estimation of net remuneration in real terms (see <u>Appendix One</u>) and the measured JBLI calculation for the first six-month period within that twelve-month period (see <u>Appendix Two</u>). This gives a twelve-month movement in the JBLI of +3.1%, and consequently a residual extrapolated figure for the six months to 1 July 2024 of +0.1%.

Table 5.1: Extrapolation of the Joint Index (forecast evolution for twelve months) and calculation of the estimated residual value for six months

Forecast of the HICP for Belgium, twelve months to 1. July 2024	+3.3%	103.3
Forecast of the HICP for Luxembourg, twelve months to 1. July 2024	+2.1%	102.1
\Rightarrow Forecast JBLI for twelve months to 1. July 2024 (80:20)	+3.1%	103.1
Measured JBLI for the six months to 1. January 2024 (all items total)	+3.0%	103.0
⇒ Estimated residual JBLI for six months to 1. July 2024	+0.1%	100.1

The extrapolated Joint Index should be interpreted with caution, as the precise calculation will only be possible with availability of statistics later in the year.

Appendix SIX:

Advance forecast of PPPs at 1 July 2024 for staff and pensioners (extrapolation)

1. ADVANCE FORECAST OF PPPS AT 1 JULY 2024

An advance forecast of the PPPs for staff and for pensioners at 1 July 2024 has been made, by extrapolating forwards the values established at 1 January 2024.

For each Member State outside Brussels, half of the estimated HICP movements for the 12-month period July 2023 - July 2024 provided by the Member States to establish country specific indicators was used as inflation for the 6-month period January-June 2024 (i.e. assume linear evolution). The results are presented in <u>Table 6.1</u> hereafter.

For Brussels, the forecast movement of the JBLI for the same time period was used (see <u>Appendix</u> <u>*Five*</u>).

The forecast movement of the general index for each Member State was expressed relative to the forecast movement of the JBLI and applied to the preliminary PPPs calculated for 1 January 2024 (i.e. December 2023) (see <u>Appendix Three</u>). The extrapolated results for Intra-EU staff are presented in <u>Table 6.2</u> and the extrapolated results for pensioners are presented in <u>Table 6.3</u> hereafter.

Here is the extrapolation formula:

$$PPP_{2024m06} = PPP_{2023m12} \times \frac{HICP_{2023m12-2024m06}}{JBLI_{2023m12-2024m06}}$$

The changes in the economic parities for Intra-EU staff between 1 January 2024 and 1 July 2024, and the associated implicit price index (which also takes the Joint Index into account) are shown in *Table 6.4*. The corresponding information for pensioners is shown in *Table 6.5*.

The extrapolated economic parities and the resulting implicit indices should be interpreted with caution as the precise calculation will only be possible with availability of statistics later in the year.

Table 6.1: Advance forecast of HICP movement (all-items index) for six-month period December 2023 – June 2024

		All Items HICP forecast
		Dec 2023-Jun 2024
BE	Belgium	101.7
BG	Bulgaria	102.4
CZ	Czechia	101.1
DK	Denmark	101.4
DE	Germany	101.3
EE	Estonia	102.2
IE*	Ireland	101.0
EL*	Greece	101.3
ES	Spain	101.8
FR	France	101.3
HR	Croatia	102.1
IT	Italy	100.4
CY	Cyprus	101.2
LV	Latvia	100.8
LT	Lithuania	101.4
LU	Luxembourg	101.0
HU	Hungary	102.5
MT*	Malta	101.4
NL	Netherlands	101.6
AT*	Austria	102.1
PL	Poland	101.9
РТ	Portugal	101.3
RO	Romania	102.9
SI*	Slovenia	101.4
SK	Slovakia	102.8
FI	Finland	102.2
SE	Sweden	101.1

Source: estimated HICP by Member States (50% of twelve-month value). In absence of country value, 50% of twelve-month estimation provided by DG ECFIN (IE, EL, MT, AT, SI).

			30-Jun-24			
			FORECAST			
			PPP	Ex. Rate	CC	
1	BE	Brussels	1	1	100	
2	BG	Sofia	1.364	1.956	69.8	
3	CZ	Prague	24.13	23.69	101.9	
4	DK	Copenhagen	9.685	7.448	130.0	
5	DE	Berlin	1.023	1	102.3	
6	DE	Munich	1.140	1	114.0	
7	EE	Tallinn	0.975	1	97.5	
8	IE	Dublin	1.384	1	138.4	
9	EL	Athens	0.883	1	88.3	
10	ES	Madrid	0.939	1	93.9	
11	FR	Paris	1.184	1	118.4	
12	HR	Zagreb	0.850	1	85.0	
13	ІТ	Rome	0.947	1	94.7	
14	ІТ	Varese	0.924	1	92.4	
15	CY	Nicosia	0.813	1	81.3	
16	LV	Riga	0.854	1	85.4	
17	LT	Vilnius	0.919	1	91.9	
18	LU	Luxembourg	1.0	1	100.0	
19	HU	Budapest	327.4	370.9	88.3	
20	мт	Valletta	0.927	1	92.7	
21	NL	The Hague	1.131	1	113.1	
22	AT	Vienna	1.134	1	113.4	
23	PL	Warsaw	3.652	4.449	82.1	
24	PT	Lisbon	0.956	1	95.6	
25	RO	Bucharest	3.813	4.964	76.8	
26	SI	Ljubljana	0.890	1	89.0	
27	SK	Bratislava	0.856	1	85.6	
28	FI	Helsinki	1.188	1	118.8	
29	SE	Stockholm	13.55	11.82	114.7	

Table 6.2: Advance forecast (extrapolation) of correction coefficients at 1 July 2024 for Intra-EU staff

Note: exchange rate as at June 2023

 Table 6.3: Advance forecast (extrapolation) of correction coefficients at 1 July 2024

 for Pensioners

			30-Jun-24				
			FORECAST				
			PPP Ex. Rate CC				
1	BE	Belgium	1	1	100		
2	BG	Bulgaria	1.302	1.956	66.6		
3	cz	Czechia	21.29	23.69	89.9		
4	DK	Denmark	10.07	7.448	135.3		
5	DE	Germany	1.044	1	104.4		
6	EE	Estonia	1.024	1	102.4		
7	IE	Ireland	1.363	1	136.3		
8	EL	Greece	0.847	1	84.7		
9	ES	Spain	0.911	1	91.1		
10	FR	France	1.107	1	110.7		
11	HR	Croatia	0.749	1	74.9		
12	ІТ	Italy	0.966	1	96.6		
13	СҮ	Cyprus	0.834	1	83.4		
14	LV	Latvia	0.798	1	79.8		
15	LT	Lithuania	0.811	1	81.1		
16	LU	Luxembourg	1	1	100.0		
17	HU	Hungary	288.5	370.9	77.8		
18	мт	Malta	0.964	1	96.4		
19	NL	Netherlands	1.137	1	113.7		
20	AT	Austria	1.172	1	117.2		
21	PL	Poland	3.192	4.449	71.8		
22	РТ	Portugal	0.899	1	89.9		
23	RO	Romania	3.339	4.964	67.3		
24	SI	Slovenia	0.868	1	86.8		
25	sк	Slovakia	0.873	1	87.3		
26	FI	Finland	1.218	1	121.8		
27	SE	Sweden	12.85	11.82	108.7		

Note: exchange rate as at June 2023

			Final	Extrapolation		
			31-Dec-23	30-Jun-24		
			PPP	PPP	Change	Implicit
1	BE	Brussels	1	1	0.0	0.1
2	BG	Sofia	1.334	1.364	2.3	2.4
3	CZ	Prague	23.89	24.13	1.0	1.1
4	DK	Copenhagen	9.561	9.685	1.3	1.4
5	DE	Berlin	1.011	1.023	1.2	1.3
6	DE	Munich	1.127	1.140	1.2	1.3
7	EE	Tallinn	0.955	0.975	2.1	2.2
8	IE	Dublin	1.371	1.384	0.9	1.0
9	EL	Athens	0.873	0.883	1.2	1.3
10	ES	Madrid	0.924	0.939	1.6	1.8
11	FR	Paris	1.170	1.184	1.2	1.3
12	HR	Zagreb	0.834	0.850	2.0	2.1
13	IT	Rome	0.944	0.947	0.3	0.4
14	IT	Varese	0.921	0.924	0.3	0.4
15	СҮ	Nicosia	0.804	0.813	1.1	1.2
16	LV	Riga	0.848	0.854	0.6	0.8
17	LT	Vilnius	0.907	0.919	1.3	1.4
18	LU	Luxembourg	1	1	0.0	0.1
19	HU	Budapest	319.9	327.4	2.3	2.5
20	МТ	Valletta	0.915	0.927	1.3	1.4
21	NL	The Hague	1.115	1.131	1.4	1.6
22	АТ	Vienna	1.112	1.134	2.0	2.1
23	PL	Warsaw	3.589	3.652	1.7	1.9
24	РТ	Lisbon	0.945	0.956	1.1	1.3
25	RO	Bucharest	3.710	3.813	2.8	2.9
26	SI	Ljubljana	0.878	0.890	1.3	1.4
27	SK	Bratislava	0.834	0.856	2.6	2.8
28	FI	Helsinki	1.164	1.188	2.1	2.2
29	SE	Stockholm	13.42	13.55	1.0	1.1

Table 6.4: Advance forecast (extrapolation) of change in purchasing power parities for six months to 1 July 2024, for Intra-EU staff

			Final	Extrapolation		
			31-Dec-23	30-Jun-24		
			PPP	PPP	Change	Implicit
1	BE	Belgium	1	1	0.0	0.1
2	BG	Bulgaria	1.273	1.302	2.3	2.4
3	CZ	Czechia	21.08	21.29	1.0	1.1
4	DK	Denmark	9.944	10.07	1.3	1.4
5	DE	Germany	1.032	1.044	1.2	1.3
6	EE	Estonia	1.003	1.024	2.1	2.2
7	IE	Ireland	1.351	1.363	0.9	1.0
8	EL	Greece	0.837	0.847	1.2	1.3
9	ES	Spain	0.896	0.911	1.6	1.8
10	FR	France	1.094	1.107	1.2	1.3
11	HR	Croatia	0.734	0.749	2.0	2.1
12	IT	Italy	0.963	0.966	0.3	0.4
13	СҮ	Cyprus	0.825	0.834	1.1	1.2
14	LV	Latvia	0.793	0.798	0.6	0.8
15	LT	Lithuania	0.801	0.811	1.3	1.4
16	LU	Luxembourg	1	1	0.0	0.1
17	HU	Hungary	281.9	288.5	2.3	2.5
18	мт	Malta	0.952	0.964	1.3	1.4
19	NL	Netherlands	1.120	1.137	1.4	1.6
20	AT	Austria	1.149	1.172	2.0	2.1
21	PL	Poland	3.137	3.192	1.7	1.8
22	PT	Portugal	0.889	0.899	1.1	1.3
23	RO	Romania	3.248	3.339	2.8	2.9
24	SI	Slovenia	0.856	0.868	1.3	1.4
25	SK	Slovakia	0.851	0.873	2.6	2.8
26	FI	Finland	1.194	1.218	2.1	2.2
27	SE	Sweden	12.72	12.85	1.0	1.1

Table 6.5: Advance forecast (extrapolation) of change in purchasing power parities forsix months to 1 July 2024, for pensioners