EUROPEAN COMMISSION

Directorate C: Macro-economic Statistics
Unit C.3: Statistics for administrative purposes

Eurostat Report

on the Intermediate Update of weightings (correction coefficients) applicable to the remuneration of officials, temporary staff and contract staff of the European Union serving in Extra-EU Delegations

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

Reference:

The six months between 1 August 2020 and 1 January 2021 inclusive

EXECUTIVE SUMMARY

In accordance with Article 64, Annex X and Annex XI of the Staff Regulations applicable to officials and other servants of the European Union, this report presents the information required for the intermediate update of the weightings (correction coefficients) applicable to the remuneration of EU officials, temporary staff and contract staff of the European Union serving in Extra-EU Delegations which is payable in local or another authorised currency¹.

This is the fifteenth Intermediate Report covering Extra-EU locations which is prepared under the EU Staff Regulations as amended by Regulation 1023/2013.

The previous annual update, establishing values applicable with effect from July 2020, was published in the Official Journal on 11th December 2020 (OJ C 428-11).

This intermediate report covers the six-months period between August 2020 and January 2021 inclusive² and, inter alia, it includes:

1) CCMMAAAA (MM=month, AAAA=year; for example CC012021). These six tables show the economic parity, exchange rate and weighting (correction coefficient) established for each location for the month in question.

In accordance with Article 13 of Annex X to the Staff Regulations, an intermediate update to the weightings (correction coefficients) should be made whenever the variation in the economic parity has exceeded 5% since the previously established value (July 2020 or subsequently). Tables are included showing the locations for which this is the case:

2) CHGMMAAAA (MM=month, AAAA=year; for example CHG082020).

A summary file of these movements is also included:

3) 5 per cent rule period July 2020 or subsequent to January 2021.

Files are sent in the usual format. In the tables, parities are presented with 4 significant digits, exchange rates with 6 significant digits and the weightings (correction coefficients) are presented rounded to 1 decimal place.

All figures and calculations contained in this report are based on data (place-to-place price surveys and time-to-time price indices) supplied under the 2009 Memorandum of Understanding signed with the United Nations International Civil Service Commission (UN ICSC) and the International Service for Remuneration and Pensions of the Coordinated Organisations (ISRP)³, complemented with information compiled directly by Eurostat.

The correction coefficient (CC) is defined as the economic parity divided by the exchange rate. CCs operate as a percentage adjustment to salaries. As salaries are first expressed in Euros, then converted to local currency using exchange rates, before being multiplied by CCs, it is clear that the exchange rate effect

Exceptionally, certain delegations are paid in USD or another approved currency.

The next Intermediate Report package will cover the five-months period between February 2021 and June 2021 inclusive. The next Annual Report will present data for July 2021.

The North Atlantic Treaty Organisation (NATO), Organisation for Economic Cooperation and Development (OECD), Council of Europe (CoE), European Space Agency (ESA), European Centre for Medium-range Weather Forecasts (ECMWF); European organisation for exploitation of Meteorological Satellites (EUMETSAT).

cancels out. If a CC changes solely due to a change in the exchange rate (i.e. there is no change in the economic parity) then local purchasing power will not be impacted.

CCs are aggregated from detailed price ratios up to a global value using the latest available consumption expenditure weights. A classification of 80 basic headings is used.

The detailed methodology for the calculation of Extra-EU correction coefficients is set out in a procedural manual, the latest version of which (doc.A6465/14/60rev4) was adopted by the Article 64 Working Group in April 2020, and is available for download from the Eurostat free data website:

http://ec.europa.eu/eurostat/web/civil-servants-remuneration/correction-coefficients

This report covers 147 Extra-EU duty stations. The list of duty stations is unchanged by comparison to the list used for the previous annual update.

The list includes CC calculation for 1 recently added location (Iran-Teheran)⁴ for which official Delegation may not yet have opened. The list also includes 9 locations (Belize, Bosnia-Banka Luka, Comoros, Indonesia-Banda Aceh, New Caledonia, Samoa, Solomon Isles, Suriname, Vanuatu) where official Delegations may have closed and work is coordinated from other Delegations. The status of these locations will be confirmed for the next Intermediate Report and a decision taken about the continued production and publication of CC.

Staff working at duty stations located inside the EU have an Intra-EU CC applied to their salaries: these locations are not included in the current report.

No CC value is presented for 10 locations: Afghanistan; Bosnia and Herzegovina (Banja Luka); Indonesia (Banda Aceh); Iraq, Libya; Somalia; Syria; Venezuela; Yemen and Zimbabwe (mainly due to security constraints affecting the statistical reliability of the information, or due to uncertainty regarding the volatility of the reported inflation). This list has been updated by comparison to the list used for the previous annual update: Zimbabwe has been added because of its persistent hyperinflation (lately above 600%).

In the same context, two additional duty stations (Lebanon and Sudan) are under scrutiny because of their economic situation. Lebanon is facing a serious political and economic crisis which is fuelling hyperinflation and potentially impacting on data quality. Sudan is also facing a problem of high inflation, with the additional problem that relevant economic data is sparse. In line with the standard procedure, for the next report we may add both duty stations to the list of countries for which a reliable parity cannot be established.

At January 2021, there were 24 duty stations with CCs greater than 100, a slight decrease of two, compared to 26 at July 2020 in the previous annual report. During the six months between July 2020 and January 2021, CCs for 3 duty stations (Australia, Chad, Haiti) have increased above 100 and CCs for 5 duty stations (Barbados, Eritrea, Solomon Islands, United States (New York), Zimbabwe) have decreased below 100.

For the period July 2020 – January 2021 changes exceeding 5% are identified for 39 duty station locations, of which 9 locations have CC values above 100 (Barbados; Democratic Republic of the Congo; Eritrea; Haiti; Iran; Lebanon; Liberia; South-Sudan; Sudan). There were 7 changes in August 2020, 9 changes in September, 16 changes in October, 15 changes in November, 11 changes in December and 12 changes in January 2021.

The next report may introduce 2 more (Qatar-Doha, São Tomé et Principé-São Tomé).

The results of no new UN P2P price surveys were introduced for the calculation of PPPs and CCs in this Result Package.

CC for all duty stations have now been updated within 6 years with the sole exception of 2 duty stations (Armenia, Paraguay) and United States (New York), for which a specific survey will take place in 2021.

PPPs for duty stations where US Dollar is authorised instead of local currency have been reviewed to ensure consistency between underlying parity and inflation measure applied. The last duty station where there was a divergence between US dollar and local currency evolution relative to Euro was Liberia (February 2020). Zimbabwe is removed from this list too as it was decided to stop the publication of its parity expressed in US dollar. CCs continue to be expressed in US Dollar, instead of local currency, in Cuba (CUP) and in 4 places where US Dollar is the official currency or there is a fixed 1:1 exchange rate (Ecuador, El Salvador, Panama, Timor Leste).

Updated ISRP PPPs at July 2020 were used for the following 9 duty stations: Australia; Canada; Chile; Israel; Japan; Mexico; New Zealand; United States (Washington) and South Korea.

Updated ECP PPPs at July 2020 were not used this time for the following 11 duty stations: Albania; Bosnia and Herzegovina (Sarajevo); Iceland; Montenegro; North Macedonia; Norway; Serbia; Switzerland (Bern & Geneva), Turkey and United Kingdom – they will instead be integrated for the next results package. By contrast, for the first time there were updated ECP PPPs available at July 2020 for Kosovo, and these have been used.

In line with the standard procedure, where new survey results indicate a significant PPP difference by comparison to the previous value in force, the agreed smoothing mechanism is applied to spread the impact. At January 2021, 17 duty stations had a positive smoothing factor and 4 a negative smoothing factor. Six months earlier we had respectively 22 and 9.

For any further information concerning this report, please contact Eurostat in Luxembourg:

European Commission Eurostat, Unit C3 BECH – A2/024, L-2920 Luxembourg Tel.: (352) 4301-35129

Email: estat-c3-rem-extra-eu@ec.europa.eu

APPENDICES

"CC082020"	Economic parity, exchange rate, weighting (correction coefficient) for August 2020
"CC092020"	Economic parity, exchange rate, weighting (correction coefficient) for September 2020
"CC102020"	Economic parity, exchange rate, weighting (correction coefficient) for October 2020
"CC112020"	Economic parity, exchange rate, weighting (correction coefficient) for November 2020
"CC122020"	Economic parity, exchange rate, weighting (correction coefficient) for December 2020
"CC012021"	Economic parity, exchange rate, weighting (correction coefficient) for January 2021
"CHG082020"	Variation in economic parity exceeds 5%, comparing August 2020 and previous value (July 2020 or subsequent).
"CHG092020"	Variation in economic parity exceeds 5%, comparing September 2020 and previous value (July 2020 or subsequent).
"CHG102020"	Variation in economic parity exceeds 5%, comparing October 2020 and previous value (July 2020 or subsequent).
"CHG112020"	Variation in economic parity exceeds 5%, comparing November 2020 and previous value (July 2020 or subsequent).
"CHG122020"	Variation in economic parity exceeds 5%, comparing December 2020 and previous value (July 2020 or subsequent).

"Staff Reg 5 per cent Rule period July 2020 or subsequent to January 2021 with NAP codes" Summary table showing the time series of PPP, X-rates and CC values for which 5% rule generates a change; duty stations with CC > 100 are highlighted in bold.