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Directorate C: Macro-economic Statistics

Unit C.3: Statistics for administrative purposes

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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 2019 – 1 January 2020**

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EXECUTIVE SUMMARY

This is the seventh 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 2019 annual update of remuneration and pensions was prepared and transmitted in October 2019¹. In accordance with the adoption procedure in the Staff Regulations, the definitive update applicable with effect from July 2019 was published in the Official Journal².

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 pensioners³.

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 January⁴.

For the period 1 July 2019 – 1 July 2020 the forecast global specific indicator (average change in real net remuneration in the sample of 11 countries) is 101.1 (+1.1%). As this is not negative, 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 2020), which in practice means the situation for the preceding month (e.g. December 2019).

For the period 1 July 2019 – 1 January 2020 the Joint Index (change in the cost of living measured for the EU officials) is 100.5 (+0.5%). Details are provided in [Appendix Two](#), together with comparative information. This change does not exceed the specified threshold. In consequence, no general intermediate update of the nominal remuneration of active European officials or pension of retired European officials is required in Belgium and Luxembourg at 1 January 2020.

The correction coefficients which would apply to remuneration of active staff outside Brussels and Luxembourg in order to maintain equality of purchasing power at 1 January 2020 are provided in [Appendix Three \(A\)](#).

The correction coefficients which would apply to the pensions of retired staff outside Belgium and Luxembourg in order to maintain equality of purchasing power at 1 January 2020 are provided in [Appendix Three \(B\)](#).

The implicit index is the product of the Joint Index and the changes in the economic parities. For active staff, this exceeds the specified threshold in one Intra-EU duty station location: Poland.

The corresponding movement in the implicit index for pensioners did not exceed the specified threshold in any of the EU Member States.

In consequence, there is an intermediate update at 1 January 2020 required for active Intra-EU staff in

¹ See document Ares(2019)6759968 dated 31.10.2019.

² See communication 2019/C 420/05 for Intra-EU staff and pensioners (and communication 2019/C 420/06 for Extra-EU staff).

³ 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.

Poland. A table with the computed values is shown in *Appendix Four*.

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 figures and calculations contained in this report are based on data supplied by the responsible authorities in the Member States.

Important note: The United Kingdom left the EU with effect 1 February 2020 and is now a ‘third country’. During the transition period introduced by the ‘withdrawal agreement’, in accordance with legal interpretation established during correspondence between Eurostat and DG Human Resources & Security in January (reference Ares(2020)658511), the UK remains a member of the core sample of eleven countries for specific indicator calculation purposes. By contrast, as the reference date for the current report ends 1 January 2020, Intra-EU correction coefficient values for UK are still included in this report. In future they will be included in the separate Extra-EU results package.

More information on methodology, detailed results and statistical analysis is available in the annexes to this report and detailed procedural manuals⁵. For any information concerning this report, please contact Eurostat in Luxembourg:

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⁵ Document A6465/14/26rev2 methodology for the calculation of Specific Indicators; document A6465/14/58rev methodology for the calculation of the Joint Index; document A6465/14/59rev3 methodology for the calculation of Intra-EU correction coefficients, versions as finalised to reflect decisions at the A646&65 working group meeting in Luxembourg in March 2016.

1. INTRODUCTION

This is the seventh 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 2019 annual update of remuneration and pensions was prepared and transmitted in October 2019⁶. In accordance with the adoption procedure in the Staff Regulations, the definitive update applicable with effect from July 2019 was published in the Official Journal⁷.

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 6% for the year, interpreted as half of that value for six months (i.e. $\pm 3\%$) by a decision of the Article 64 Working Group in April 2005. It is therefore necessary to compute the Joint Index for the period June-December and the Staff and Pensioner PPPs at December 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 July-July. This document also summarises those results.

2. GLOBAL SPECIFIC INDICATOR FORECAST TO JULY 2020

A preliminary estimate of the forecast (weighted average of individual country values in the sample of 11) was presented to the Articles 64&65 Working Group in March 2020⁸. The value of the forecast was finalised shortly thereafter to be 101.1 (+1.1%). Further information can be found in [Appendix One](#).

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

3. THE JOINT INDEX, 1 JULY 2019 – 1 JANUARY 2020 (I.E. JUNE-DECEMBER 2019)

The 1 July 2019 – 1 January 2020 (i.e. June 2019 - December 2019) index was computed 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.

The Eurostat calculation was presented to the Articles 64&65 Working Group in March 2020, and gives an index of 100.5 (i.e. +0.5% for the six month period). This variation is within the specified threshold ($\pm 3.0\%$). In consequence, no general intermediate update of the nominal remuneration of active European officials or pension of retired European officials in Belgium and Luxembourg is required.

Further information about the calculation can be found in [Appendix Two](#).

⁶ See document Ares(2019)6759968 dated 31.10.2019.

⁷ See communication 2019/C 420/05 for Intra-EU staff and pensioners (and communication 2019/C 420/06 for Extra-EU staff).

⁸ N.B. Electronic consultation due to cancellation of physical meeting in response to COVID-19 crisis.

4. PPP FOR INTRA-EU STAFF AT 1 JANUARY 2020

The aggregate PPP for Intra-EU staff at 1 January 2020 (i.e. December 2019) for each duty station was computed according to the agreed methodology. In other words, the individual basic heading PPPs established for 1 July 2019 (i.e. June 2019) 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 2019 results). The results were presented to the Articles 64&65 Working Group in March 2020.

Further information about these aggregate PPP for Intra-EU staff can be found in [Appendix Three](#).

When comparing the 1 January 2020 PPP values to the 1 July 2019 values, the simple average change in the duty station PPPs is -0.1%. This masks a variation between -1.8% (for LV-Riga) and +3.0% (for PL-Warsaw). The PPP change for nineteen locations is negative, and for the remaining twelve locations it is zero or positive. Brussels = Luxembourg = zero. These movements can be combined with the Joint Index to establish the implicit price index.

For Poland the implicit price index is +3.4% therefore it exceeds the specified threshold for the period and in consequence, an intermediate update is required.

5. PPP FOR PENSIONERS AT 1 JANUARY 2020

The aggregate PPP for pensioners at 1 January 2020 (i.e. December 2019) 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 2020 (i.e. December 2019) 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 2019 (i.e. June 2019) 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 2019 results). The results were presented to the Articles 64&65 Working Group in March 2020.

Further information about these aggregate PPP for pensioners can be found in [Appendix Three](#).

When comparing the 1 January 2020 PPP values to the 1 July 2019 values, the simple average change in the country PPPs is -0.1%. This masks a variation between -1.7% (for Latvia) and +2.2% (for Poland). The PPP change for fourteen countries is negative, and for the remaining twelve countries it is zero or positive. Belgium = Luxembourg = zero. These movements can be combined with the Joint Index to establish the implicit price index.

There is no EU Member State outside Belgium and Luxembourg which has an implicit price index exceeding the threshold for the period. In consequence, no intermediate update is required.

6. CALCULATION OF THE INTERMEDIATE UPDATE

For the period July 2019 – July 2020, 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 country in the sample of 11) is +1.1%.

| |
|-------|
| 101.1 |
|-------|

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

Over the period 1 July 2019 – 1 January 2020 (i.e. June 2019 to December 2019), the Joint Index (cost of living for EU officials) was +0.5%.

| |
|--------------|
| 100.5 |
|--------------|

This does not exceed the threshold. In consequence, no intermediate update of the nominal net remuneration of active EU officials or pensions of retired EU officials is required *in Belgium and Luxembourg*.

The intermediate update of nominal net remuneration of EU officials *outside Belgium and Luxembourg* which would normally be necessary to maintain parallel development of purchasing power⁹, is therefore +0.0%, unless there is a change in the economic parities.

For active staff, the change in the cost of living (measured by implicit indices which are calculated as the product of the Joint Index and the changes in the economic parities with Brussels) does exceed the threshold in Poland.

Intermediate update is therefore required at 1 January 2020 for Poland. Implicit index was:

| |
|--------------|
| 103.4 |
|--------------|

For pensioners, the implicit index does not exceed the threshold in any EU Member State.

No intermediate update is therefore required at 1 January 2020 for any location.

| |
|--------------|
| 100.0 |
|--------------|

A table with the computed values is shown in *Appendix Four*.

7. POTENTIAL APPLICATION OF MODERATION CLAUSE FOR 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.

As the forecast global specific indicator value for the current exercise falls within these boundaries, this moderation clause is unlikely to apply and, other things being equal, the full calculated value of the eventual annual update should be used with effect from 1 July 2020.

8. POTENTIAL APPLICATION OF EXCEPTION CLAUSE FOR 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:

⁹ Before taking any change in the pension contribution rate and/or the special levy into account.

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

The Winter European Economic Forecast issued by DG ECFIN on 13 February 2020¹⁰ projected that the European economy was set to continue on a path of steady, moderate growth. Estimated GDP growth for the EU as a whole for 2020 in real terms was expected to be +1.4%, and stable in 2021 at +1.4%.

The Spring European Economic Forecast issued by DG ECFIN on 6 May¹¹ identifies that the COVID-19 pandemic has drastically altered the outlook for the European economy: it is now quite clear that the EU has entered the deepest economic recession in its history, with an uncertain and uneven recovery. EU GDP is now forecast to contract by around 7.5% in 2020 and to rebound by only 6.0% in 2021.

There remains significant uncertainty regarding the economic impact of the global health crisis and the policy measures implemented by Member States, and about the outcome of negotiations to establish future trade relations with UK and USA. This growth forecast could therefore change again by the time of the Autumn Economic Forecast.

If forecast GDP for the EU in real terms continues to remain negative by more than 3.0%, then the exception clause will apply. Consequently, other things being equal, the calculated value of the specific indicator component of the eventual annual update should be delayed with effect from 1 July 2020 until cumulative GDP reaches the same level once more.

¹⁰ https://ec.europa.eu/info/sites/info/files/economy-finance/ecfin_forecast_winter_2020_overview_en.pdf

¹¹ https://ec.europa.eu/info/sites/info/files/economy-finance/ecfin_forecast_spring_2020_overview_en_0.pdf

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 Kingdom¹².

For the intermediate update, data is compiled from the above mentioned 11 Member States about the expected changes in net remuneration in nominal terms, between 1 July 2019 and 1 July 2020. Where these are not available, Eurostat or DG ECFIN estimates are used instead.

National estimates of expected changes in the harmonized consumer price indices (inflation rates) during the period June 2019 to June 2020 have been used to transform nominal changes in the remunerations into movements in real terms. Where these are not available, Eurostat or DG ECFIN estimates are used instead.

In order to get the global specific indicator the results per country have been weighted in proportion to their national GDP for the year 2018 expressed in purchasing power parities¹³. 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 Article 65 Working Group in March 2020. Following bilateral confirmation of data with Member States, 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 2020 is 101.1 (+1.1%).

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

2) RESULTS TABLE (VALUES AFTER 25&26.3.2020 MEETING OF ARTICLES 64&65 WORKING GROUP)

The following table shows the values presented to, and confirmed by, Member State delegates in March 2020, or shortly thereafter, for the core sample of 11 countries:

¹² The United Kingdom left the EU with effect 1 February 2020 and is now a 'third country'. In accordance with legal interpretation, during the transition period introduced by the 'withdrawal agreement', the UK remains a member of the core sample for specific indicator calculation purposes.

¹³ GDP data for 2019 is not yet available (estimates are due in September 2020 and will be used for the annual report)

Forecast of changes in the net remuneration of national civil servants ¹
July 2019 - July 2020

| Country | Weight ⁴ EU28=100 (%) | Weight in sample (%) | Nominal net ² specific indicator (%) | Consumer price indices ³ (%) | Real net ² specific indicator (%) |
|----------------------|--|----------------------------|---|---|--|
| BE | 2.6 | 3.1 | 0.6 | 0.2 | 0.4 |
| DE | 19.7 | 23.6 | 2.2 | 1.6 | 0.6 |
| ES | 8.3 | 9.9 | 2.2 | 0.9 | 1.3 |
| FR | 13.6 | 16.3 | 1.4 | 1.1 | 0.3 |
| IT | 11.3 | 13.5 | 2.0 | 0.1 | 1.9 |
| LU | 0.3 | 0.4 | 2.6 | 2.4 | 0.2 |
| NL | 4.3 | 5.1 | 3.8 | 1.4 | 2.4 |
| AT | 2.2 | 2.6 | 2.3 | 1.6 | 0.7 |
| PL | 5.3 | 6.3 | 6.0 | 2.4 | 3.5 |
| SE | 2.4 | 2.9 | 2.3 | 1.4 | 0.9 |
| UK | 13.6 | 16.3 | 2.3 | 1.6 | 0.7 |
| Global (EU11) | 83.6 | 100.0 | 2.3 | 1.2 | 1.1 |

(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)

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

(4) GDP 2018 (ESA 2010) in PPS at current prices (website enquiry 18.03.2020)

The following table shows the values presented to, and confirmed by, Member State delegates at the March 2020 meeting, or shortly thereafter, for the remaining 17 countries:

Forecast of changes in the net remuneration of national civil servants ¹
July 2019 - July 2020

| Country | Weight ⁴ EU28=100 (%) | Weight in sample (%) | Nominal net ² specific indicator (%) | Consumer price indices ³ (%) | Real net ² specific indicator (%) |
|----------------------|--|----------------------------|---|---|--|
| BG | 0.7 | 4.2 | 10.0 | 2.2 | 7.6 |
| CZ | 1.9 | 11.4 | 6.0 | 3.0 | 2.9 |
| DK | 1.4 | 8.4 | 1.8 | 1.2 | 0.6 |
| EE | 0.2 | 1.2 | 5.9 | 1.8 | 4.0 |
| IE | 1.8 | 10.8 | 1.5 | -0.6 | 2.1 |
| EL | 1.4 | 8.4 | 1.8 | 0.8 | 0.9 |
| HR | 0.5 | 3.0 | 4.5 | 1.1 | 3.4 |
| CY | 0.2 | 1.2 | 0.6 | 1.0 | -0.4 |
| LV | 0.3 | 1.8 | 6.2 | 0.5 | 5.7 |
| LT | 0.4 | 2.4 | 4.0 | 1.5 | 2.5 |
| HU | 1.3 | 7.8 | 0.0 | 4.7 | -4.5 |
| MT | 0.1 | 0.6 | 3.7 | 1.5 | 2.2 |
| PT | 1.5 | 9.0 | 0.4 | 0.8 | -0.4 |
| RO | 2.5 | 15.1 | 0.3 | 3.1 | -2.7 |
| SI | 0.4 | 2.4 | 4.2 | 2.0 | 2.2 |
| SK | 0.8 | 4.8 | 11.0 | 2.8 | 8.0 |
| FI | 1.2 | 7.2 | 1.3 | 1.2 | 0.1 |
| Global (EU17) | 16.6 | 100.0 | 2.8 | 1.8 | 1.0 |

(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, HR, MT)

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

(4) GDP 2018 (ESA 2010) in PPS at current prices (website enquiry 18.03.2020)

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 the **preceding** annual exercise (i.e. reference period 2018-2019) the forecast in the intermediate report varied from the eventual definitive value for the annual report.

Comparison of the net specific indicator and the forecast in nominal and real terms for the twelve-month period to 1st July 2019

| Country | Net specific indicator in nominal terms | | | Net specific indicator in real terms | | |
|--------------|---|--------------|--------------|--------------------------------------|--------------|--------------|
| | Actual | Forecast * | Difference % | Actual | Forecast * | Difference % |
| BE | 103.4 | 102.0 | -1.4 | 102.1 | 100.4 | -1.7 |
| DE | 102.8 | 102.7 | -0.1 | 101.3 | 100.7 | -0.6 |
| ES | 102.9 | 103.0 | 0.1 | 102.3 | 102.2 | -0.1 |
| FR | 100.5 | 100.5 | 0.0 | 99.1 | 99.5 | 0.4 |
| IT | 100.3 | 100.4 | 0.1 | 99.5 | 99.3 | -0.2 |
| LU | 103.0 | 100.0 | -2.9 | 101.5 | 99.0 | -2.5 |
| NL | 103.5 | 103.7 | 0.2 | 100.8 | 101.2 | 0.4 |
| AT | 102.5 | 102.8 | 0.3 | 100.9 | 100.9 | 0.0 |
| PL | 100.8 | 102.3 | 1.5 | 98.5 | 99.9 | 1.4 |
| SE | 103.8 | 102.0 | -1.7 | 102.2 | 100.2 | -2.0 |
| UK | 102.6 | 101.8 | -0.8 | 100.6 | 99.7 | -0.9 |
| Total | 102.0 | 101.8 | -0.2 | 100.5 | 100.2 | -0.3 |

* Per Intermediate Report.

**Comparison of the net specific indicator and the forecast in nominal and real terms
for the twelve-month period to 1st July 2019**

| Country | Net specific indicator in nominal terms | | | Net specific indicator in real terms | | |
|---------|---|------------|--------------|--------------------------------------|------------|--------------|
| | Actual | Forecast * | Difference % | Actual | Forecast * | Difference % |
| BG | 106.7 | 117.0 | 9.7 | 104.3 | 115.0 | 10.3 |
| CZ | 100.3 | 106.0 | 5.7 | 97.9 | 103.9 | 6.2 |
| DK | 101.0 | 101.6 | 0.6 | 100.5 | 100.1 | -0.4 |
| EE | 111.3 | 108.7 | -2.3 | 108.5 | 105.2 | -3.0 |
| IE | 101.0 | 101.0 | 0.0 | 99.9 | 100.1 | 0.2 |
| EL | 100.3 | 103.7 | 3.4 | 100.1 | 103.1 | 3.0 |
| HR | 103.0 | 103.0 | 0.0 | 102.5 | 102.0 | -0.5 |
| CY | 101.5 | 102.0 | 0.5 | 101.2 | 99.5 | -1.7 |
| LV | 103.8 | 102.4 | -1.3 | 100.7 | 99.5 | -1.2 |
| LT | 116.3 | 104.0 | -10.6 | 113.6 | 102.6 | -9.7 |
| HU | 100.7 | 100.7 | 0.0 | 97.4 | 98.1 | 0.7 |
| MT | 102.7 | 102.7 | 0.0 | 100.9 | 101.5 | 0.6 |
| PT | 100.5 | 100.5 | 0.0 | 99.8 | 99.9 | 0.1 |
| RO | 112.5 | 112.5 | 0.0 | 108.3 | 109.4 | 1.0 |
| SI | 103.9 | 102.7 | -1.2 | 102.0 | 100.4 | -1.6 |
| SK | 115.3 | 111.0 | -3.7 | 112.3 | 109.1 | -2.8 |
| FI | 103.8 | 102.0 | -1.7 | 102.7 | 100.7 | -2.0 |

* Per Intermediate Report.

APPENDIX TWO: JOINT INDEX (DETAILS)

1) JOINT INDEX 1 JULY 2019 – 1 JANUARY 2020 (I.E. JUNE-DECEMBER 2019)

The Joint Index represents a weighted average of national indices for Belgium and Luxembourg, and may not reflect the specific price evolution in the reference cities (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 (ratio at December 2018, i.e. applicable at 1 July 2019). 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 (2009). The following table presents the calculation of the Joint Index for the period June 2019 - December 2019, with the final figure in the right-hand column showing the variation for the period, +0.5% (100.5).

Joint BELU Index FBS weights 2009

| | 2019m12/2019m6 | |
|---|----------------|--------------|
| | WEIGHTS | VARIATION |
| 1 FOOD AND NON-ALCOHOLIC BEVERAGES | 128.2 | 99.6 |
| 2 ALCOHOLIC BEVERAGES AND TOBACCO | 20.3 | 98.9 |
| 3 CLOTHING AND FOOTWEAR | 54.3 | 100.6 |
| 4 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS | 297.6 | 100.3 |
| 5 FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE | 74.7 | 100.4 |
| 6 HEALTH | 19.2 | 100.2 |
| 7 TRANSPORT | 127.2 | 101.2 |
| 8 COMMUNICATIONS | 21.5 | 100.0 |
| 9 RECREATION AND CULTURE | 91.7 | 101.0 |
| 10 EDUCATION | 14.7 | 101.4 |
| 11 HOTELS, CAFES AND RESTAURANTS | 100.6 | 100.7 |
| 12 MISCELLANEOUS GOODS AND SERVICES | 50.0 | 100.5 |
| TOTAL WITHOUT RENTS | 762.9 | 100.4 |
| RENTS | 237.1 | 100.5 |
| TOTAL | 1000.0 | 100.5 |

2) STAFF RATIO BRUSSELS : LUXEMBOURG

In accordance with the agreed methodology, the staff weights available for the index base period are used, and applied at the level of the detailed sub-indices for the 80 basic headings. The information is obtained from Commission internal services.

Number of permanent officials and other servants in active service at July 2019 (i.e. December 2018)

| Duty station | No. | % |
|--------------|---------------|--------------|
| Brussels | 38,053 | 81.2 |
| Luxembourg | 8,814 | 18.8 |
| Total | 46,867 | 100.0 |

Source: PMO, as included in PSEO database (Eurostat)

3) BELGIUM HICP

The following table presents the published HICP values for June 2019 and December 2019, base 2015 = 100, and the final figure in the right-hand column shows the variation for the period, +0.3% (100.3).

Belgian HICP index, 2015=100

HICP weights

Rents from HICP

| | WEIGHTS from HICP 2019 | INDICES 01/06/2019 | WEIGHTS from HICP 2019 | INDICES 01/12/2019 | VARIATION |
|---|---------------------------|-----------------------|---------------------------|-----------------------|--------------|
| 1 FOOD AND NON-ALCOHOLIC BEVERAGES | 165.0 | 106.3 | 165.0 | 105.8 | 99.5 |
| 2 ALCOHOLIC BEVERAGES AND TOBACCO | 49.7 | 120.3 | 49.7 | 119.7 | 99.5 |
| 3 CLOTHING AND FOOTWEAR | 53.2 | 106.0 | 53.2 | 106.6 | 100.6 |
| 4 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS | 162.8 | 110.0 | 162.8 | 110.2 | 100.2 |
| 5 FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE | 74.1 | 103.3 | 74.1 | 103.4 | 100.2 |
| 6 HEALTH | 81.5 | 105.3 | 81.5 | 105.5 | 100.2 |
| 7 TRANSPORT | 123.6 | 109.7 | 123.6 | 110.5 | 100.8 |
| 8 COMMUNICATIONS | 32.9 | 106.5 | 32.9 | 107.0 | 100.5 |
| 9 RECREATION AND CULTURE | 87.8 | 105.7 | 87.8 | 106.9 | 101.1 |
| 10 EDUCATION | 5.0 | 123.8 | 5.0 | 125.6 | 101.5 |
| 11 HOTELS, CAFES AND RESTAURANTS | 80.7 | 111.1 | 80.7 | 111.4 | 100.3 |
| 12 MISCELLANEOUS GOODS AND SERVICES | 83.7 | 106.9 | 83.7 | 107.4 | 100.5 |
| TOTAL WITHOUT RENTS | 937.3 | 108.4 | 937.3 | 108.6 | 100.3 |
| RENTS | 62.7 | 104.1 | 62.7 | 104.6 | 100.5 |
| TOTAL | 1000.0 | 108.1 | 1000.0 | 108.4 | 100.3 |

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: +0.4% (100.4), as shown in the table below.

Belgian HICP index, 2015=100

FBS weights

Rents from HICP

| | FBS WEIGHTS | INDICES 01/06/2019 | INDICES 01/12/2019 | VARIATION |
|---|----------------|-----------------------|-----------------------|--------------|
| 1 FOOD AND NON-ALCOHOLIC BEVERAGES | 128.2 | 106.5 | 105.9 | 99.5 |
| 2 ALCOHOLIC BEVERAGES AND TOBACCO | 20.3 | 115.1 | 113.4 | 98.5 |
| 3 CLOTHING AND FOOTWEAR | 54.3 | 106.2 | 106.8 | 100.6 |
| 4 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS | 297.6 | 105.6 | 106.0 | 100.3 |
| 5 FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE | 74.7 | 103.7 | 103.9 | 100.2 |
| 6 HEALTH | 19.2 | 105.3 | 105.5 | 100.2 |
| 7 TRANSPORT | 127.2 | 106.5 | 107.6 | 101.0 |
| 8 COMMUNICATIONS | 21.5 | 107.2 | 107.7 | 100.5 |
| 9 RECREATION AND CULTURE | 91.7 | 104.8 | 106.2 | 101.3 |
| 10 EDUCATION | 14.7 | 123.8 | 125.6 | 101.5 |
| 11 HOTELS, CAFES AND RESTAURANTS | 100.6 | 110.3 | 110.8 | 100.5 |
| 12 MISCELLANEOUS GOODS AND SERVICES | 50.0 | 106.7 | 107.2 | 100.5 |
| TOTAL WITHOUT RENTS | 762.9 | 107.5 | 107.9 | 100.4 |
| RENTS | 237.1 | 104.1 | 104.6 | 100.5 |
| TOTAL | 1000.0 | 106.7 | 107.1 | 100.4 |

4) LUXEMBOURG CPI

The following table presents the published CPI values for June 2019 and December 2019, base 2015 = 100, and the final figure in the right-hand column shows the variation for the period, +0.5% (100.5).

Luxembourg CPI index, 2015=100

CPI weights

Rents from CPI

| | WEIGHTS from CPI 2019 | INDICES 01/06/2019 | WEIGHTS from CPI 2019 | INDICES 01/12/2019 | VARIATION |
|---|--------------------------|-----------------------|--------------------------|-----------------------|--------------|
| 1 FOOD AND NON-ALCOHOLIC BEVERAGES | 112.2 | 108.5 | 112.2 | 108.6 | 100.1 |
| 2 ALCOHOLIC BEVERAGES AND TOBACCO | 33.7 | 107.2 | 33.7 | 107.4 | 100.2 |
| 3 CLOTHING AND FOOTWEAR | 59.6 | 107.0 | 59.6 | 107.8 | 100.8 |
| 4 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS | 157.7 | 104.9 | 157.7 | 105.4 | 100.4 |
| 5 FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE | 82.5 | 103.8 | 82.5 | 104.8 | 101.0 |
| 6 HEALTH | 28.9 | 101.9 | 28.9 | 102.2 | 100.3 |
| 7 TRANSPORT | 170.8 | 104.5 | 170.8 | 105.2 | 100.7 |
| 8 COMMUNICATIONS | 24.0 | 95.9 | 24.0 | 93.7 | 97.7 |
| 9 RECREATION AND CULTURE | 73.7 | 106.9 | 73.7 | 107.3 | 100.3 |
| 10 EDUCATION | 19.6 | 114.9 | 19.6 | 116.1 | 101.0 |
| 11 HOTELS, CAFES AND RESTAURANTS | 72.8 | 108.5 | 72.8 | 109.7 | 101.1 |
| 12 MISCELLANEOUS GOODS AND SERVICES | 164.5 | 105.0 | 164.5 | 105.6 | 100.5 |
| TOTAL WITHOUT RENTS | 933.8 | 105.6 | 933.8 | 106.1 | 100.5 |
| RENTS | 66.2 | 104.7 | 66.2 | 105.3 | 100.6 |
| TOTAL | 1000.0 | 105.6 | 1000.0 | 106.1 | 100.5 |

This information is provided by the Luxembourg authorities "Institut national de la statistique et des études 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: +0.7% (100.7), as shown in the table below.

Luxembourg CPI index, 2015=100

FBS weights

Rents from CPI

| | FBS WEIGHTS | INDICES 01/06/2019 | INDICES 01/12/2019 | VARIATION |
|---|----------------|-----------------------|-----------------------|--------------|
| 1 FOOD AND NON-ALCOHOLIC BEVERAGES | 128.2 | 108.2 | 108.4 | 100.2 |
| 2 ALCOHOLIC BEVERAGES AND TOBACCO | 20.3 | 107.0 | 107.5 | 100.5 |
| 3 CLOTHING AND FOOTWEAR | 54.3 | 106.8 | 107.6 | 100.8 |
| 4 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS | 297.6 | 104.6 | 105.1 | 100.5 |
| 5 FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE | 74.7 | 104.2 | 105.3 | 101.1 |
| 6 HEALTH | 19.2 | 101.9 | 102.2 | 100.3 |
| 7 TRANSPORT | 127.2 | 107.7 | 109.9 | 102.0 |
| 8 COMMUNICATIONS | 21.5 | 97.8 | 95.7 | 97.9 |
| 9 RECREATION AND CULTURE | 91.7 | 103.5 | 103.5 | 100.0 |
| 10 EDUCATION | 14.7 | 114.9 | 116.1 | 101.0 |
| 11 HOTELS, CAFES AND RESTAURANTS | 100.6 | 109.5 | 110.4 | 100.8 |
| 12 MISCELLANEOUS GOODS AND SERVICES | 50.0 | 106.2 | 106.7 | 100.5 |
| TOTAL WITHOUT RENTS | 762.9 | 106.4 | 107.1 | 100.7 |
| RENTS | 237.1 | 104.7 | 105.3 | 100.6 |
| TOTAL | 1000.0 | 106.0 | 106.7 | 100.7 |

APPENDIX THREE: INTRA-EU STAFF PPPS AND PENSIONER PPPS (DETAILS)

1) CALCULATION OF CORRECTION COEFFICIENTS

The correction coefficients (CC) 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, a similar principle applies. The difference is that instead of being based on capital city price comparisons they relate to national comparisons, with Belgium as the base country.

2) STEPS TO PRODUCE PPPS FOR INTERMEDIATE UPDATE

2.A) 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 2019).

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 different¹⁴.

2.B) 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.

3) CALCULATED VALUES AT 1 JANUARY 2020 (I.E. DECEMBER 2019)

3.A) PPPS FOR INTRA-EU STAFF

The following **Table 3.A** presents the calculated values of the economic parities and correction coefficients for staff as at 1 January 2020 (i.e. December 2019). Exchange rates for 1 July 2019 are used, for consistency with the annual update.

¹⁴ Family budget surveys were conducted during 2016 and 2017 in 22 duty stations and integrated in the July 2018 parity exercise. Structures for the remaining six locations date from 2009-2013: updating family budget surveys have been launched.

Ten duty station locations have a correction coefficient higher than 100; the remaining twenty-one have a correction coefficient equal to or below 100. Brussels = Luxembourg = 100. The highest value is for UK-London (132.7). The lowest value is for BG-Sofia (58.1).

3.B) PPPs FOR PENSIONERS

Similarly, the following **Table 3.B** presents the calculated values of the economic parities and correction coefficients for pensioners as at 1 January 2020 (i.e. December 2019). Exchange rates for 1 July 2019 are again used.

Nine countries have a CC greater than 100; the remaining seventeen have a coefficient equal to or below 100. Belgium = Luxembourg = 100. The highest value is for Denmark (131.4). The lowest value is for Romania (56.1).

TABLE 3.A

STAFF

| | | 31-Dec-19 | | | |
|----|----|------------|----------|--------|-------|
| | | Final | | | |
| | | PPP | Ex. Rate | CC | |
| 1 | BE | Brussels | 1 | 1 | 100.0 |
| 2 | BG | Sofia | 1.136 | 1.956 | 58.1 |
| 3 | CZ | Prague | 21.92 | 25.43 | 86.2 |
| 4 | DK | Copenhagen | 9.593 | 7.464 | 128.5 |
| 5 | DE | Berlin | 0.993 | 1 | 99.3 |
| 6 | | Bonn | 0.951 | 1 | 95.1 |
| 7 | | Karlsruhe | 0.964 | 1 | 96.4 |
| 8 | | Munich | 1.102 | 1 | 110.2 |
| 9 | EE | Tallinn | 0.826 | 1 | 82.6 |
| 10 | IE | Dublin | 1.188 | 1 | 118.8 |
| 11 | EL | Athens | 0.811 | 1 | 81.1 |
| 12 | ES | Madrid | 0.912 | 1 | 91.2 |
| 13 | FR | Paris | 1.177 | 1 | 117.7 |
| 14 | HR | Zagreb | 5.619 | 7.396 | 76.0 |
| 15 | IT | Rome | 0.943 | 1 | 94.3 |
| 16 | | Varese | 0.892 | 1 | 89.2 |
| 17 | CY | Nicosia | 0.776 | 1 | 77.6 |
| 18 | LV | Riga | 0.772 | 1 | 77.2 |
| 19 | LT | Vilnius | 0.756 | 1 | 75.6 |
| 20 | LU | Luxembourg | 1 | 1 | 100.0 |
| 21 | HU | Budapest | 246.1 | 323.6 | 76.0 |
| 22 | MT | Valletta | 0.925 | 1 | 92.5 |
| 23 | NL | The Hague | 1.117 | 1 | 111.7 |
| 24 | AT | Vienna | 1.068 | 1 | 106.8 |
| 25 | PL | Warsaw | 3.113 | 4.252 | 73.2 |
| 26 | PT | Lisbon | 0.876 | 1 | 87.6 |
| 27 | RO | Bucharest | 3.079 | 4.722 | 65.2 |
| 28 | SI | Ljubljana | 0.843 | 1 | 84.3 |
| 29 | SK | Bratislava | 0.782 | 1 | 78.2 |
| 30 | FI | Helsinki | 1.182 | 1 | 118.2 |
| 31 | SE | Stockholm | 12.78 | 10.549 | 121.1 |
| 32 | UK | London | 1.187 | 0.8943 | 132.7 |
| 33 | | Culham | 0.9109 | 0.8943 | 101.9 |

TABLE 3.B

PENSIONERS

| | | | 31-Dec-19 | | |
|----|----|----------------|-----------|----------|-------|
| | | | Final | | |
| | | | PPP | Ex. Rate | CC |
| 1 | BE | Belgium | 1 | 1 | 100.0 |
| 2 | BG | Bulgaria | 1.103 | 1.956 | 56.4 |
| 3 | CZ | Czech Rep. | 18.92 | 25.43 | 74.4 |
| 4 | DK | Denmark | 9.81 | 7.464 | 131.4 |
| 5 | DE | Germany | 1.002 | 1 | 100.2 |
| 6 | EE | Estonia | 0.851 | 1 | 85.1 |
| 7 | IE | Ireland | 1.228 | 1 | 122.8 |
| 8 | EL | Greece | 0.785 | 1 | 78.5 |
| 9 | ES | Spain | 0.889 | 1 | 88.9 |
| 10 | FR | France | 1.100 | 1 | 110.0 |
| 11 | HR | Croatia | 4.968 | 7.396 | 67.2 |
| 12 | IT | Italy | 0.950 | 1 | 95.0 |
| 13 | CY | Cyprus | 0.812 | 1 | 81.2 |
| 14 | LV | Latvia | 0.719 | 1 | 71.9 |
| 15 | LT | Lithuania | 0.679 | 1 | 67.9 |
| 16 | LU | Luxembourg | 1 | 1 | 100.0 |
| 17 | HU | Hungary | 209.1 | 323.6 | 64.6 |
| 18 | MT | Malta | 0.959 | 1 | 95.9 |
| 19 | NL | Netherlands | 1.118 | 1 | 111.8 |
| 20 | AT | Austria | 1.090 | 1 | 109.0 |
| 21 | PL | Poland | 2.641 | 4.252 | 62.1 |
| 22 | PT | Portugal | 0.857 | 1 | 85.7 |
| 23 | RO | Romania | 2.649 | 4.722 | 56.1 |
| 24 | SI | Slovenia | 0.819 | 1 | 81.9 |
| 25 | SK | Slovak Rep. | 0.689 | 1 | 68.9 |
| 26 | FI | Finland | 1.204 | 1 | 120.4 |
| 27 | SE | Sweden | 11.69 | 10.549 | 110.9 |
| 28 | UK | United Kingdom | 1.084 | 0.8943 | 121.2 |

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

The following table compares calculated correction coefficients at 1 January 2020 (i.e. December 2019) 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.

- December 2019 pensioner CCs compared to staff CCs

| 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 | 61.2 | 37.0 | 56.4 | Sofia | 60.1 | 51.2 | 58.1 |
| CZ | 75.2 | 72.1 | 74.4 | Prague | 75.9 | 117.0 | 86.2 |
| DK | 119.9 | 167.9 | 131.4 | Copenhagen | 116.0 | 178.3 | 128.5 |
| DE | 94.4 | 120.8 | 100.2 | Berlin | 93.7 | 121.8 | 99.3 |
| EE | 79.7 | 105.9 | 85.1 | Tallinn | 80.4 | 91.6 | 82.6 |
| IE | 103.6 | 200.1 | 122.8 | Dublin | 99.0 | 229.0 | 118.8 |
| EL | 82.0 | 67.2 | 78.5 | Athens | 81.5 | 80.4 | 81.1 |
| ES | 85.0 | 105.0 | 88.9 | Madrid | 84.0 | 119.0 | 91.2 |
| FR | 103.8 | 132.0 | 110.0 | Paris | 101.9 | 184.4 | 117.7 |
| HR | 72.3 | 49.5 | 67.2 | Zagreb | 73.1 | 87.7 | 76.0 |
| IT | 94.1 | 97.9 | 95.0 | Rome | 91.4 | 105.9 | 94.3 |
| CY | 82.8 | 76.0 | 81.2 | Nicosia | 84.0 | 58.9 | 77.6 |
| LV | 75.0 | 62.8 | 71.9 | Riga | 75.9 | 82.5 | 77.2 |
| LT | 71.2 | 51.1 | 67.9 | Vilnius | 72.1 | 90.7 | 75.6 |
| LU | 100.0 | 100.0 | 100.0 | Luxembourg | 100.0 | 100.0 | 100.0 |
| HU | 67.7 | 54.0 | 64.6 | Budapest | 67.1 | 111.1 | 76.0 |
| MT | 87.5 | 128.1 | 95.9 | Valletta | 87.3 | 110.9 | 92.5 |
| NL | 103.6 | 141.1 | 111.8 | The Hague | 103.1 | 144.6 | 111.7 |
| AT | 100.8 | 138.4 | 109.0 | Vienna | 100.9 | 128.8 | 106.8 |
| PL | 67.5 | 42.2 | 62.1 | Warsaw | 68.0 | 93.1 | 73.2 |
| PT | 85.2 | 88.5 | 85.7 | Lisbon | 82.5 | 108.9 | 87.6 |
| RO | 59.2 | 44.2 | 56.1 | Bucharest | 59.5 | 82.9 | 65.2 |
| SI | 82.8 | 78.7 | 81.9 | Ljubljana | 83.4 | 88.1 | 84.3 |
| SK | 74.2 | 51.4 | 68.9 | Bratislava | 73.7 | 91.4 | 78.2 |
| FI | 111.0 | 149.5 | 120.4 | Helsinki | 109.4 | 150.1 | 118.2 |
| SE | 108.5 | 117.3 | 110.9 | Stockholm | 106.3 | 180.3 | 121.1 |
| UK | 100.5 | 195.2 | 121.2 | London | 99.7 | 295.7 | 132.7 |

5) CHANGES IN THE AGGREGATE PPPS

5.A) PPPS FOR INTRA-EU STAFF

The following **Table 5.A** shows the changes in the economic parities for staff between 1 July 2019 (i.e. June 2019) and 1 January 2020 (i.e. December 2019), and the associated implicit price index (which also takes the Joint Index into account).

The simple average change in the PPPs is -0.1%. This masks a variation between -1.8% (for LV-Riga) and +3.0% (for PL-Warsaw). The PPP change for nineteen locations is negative, and for the remaining twelve locations it is zero or positive. Brussels = Luxembourg = zero.

The implicit price index exceeds the threshold ($\pm 3.0\%$) for the six months period only in Poland (+3.4%).

5.B) PPPS FOR PENSIONERS

The following **Table 5.B** shows the changes in the economic parities for pensioners between 1 July 2019 (i.e. June 2019) and 1 January 2020 (i.e. December 2019), and the associated implicit price index (which also takes the Joint Index into account).

The simple average change in the PPPs is -0.1%. This masks a variation between -1.7% (for Latvia) and +2.2% (for Poland). The PPP change for fourteen countries is negative, and for the remaining twelve countries it is zero or positive. Belgium = Luxembourg = zero.

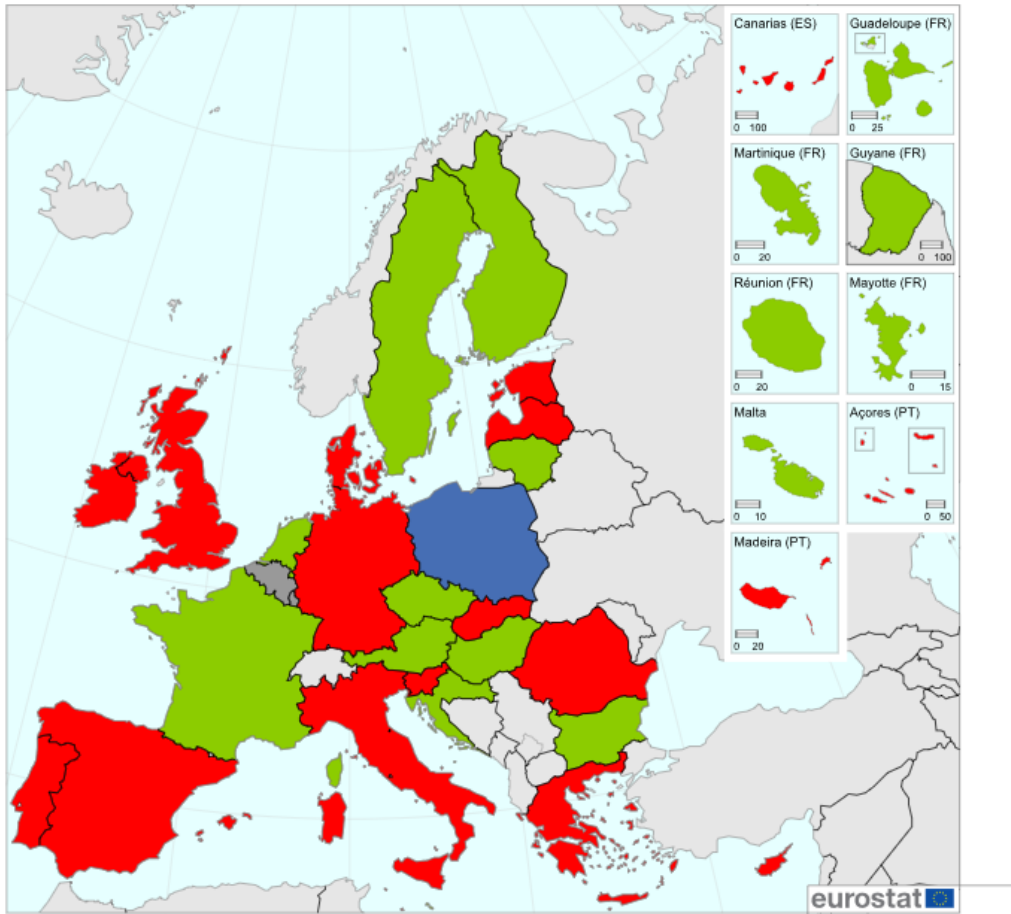
No EU Member State has an implicit price index which exceeds the threshold ($\pm 3.0\%$) for the six months.

TABLE 5.A

STAFF

| | | Final | | | | |
|----|----|------------|-----------|--------|----------|------|
| | | 01-Jul-19 | 31-Dec-19 | | | |
| | | PPP | PPP | Change | Implicit | |
| 1 | BE | Brussels | 1 | 1 | 0 | 0.5 |
| 2 | BG | Sofia | 1.124 | 1.136 | 1.1 | 1.6 |
| 3 | CZ | Prague | 21.74 | 21.92 | 0.8 | 1.2 |
| 4 | DK | Copenhagen | 9.648 | 9.593 | -0.6 | -0.1 |
| 5 | DE | Berlin | 0.994 | 0.993 | -0.1 | 0.4 |
| 6 | | Bonn | 0.951 | 0.951 | -0.1 | 0.4 |
| 7 | | Karlsruhe | 0.965 | 0.964 | -0.1 | 0.4 |
| 8 | | Munich | 1.103 | 1.102 | -0.1 | 0.4 |
| 9 | EE | Tallinn | 0.833 | 0.826 | -0.8 | -0.3 |
| 10 | IE | Dublin | 1.192 | 1.188 | -0.3 | 0.1 |
| 11 | EL | Athens | 0.818 | 0.811 | -0.9 | -0.5 |
| 12 | ES | Madrid | 0.916 | 0.912 | -0.4 | 0.0 |
| 13 | FR | Paris | 1.177 | 1.177 | 0.0 | 0.5 |
| 14 | HR | Zagreb | 5.612 | 5.619 | 0.1 | 0.6 |
| 15 | IT | Rome | 0.952 | 0.943 | -1.0 | -0.5 |
| 16 | | Varese | 0.900 | 0.892 | -0.9 | -0.5 |
| 17 | CY | Nicosia | 0.789 | 0.776 | -1.7 | -1.3 |
| 18 | LV | Riga | 0.787 | 0.772 | -1.8 | -1.4 |
| 19 | LT | Vilnius | 0.751 | 0.756 | 0.6 | 1.1 |
| 20 | LU | Luxembourg | 1 | 1 | 0 | 0.5 |
| 21 | HU | Budapest | 243.8 | 246.1 | 1.0 | 1.4 |
| 22 | MT | Valletta | 0.920 | 0.925 | 0.5 | 0.9 |
| 23 | NL | The Hague | 1.115 | 1.117 | 0.2 | 0.6 |
| 24 | AT | Vienna | 1.060 | 1.068 | 0.7 | 1.2 |
| 25 | PL | Warsaw | 3.023 | 3.113 | 3.0 | 3.4 |
| 26 | PT | Lisbon | 0.886 | 0.876 | -1.1 | -0.6 |
| 27 | RO | Bucharest | 3.082 | 3.079 | -0.1 | 0.4 |
| 28 | SI | Ljubljana | 0.846 | 0.843 | -0.3 | 0.2 |
| 29 | SK | Bratislava | 0.790 | 0.782 | -1.0 | -0.5 |
| 30 | FI | Helsinki | 1.181 | 1.182 | 0.1 | 0.6 |
| 31 | SE | Stockholm | 12.71 | 12.78 | 0.6 | 1.0 |
| 32 | UK | London | 1.188 | 1.187 | -0.1 | 0.4 |
| 33 | | Culham | 0.9118 | 0.9109 | -0.1 | 0.3 |

Implicit Index-STF
2019m06-2019m12



Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat
Cartography: Eurostat – IMAGE, 03/2020

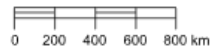
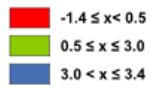
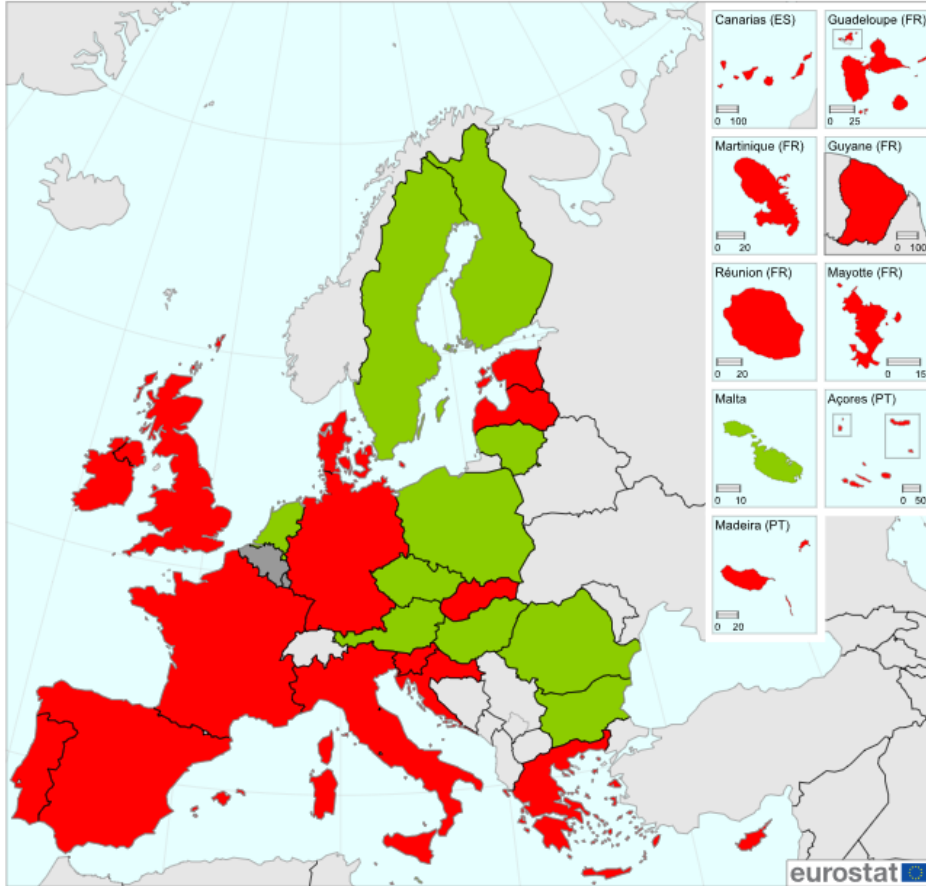


TABLE 5.B

PENSIONERS

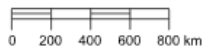
| | | Final | | | | |
|----|----|----------------|-----------|--------|----------|------|
| | | 01-Jul-19 | 31-Dec-19 | Change | Implicit | |
| | | PPP | PPP | | | |
| 1 | BE | Belgium | 1 | 1 | 0 | 0.5 |
| 2 | BG | Bulgaria | 1.090 | 1.103 | 1.2 | 1.7 |
| 3 | CZ | Czech Rep. | 18.82 | 18.92 | 0.6 | 1.0 |
| 4 | DK | Denmark | 9.87 | 9.81 | -0.6 | -0.1 |
| 5 | DE | Germany | 1.005 | 1.002 | -0.3 | 0.2 |
| 6 | EE | Estonia | 0.860 | 0.851 | -1.1 | -0.6 |
| 7 | IE | Ireland | 1.233 | 1.228 | -0.4 | 0.1 |
| 8 | EL | Greece | 0.790 | 0.785 | -0.7 | -0.2 |
| 9 | ES | Spain | 0.892 | 0.889 | -0.3 | 0.1 |
| 10 | FR | France | 1.100 | 1.100 | 0.0 | 0.4 |
| 11 | HR | Croatia | 4.974 | 4.968 | -0.1 | 0.3 |
| 12 | IT | Italy | 0.955 | 0.950 | -0.5 | 0.0 |
| 13 | CY | Cyprus | 0.824 | 0.812 | -1.5 | -1.0 |
| 14 | LV | Latvia | 0.731 | 0.719 | -1.7 | -1.3 |
| 15 | LT | Lithuania | 0.677 | 0.679 | 0.3 | 0.7 |
| 16 | LU | Luxembourg | 1 | 1 | 0 | 0.5 |
| 17 | HU | Hungary | 207.2 | 209.1 | 0.9 | 1.4 |
| 18 | MT | Malta | 0.953 | 0.959 | 0.5 | 1.0 |
| 19 | NL | Netherlands | 1.113 | 1.118 | 0.4 | 0.9 |
| 20 | AT | Austria | 1.082 | 1.090 | 0.7 | 1.2 |
| 21 | PL | Poland | 2.584 | 2.641 | 2.2 | 2.7 |
| 22 | PT | Portugal | 0.867 | 0.857 | -1.1 | -0.6 |
| 23 | RO | Romania | 2.641 | 2.649 | 0.3 | 0.8 |
| 24 | SI | Slovenia | 0.822 | 0.819 | -0.4 | 0.0 |
| 25 | SK | Slovak Rep. | 0.692 | 0.689 | -0.4 | 0.0 |
| 26 | FI | Finland | 1.203 | 1.204 | 0.1 | 0.6 |
| 27 | SE | Sweden | 11.66 | 11.69 | 0.3 | 0.7 |
| 28 | UK | United Kingdom | 1.085 | 1.084 | -0.1 | 0.3 |

Implicit Index-PEN
2019m06-2019m12



Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat
Cartography: Eurostat – IMAGE, 03/2020

■ $-1.3 \leq x < 0.5$
■ $0.5 \leq x \leq 2.7$



6) REASONS FOR THE CHANGES IN THE AGGREGATE PPPS

Changes in the PPPs for 1 January 2020 (i.e. December 2019), by comparison to those for 1 July 2019 (i.e. June 2019), 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 differs from the expenditure patterns of national population (used to aggregate the HICP sub-indices)¹⁵. 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.

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.

¹⁵ One important explanatory reason for this difference is expatriate status.

APPENDIX FOUR: COMPUTING THE INTERMEDIATE UPDATE (DETAILS)

1) STEPS TO COMPUTE THE INTERMEDIATE UPDATE

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 2020 (i.e. December 2019) exercise, there is no general intermediate update calculation.

Instead, the intermediate update has to be applied only to selected duty stations (for active staff) or selected countries (for pensioners). This is achieved by multiplying those correction coefficients established for intermediate update purposes at 1 January (i.e. December) for which the implicit index exceeds the threshold ($\pm 3.0\%$), by the product of the JBLI index evolution and half of the GSI forecast (if negative).

$$CC_{\text{intermediate}} = CC_{\text{January}} \times [\text{JBLI}_{\text{Jun-Dec}} \times \frac{1}{2} \text{GSI (if negative)}] \\ = ???.? \times [????.? \times (100 - \frac{1}{2} (100 - ????.?))] / 100$$

Thus, for the 1 January 2020 exercise for Poland,

$$= CC_{\text{PL}} \times [\text{JBLI}] \\ = 73.2 \times [\mathbf{100.5}] / 100 \\ = 73.6$$

As the implicit index for the period did exceed the threshold for Poland (for active staff) but did not exceed the threshold in any EU Member State (for pensioners), only an intermediate update calculation for active staff in Poland is required.

| Place | Calculated CC at 1-Jan-2020 | Finalised CC at 1-Jan-2020 | For comparison: Value in force at 1-July-2019 |
|---------------------------|-----------------------------|----------------------------|---|
| For Intra-EU Staff | | | |
| Poland | 73.2 | 73.6 | 71.1 |
| For Pensioners | | | |
| n/a | - | - | - |