



EUROPEAN COMMISSION
EUROSTAT

Directorate C: Macro-economic Statistics

Unit C.3: Statistics for administrative purposes

Version 2

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 2021 – 1 January 2022

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EXECUTIVE SUMMARY

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

The Eurostat report on the 2021 annual update of remuneration and pensions was prepared and transmitted in October 2021¹. In accordance with the adoption procedure in the Staff Regulations, the definitive update applicable with effect from July 2021 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 2021 – 1 July 2022 the forecast global specific indicator (average change in real net remuneration in the sample of 10 countries) is 97.7 (-2.3%). As this is negative, half of it has 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 2022), which in practice means the situation for the preceding month (e.g. December 2021).

For the period 1 July 2021 – 1 January 2022 the Joint Index (change in the cost of living measured for the EU officials) is 103.5 (+3.5%). Details are provided in [Appendix Two](#), together with comparative information. This change does exceed 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 2022.

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 2022 are provided in [Appendix Three \(A\)](#).

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 2022 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 does exceed the specified threshold in 10 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).

¹ See document Ares(2021)6803678 dated 28.10.2021.

² See communication 2021/C 501/05 dated 13.12.2021 for Intra-EU staff and pensioners (and communication 2021/C 501/06 dated 13.12.2021 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. Note: use of the '±' symbol refers to absolute value, i.e. above +6.0% or below -6.0%.

The corresponding movement in the implicit index for pensioners does exceed the specified threshold in 9 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).

In consequence, an intermediate update at 1 January 2022 is required for active Intra-EU staff and for pensioners. A table with the computed values is shown in *Appendix Four*.

On the basis of the available information, it currently seems likely that neither the Exception Clause nor the Moderation Clause will apply for the 2022 exercise. It also currently seems likely that the Exception Clause was correctly implemented for the 2021 exercise and that no retroactive correction is required to the annual update. Furthermore, it currently seems likely that there will be an unwinding of the suspended 2020 payment during 2022. These preliminary assessments will be confirmed in the annual report.

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, Croatia, Malta and Austria). 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.

Important 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 staff⁵). By contrast, the UK continues to be included for the calculation of correction coefficient values for pensioners residing in the UK⁶.

More information on methodology, detailed results and statistical analysis is available in the annexes to this report and detailed procedural manuals⁷. For any information concerning this report, please contact Eurostat in Luxembourg:

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⁵ Results package covering period August 2020-January 2021, reference Ares(2021)3005164.

⁶ Note: only relevant for pension rights acquired prior to May 2004

⁷ Document A6465/14/26rev4 methodology for the calculation of Specific Indicators; document A6465/14/58rev2 methodology for the calculation of the Joint Index; document A6465/14/59rev4 methodology for the calculation of Intra-EU correction coefficients, versions as finalised in 2020. Methodology decisions at the A646&65 Working Group meeting in March 2021 and March 2022 will be integrated for the next update of these manuals.

1. INTRODUCTION

This is the ninth 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 2021 annual update of remuneration and pensions was prepared and transmitted in October 2021⁸. In accordance with the adoption procedure in the Staff Regulations, the definitive update applicable with effect from July 2021 was published in the Official Journal⁹.

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 2022

Forecasts were requested by Eurostat from responsible authorities in Member States in January 2022. 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 2022¹⁰.

The value of the forecast global specific indicator for the core sample was finalised shortly thereafter to be 97.7 (-2.3%) for the core sample, 95.8 (-4.2%) for the remaining 17 Member States, and 97.3 (-2.7%) for the EU27 as a whole. Further information can be found in [Appendix One](#).

As this forecast for the core sample is negative, half of it has been taken into account for any intermediate update, i.e. -1.1% (98.9).

3. THE JOINT INDEX, 1 JULY 2021 – 1 JANUARY 2022 (I.E. JUNE-DECEMBER 2021)

The 1 July 2021 – 1 January 2022 (i.e. June 2021 - December 2021) 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 staff¹¹.

⁸ See document Ares(2021)6803678 dated 28.10.2021.

⁹ See communication 2021/C 501/05 for Intra-EU staff and pensioners (and communication 2021/C 501/06 for Extra-EU staff).

¹⁰ N.B. Electronic consultation due to cancellation of physical meeting in response to COVID-19 crisis.

¹¹ As no FBS has been conducted amongst staff in Luxembourg, solely the weights for Brussels are used.

A preliminary estimate was presented to the Articles 64&65 Working Group in March 2022. The value of the joint index was finalised shortly thereafter to be 103.5 (i.e. +3.5% for the six-month period). This variation exceeds 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 [Appendix Two](#).

4. PPP FOR INTRA-EU STAFF AT 1 JANUARY 2022

The aggregate PPP for Intra-EU staff at 1 January 2022 (i.e. December 2021) for each duty station was computed according to the agreed methodology. In other words, the individual basic heading PPPs established for 1 July 2021 (i.e. June 2021) 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 2021 results). The results were presented to the Articles 64&65 Working Group in March 2022.

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

When comparing the 1 January 2022 PPP values to the 1 July 2021 values, the simple average change in the duty station PPPs is -0.3%. This masks a variation between -2.8% (for SK-Bratislava) and +4.5% (for EE-Tallinn). The PPP change for twenty locations is negative, and for the remaining eight locations, it is zero or 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:

$$\begin{aligned} CC_{\text{intermediate}} &= CC_{\text{January}} \times [JBLI_{\text{Jun-Dec}} \times \frac{1}{2} \text{GSI (if negative)}] \\ &= ??? \times [103.5 \times 0.989] / 100 \\ &= ??? \times 1.024 \end{aligned}$$

There are ten 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 the Appendix will apply directly for all locations.

5. PPP FOR PENSIONERS AT 1 JANUARY 2022

The aggregate PPP for pensioners at 1 January 2022 (i.e. December 2021) 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 2022 (i.e. December 2021) 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 2021 (i.e. June 2021) 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 2021 results). The results were presented to the Articles 64&65 Working Group in March 2022.

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

When comparing the 1 January 2022 PPP values to the 1 July 2021 values, the simple average change in the country PPPs is +0.9%. This masks a variation between -1.6% (for Croatia) and +6.8% (for Estonia). The PPP change for fifteen countries is positive, and for the remaining ten 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 are nine EU Member States outside Belgium and Luxembourg which have an implicit price index exceeding the 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 the Appendix will apply directly for all locations.

6. CALCULATION OF THE INTERMEDIATE UPDATE

Per *section 2*, for the period July 2021 – July 2022, 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 -2.3%.

$$\text{GSI} = 97.7$$

As this is negative, half of it has to be taken into account for any intermediate update, i.e. -1.1%.

$$\frac{1}{2} \text{GSI} = 98.9$$

Per *section 3*, over the period 1 July 2021 – 1 January 2022 (i.e. June 2021 to December 2021), the Joint Index (cost of living for EU officials) was +3.5%.

$$\text{JBLI} = 103.5$$

This does exceed 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*. The update is calculated as the product of the negative GSI and the JBLI, i.e. +2.4%.

$$\frac{98.9 \times 103.5}{100} = 102.4$$

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 power¹², is therefore +2.4%, unless there is a change in the economic parities.

¹² Before taking any change in the pension contribution rate and/or the special levy into account.

Per *section 4, 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. This is equivalent to the product of the GSI and the implicit index.

<p>GSI x implicit index</p> $\frac{98.9 \times \left(103.5 \times \frac{PPP^{2022-01}}{PPP^{2021-07}} \right)}{100}$	OR	<p>Intermediate update x change in PPP</p> $102.4 \times \frac{PPP^{2022-01}}{PPP^{2021-07}}$
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Per *section 5, 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. This can be calculated in the same way as for active staff.

7. JOINT INDEX FORECAST TO JULY 2022 AND PRELIMINARY ESTIMATE OF THE ANNUAL UPDATE

The information compiled to establish the Global Specific Indicator forecast includes estimates of the Harmonised Index of Consumer Prices in Belgium and in Luxembourg for the twelve months to July 2022 (see *chapter 2*). Staff numbers in Brussels and Luxembourg were used to establish the Joint Index for the six months to January 2022 (see *chapter 3*). This information can be combined to produce an advance forecast of the Joint Index for the twelve months to July 2022: +6.3% (106.3).

The foregoing advance forecast should be interpreted with caution due to the methodological differences in the estimation process (at global level) by comparison to the definitive calculation exercise (at detailed level) and due to events which may occur after the date of this report. The situation will be re-assessed for the Annual Report 2022 using the latest available data rather than forecasts.

This Joint Index forecast can be combined with the Global Specific Indicator forecast, to estimate the annual update for the twelve months to July 2022: +3.9% (103.9).

The foregoing estimate should be interpreted with caution as precise values will only be established via the definitive annual data collection exercise. In particular, some Member States may be considering pay adjustments for national civil servants which, because of uncertainties about the timing and/or magnitude, are for reasons of prudence not included in the current forecasting exercise.

Further information about the calculation of the Joint Index forecast and the annual update forecast can be found in *Appendix Five*.

8. 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*
$0\% \leq X$	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 10 February 2022¹³ projected that, following a notable expansion between spring and autumn 2021, growth momentum in the EU economy slowed during the last quarter, but is expected to regain traction after a winter slowdown. According to the Winter Forecast, the estimated GDP growth for the EU27 as a whole in real terms is expected to be positive (+4.0%) for 2022, and again positive (+2.8%) in 2023.

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 2022.

Consequently, on the basis of the Winter Forecast, it currently seems unlikely that the Exception Clause will apply for the 2022 exercise.

9. 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.

A first estimate of the real GDP growth rate (percentage change on previous year) for the EU27 as a whole for calendar year 2021 was published in February 2022 ('T+2'). This indicates positive growth of +5.3%. This preliminary statistic will be confirmed by Eurostat when preparing the annual report, using information available in October 2022 ('T+9'). **It currently seems likely that the (non-application of the) Exception Clause was correctly implemented for the 2021 exercise, and that no retroactive correction is required to the annual update which was established for the 2021 exercise.**

10. UNWINDING OF THE APPLICATION OF THE EXCEPTION CLAUSE FOR THE JULY 2020 EXERCISE

The specific indicator component calculated for the July 2020 annual adjustment was suspended due to the significant ex ante forecast decrease in GDP for 2020¹⁴. The application of the clause was subsequently confirmed by the ex post statistic on GDP for 2020¹⁵.

At the March 2021 meeting of the A6465WG, a methodology was approved for assessing whether suspensions should be lifted. On that basis, it was confirmed that the 2020 suspension should continue to apply and should not be lifted as part of the 2021 annual adjustment¹⁶.

¹³ https://ec.europa.eu/info/business-economy-euro/economic-performance-and-forecasts/economic-forecasts/winter-2022-economic-forecast-growth-expected-regain-traction-after-winter-slowdown_en

¹⁴ Annual report for July 2020 exercise Ares(2020)6334499

¹⁵ Annual report for July 2021 exercise Ares(2021)6803678

¹⁶ Annual report for July 2021 exercise Ares(2021)6803678

Preliminary ('T+2') GDP statistic for calendar year 2021 was published in February 2022. The 2021 data can be extrapolated to 2022 using the Winter Forecast issued by DG ECFIN in February 2022. The table below summarises the evolution in nominal GDP.

GDP	2019	2020	2021	2022
EU27 total current prices, million euro ⁽¹⁾	14,017,091	13,399,690	14,447,941	
EU27 total, implicit price deflator, 2015=100 ⁽¹⁾	105.28	106.99	109.54	
→ at constant prices, 2019=100	14,017,091	13,185,030	13,885,549	14,440,970
Difference	-	-832,061	+700,159	+555,421
Difference (%)	-	-5.9%	+5.3%	+4.0% ⁽²⁾
→ cumulative difference	-	-832,061	-131,541	+423,880
⁽¹⁾ Source: Eurobase, February 2022, ⁽²⁾ Source: DG ECFIN, February 2022				

From the foregoing table it is apparent that cumulative GDP expressed in constant prices did not yet recover to former level in 2021, but this is expected to happen in 2022. **It therefore currently seems likely that suspension of the 2020 specific indicator component should be lifted as part of the 2022 exercise.**

This situation will be re-assessed for Annual Report 2022 using latest available data, and will be confirmed retrospectively in Annual Report 2023.

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.

The following table summarises the information presented in the preceding sections:

	[1]		[2]		[3] = [2] / [1]	
	Interim		Annual (total)		Annual (residual)	
GSI forecast	98.9	-1.1% (50%)	97.7	-2.3%	98.8	-1.2%
JBLI	103.5	+3.5%	:	:	:	:
JBLI forecast	:	:	106.3	+6.3%	102.7	+2.7%
=> nominal update 2022	102.4	+2.4%	103.9	+3.9%	101.5	+1.5%
Unwinding 2020	:	:	102.5	+2.5%	102.5	+2.5%
=> total update	102.4	+2.4%	106.4	+6.4%	104.0	+4.0%

The residual forecast global specific indicator value for the current exercise (-1.2%), i.e. the expected value for the annual update according to currently available information after taking the intermediate update into account, falls within the boundaries. The sum of the residual forecast global specific indicator and the unwinding of the suspended 2020 specific indicator (+2.5%) is +1.3%, which also falls within the boundaries. **The moderation clause is therefore unlikely to apply and, other things being equal, the full calculated value of the residual annual update should be used with effect from 1 July 2022.**

This situation will be re-assessed for Annual Report 2022 using latest available data, and will be confirmed retrospectively in Annual Report 2023.

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 represents at least 75 % of the remaining EU27 gross domestic product (GDP).

For the intermediate update, data was requested in January 2022¹⁷ from the above mentioned 10 Member States about the expected changes in net remuneration in nominal terms, between 1 July 2021 and 1 July 2022, 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 2021 to June 2022 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, Croatia, Malta and Austria).

In order to get 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 parities¹⁸. 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 2022. 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 2022 is 97.7 (-2.3%) for the core sample, and 95.8 (-4.2%) for the remaining 17 Member States, i.e. 97.3 (-2.7%) for the EU27 as a whole.

As this figure for the core sample is negative, half of it has to be taken into account for any intermediate update, i.e. -1.1% (98.9).

2) RESULTS TABLE (VALUES AFTER MARCH 2021 MEETING OF ARTICLES 64&65 WORKING GROUP)

The following tables shows the values presented to, and confirmed by, Member State delegates in March 2022, or shortly thereafter, for the core sample of 10 countries, and for the remaining 17 countries:

¹⁷ Request letter reference Ares(2022)86809 dated 06.01.2022.

¹⁸ The initial estimate used percentages of EU27 total GDP in purchasing power standards for the calendar year 2020, as this was the latest available at the time of calculation and drafting. Preliminary (‘T+2’) values for calendar year 2021 became available during March. Definitive (‘T+9’) GDP values for 2021 are due in September 2022 and will be used for the annual report. Covid-19 pandemic and policy responses have had variable impact on 2021 GDP in Member States: consequently, their weight in the sample may change.

Forecast of changes in the net remuneration of national civil servants ¹
July 2021 - July 2022

Country	Weight ⁴ EU27=100 (%)	Weight in sample (%)	Nominal net ² specific indicator (%)	Consumer price indices ³ (%)	Real net ² specific indicator (%)
BE	3.2	4.0	2.6	6.4	-3.6
DE	22.2	27.7	1.7	2.4	-0.7
ES	8.9	11.1	1.0	5.0	-3.8
FR	15.8	19.7	1.2	2.2	-1.0
IT	12.6	15.7	3.9	6.2	-2.2
LU	0.4	0.5	5.1	6.1	-0.9
NL	5.2	6.5	1.8	7.6	-5.4
AT	2.4	3.0	3.0	2.7	0.3
PL	6.6	8.2	0.0	8.1	-7.5
SE	2.9	3.6	1.8	2.9	-1.1
Global (EU10)	80.2	100.0	1.8	4.3	-2.3

(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 2021 (ESA 2010) in PPS at current prices (website enquiry 01042022)

Forecast of changes in the net remuneration of national civil servants ¹
July 2021 - July 2022

Country	Weight ⁴ EU27=100 (%)	Weight in sample (%)	Nominal net ² specific indicator (%)	Consumer price indices ³ (%)	Real net ² specific indicator (%)
BG	0.9	4.5	10.0	6.4	3.4
CZ	2.2	11.1	2.5	12.0	-8.5
DK	1.7	8.5	1.7	5.5	-3.6
EE	0.3	1.5	1.8	9.5	-7.0
IE	2.5	12.6	2.4	3.5	-1.1
EL	1.5	7.5	2.3	3.2	-0.9
HR	0.6	3.0	0.2	2.6	-2.4
CY	0.2	1.0	2.3	5.2	-2.7
LV	0.3	1.5	4.0	9.5	-5.0
LT	0.6	3.0	6.5	11.8	-4.7
HU	1.6	8.0	0.2	7.9	-7.1
MT	0.1	0.5	2.1	4.5	-2.3
PT	1.7	8.5	1.1	4.4	-3.2
RO	3.1	15.6	2.1	11.6	-8.5
SI	0.4	2.0	0.7	3.0	-2.2
SK	0.8	4.0	1.0	6.8	-5.4
FI	1.4	7.0	2.4	3.2	-0.7
Global (EU17)	19.9	100.0	2.3	6.9	-4.2

(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, HR, MT = ECFIN)

(4) GDP 2021 (ESA 2010) in PPS at current prices (website enquiry 01042022)

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 two recent annual exercises (reference period 2019-2020 and reference period 2020-2021) 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.

Difference between the net specific indicator and the forecast in nominal terms and in real terms

Country	Twelve month period ended 1 st July 2020		Twelve month period ended 1 st July 2021	
	Difference - nominal	Difference - real	Difference - nominal	Difference - real
BE	-1.2	-1.2	-0.1	+0.9
DE	-0.1	-0.9	+0.1	+0.5
ES	0	-1.2	0	+1.5
FR	+1.1	+0.2	0	+1.0
IT	-1.8	-2.3	0	+0.3
LU	+0.8	-2.0	0	+1.0
NL	-0.2	+0.1	+0.1	+0.5
AT	-4.3	-4.7	-0.4	+0.6
PL	-4.8	-3.5	-7.5	-7.0
SE	+0.2	-0.3	0	+0.8
UK	-1.4	-2.5	:	:
Global (core sample)	-0.9	-1.4	-0.6	+0.4

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 in both nominal terms and in real terms. By contrast, for the 2021 exercise, the difference in real terms is generally positive which suggests that actual consumer price inflation was higher than initial forecasts.

**Difference between the net specific indicator and the forecast
in nominal terms and in real terms**

Country	Twelve month period ended 1 st July 2020		Twelve month period ended 1 st July 2021	
	Difference - nominal	Difference - real	Difference - nominal	Difference - real
BG	+4.2	+2.8	-2.7	-2.9
CZ	+3.0	+3.4	-5.4	-4.7
DK	-0.1	-1.1	-0.6	+0.1
EE	+5.4	+1.9	-11.8	-8.7
IE	-0.1	-0.1	-0.6	+0.6
EL	+0.9	-1.9	+0.2	+0.9
HR	+0.2	-1.3	+5.1	+6.2
CY	-0.3	-3.5	-0.1	+3.3
LV	+3.1	+1.5	-2.2	-0.7
LT	-4.0	-4.5	+0.2	+2.7
HU	-4.9	-6.5	-6.6	-4.4
MT	+0.7	+0.2	-2.7	-3.8
PT	0	-0.6	0	-0.8
RO	0	-0.8	-0.5	+0.3
SI	-0.4	-3.1	-0.4	+2.0
SK	-5.2	-6.1	-7.3	-6.0
FI	+0.1	-1.0	+0.4	+1.9
Global (EU17)	-0.1	-6.1	-1.9	-2.1

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.

APPENDIX TWO: JOINT INDEX (DETAILS)

1) JOINT INDEX 1 JULY 2021 – 1 JANUARY 2022 (I.E. JUNE-DECEMBER 2021)

The Joint Index represents a weighted average of the available 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 (see section 2. 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 2021 - December 2021, with the final figure in the right-hand column showing the variation for the period, +3.5% (103.5).

Joint BELU Index FBS weights 2017

	WEIGHTS	2021m12/2021m6
		VARIATION
1 FOOD AND NON-ALCOHOLIC BEVERAGES	125.9	100.8
2 ALCOHOLIC BEVERAGES AND TOBACCO	13.9	100.6
3 CLOTHING AND FOOTWEAR	43.1	100.5
4 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	344.2	105.7
5 FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	64.5	101.7
6 HEALTH	12.7	100.5
7 TRANSPORT	130.0	105.6
8 COMMUNICATIONS	19.8	100.0
9 RECREATION AND CULTURE	79.6	102.8
10 EDUCATION	26.7	101.0
11 HOTELS, CAFES AND RESTAURANTS	81.1	103.3
12 MISCELLANEOUS GOODS AND SERVICES	58.6	100.9
TOTAL WITHOUT RENTS	721.4	104.3
RENTS	278.5	101.4
TOTAL	1000.0	103.5

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 services¹⁹.

Number of permanent officials and other servants in active service at July 2021 (i.e. December 2020)

Duty station	No.	%
Brussels	38,066	80.5
Luxembourg	9,212	19.5
Total	47,278	100.0

Source: Eurostat, from PMO and PSEO databases

¹⁹ The available staff numbers information is for December 2020, i.e. applicable at July 2021.

3) BELGIUM HICP

The following table presents the published HICP values for June 2021 and December 2021, base 2015=100, and the final figure in the right-hand column shows the variation for the period, +4.1% (104.1).

Belgian HICP index, 2015=100

HICP weights

Rents from HICP

	WEIGHTS from HICP 2021	INDICES 30/06/2021	WEIGHTS from HICP 2021	INDICES 31/12/2021	VARIATION
1 FOOD AND NON-ALCOHOLIC BEVERAGES	180.8	108.1	180.8	108.9	100.8
2 ALCOHOLIC BEVERAGES AND TOBACCO	53.6	129.6	53.6	131.1	101.2
3 CLOTHING AND FOOTWEAR	52.3	106.7	52.3	107.1	100.5
4 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	172.0	114.5	172.0	133.3	115.4
5 FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	82.3	105.1	82.3	107.2	102.0
6 HEALTH	78.8	105.5	78.8	105.7	100.2
7 TRANSPORT	116.0	113.7	116.0	119.1	104.6
8 COMMUNICATIONS	33.0	107.1	33.0	107.1	100.0
9 RECREATION AND CULTURE	81.9	107.8	81.9	110.8	102.7
10 EDUCATION	5.3	126.3	5.3	127.6	101.0
11 HOTELS, CAFES AND RESTAURANTS	60.7	115.1	60.7	118.1	102.6
12 MISCELLANEOUS GOODS AND SERVICES	83.3	110.2	83.3	111.2	101.0
TOTAL WITHOUT RENTS	919.6	111.3	919.6	116.4	104.3
RENTS	80.4	109.1	80.4	110.8	101.6
TOTAL	1000.0	111.1	1000.0	115.9	104.1

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: +3.7% (103.7), as shown in the table below.

Belgian HICP index, 2015=100

FBS weights

Rents from HICP

	FBS WEIGHTS	INDICES 30/06/2021	INDICES 31/12/2021	VARIATION
1 FOOD AND NON-ALCOHOLIC BEVERAGES	125.9	108.1	109.0	100.7
2 ALCOHOLIC BEVERAGES AND TOBACCO	13.9	120.1	120.8	100.6
3 CLOTHING AND FOOTWEAR	43.1	106.9	107.5	100.5
4 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	344.2	110.1	117.3	106.4
5 FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	64.5	106.3	108.1	101.7
6 HEALTH	12.7	105.5	105.7	100.2
7 TRANSPORT	130.0	108.1	113.1	104.8
8 COMMUNICATIONS	19.8	108.3	108.3	100.0
9 RECREATION AND CULTURE	79.6	108.0	111.3	103.0
10 EDUCATION	26.7	126.3	127.6	101.0
11 HOTELS, CAFES AND RESTAURANTS	81.1	112.8	117.0	103.8
12 MISCELLANEOUS GOODS AND SERVICES	58.6	111.0	111.9	100.8
TOTAL WITHOUT RENTS	721.4	110.1	115.1	104.5
RENTS	278.5	109.1	110.8	101.6
TOTAL	1000.0	109.8	113.9	103.7

4) LUXEMBOURG CPI

The following table presents the published CPI values for June 2021 and December 2021, base 2015 = 100, and the final figure in the right-hand column shows the variation for the period, +2.1% (102.1).

Luxembourg CPI index, 2015=100

CPI weights

Rents from CPI

	WEIGHTS from CPI 2021	INDICES 30/06/2021	WEIGHTS from CPI 2021	INDICES 31/12/2021	VARIATION
1 FOOD AND NON-ALCOHOLIC BEVERAGES	137.5	112.1	137.5	113.1	100.9
2 ALCOHOLIC BEVERAGES AND TOBACCO	38.9	110.7	38.9	111.6	100.8
3 CLOTHING AND FOOTWEAR	51.4	108.5	51.4	109.1	100.5
4 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	173.5	108.5	173.5	112.9	103.5
5 FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	82.0	106.8	82.0	108.7	102.1
6 HEALTH	34.7	104.1	34.7	105.6	101.4
7 TRANSPORT	147.7	107.0	147.7	110.9	103.5
8 COMMUNICATIONS	22.8	88.9	22.8	88.9	100.0
9 RECREATION AND CULTURE	64.7	109.7	64.7	111.7	101.8
10 EDUCATION	15.6	119.5	15.6	120.5	100.9
11 HOTELS, CAFES AND RESTAURANTS	57.7	113.7	57.7	115.5	101.6
12 MISCELLANEOUS GOODS AND SERVICES	173.4	109.2	173.4	111.5	102.2
TOTAL WITHOUT RENTS	915.5	108.8	915.5	111.4	102.3
RENTS	84.5	107.5	84.5	107.9	100.4
TOTAL	1000.0	108.7	1000.0	111.1	102.1

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: +2.8% (102.8), as shown in the table below.

Luxembourg CPI index, 2015=100

FBS weights

Rents from CPI

	FBS WEIGHTS	INDICES 30/06/2021	INDICES 31/12/2021	VARIATION
1 FOOD AND NON-ALCOHOLIC BEVERAGES	125.9	112.1	113.3	101.1
2 ALCOHOLIC BEVERAGES AND TOBACCO	13.9	111.1	111.8	100.6
3 CLOTHING AND FOOTWEAR	43.1	108.9	109.4	100.5
4 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	344.2	107.7	110.9	103.0
5 FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	64.5	106.6	108.6	101.8
6 HEALTH	12.7	104.1	105.6	101.4
7 TRANSPORT	130.0	103.7	113.1	108.9
8 COMMUNICATIONS	19.8	90.6	90.7	100.0
9 RECREATION AND CULTURE	79.6	106.4	108.8	102.1
10 EDUCATION	26.7	119.5	120.5	100.9
11 HOTELS, CAFES AND RESTAURANTS	81.1	114.2	115.6	101.2
12 MISCELLANEOUS GOODS AND SERVICES	58.6	107.6	108.9	101.1
TOTAL WITHOUT RENTS	721.4	108.4	112.4	103.8
RENTS	278.5	107.5	107.9	100.4
TOTAL	1000.0	108.1	111.2	102.8

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, similar calculation and adjustment principles apply²⁰. 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 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 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.

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 2021).

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 different²¹.

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

²⁰ 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.

²¹ Family budget surveys were conducted since 2016 in 24 duty stations, including Brussels. All have now been validated and integrated for the calculation of parities. No survey has yet been scheduled in Luxembourg. Structures for the remaining six locations (DE^{Berlin}, DE^{Karlsruhe}, DE^{Munich}, FR, NL) date from 2011-2014: updating family budget surveys were scheduled in 2019 and 2020 but have been postponed due to the impact on economic behaviour and on administrative capacity generated by the Covid-19 pandemic and policy responses.

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 2022 (I.E. DECEMBER 2021)

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.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 2022 (i.e. December 2021). Exchange rates for 1 July 2021 are used, for consistency with the annual update²².

Nine duty station locations have a correction coefficient higher than 100; the remaining nineteen have a correction coefficient equal to or below 100. Brussels = Luxembourg = 100. The highest value is for IE-Dublin (136.9). The lowest value is for BG-Sofia (62.4).

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 2022 (i.e. December 2021). Exchange rates for 1 July 2021 are again used²³.

Seven countries have a CC greater than 100; the remaining eighteen have a coefficient equal to or below 100. Belgium = Luxembourg = 100. The highest value is for Denmark (134.7). The lowest value is for Romania (58.3).

²² This is in accordance with Article 63 of the Staff Regulations.

²³ This is in accordance with Article 20(3) of Annex XIII to the Staff Regulations.

TABLE 3.A

STAFF

		31-Dec-21			
		Final			
		PPP	Ex. Rate	CC	
1	BE	Brussels	1	1	100.0
2	BG	Sofia	1.220	1.956	62.4
3	CZ	Prague	22.41	25.48	88.0
4	DK	Copenhagen	9.776	7.436	131.5
5	DE	Berlin	1.001	1	100.1
6		Karlsruhe	0.955	1	95.5
7		Munich	1.119	1	111.9
8	EE	Tallinn	0.901	1	90.1
9	IE	Dublin	1.369	1	136.9
10	EL	Athens	0.837	1	83.7
11	ES	Madrid	0.952	1	95.2
12	FR	Paris	1.187	1	118.7
13	HR	Zagreb	5.792	7.496	77.3
14	IT	Rome	0.941	1	94.1
15		Varese	0.901	1	90.1
16	CY	Nicosia	0.812	1	81.2
17	LV	Riga	0.800	1	80.0
18	LT	Vilnius	0.816	1	81.6
19	LU	Luxembourg	1	1	100.0
20	HU	Budapest	265.9	351.1	75.7
21	MT	Valletta	0.920	1	92.0
22	NL	The Hague	1.103	1	110.3
23	AT	Vienna	1.083	1	108.3
24	PL	Warsaw	3.266	4.519	72.3
25	PT	Lisbon	0.906	1	90.6
26	RO	Bucharest	3.399	4.928	69.0
27	SI	Ljubljana	0.871	1	87.1
28	SK	Bratislava	0.776	1	77.6
29	FI	Helsinki	1.175	1	117.5
30	SE	Stockholm	13.12	10.15	129.3

TABLE 3.B

PENSIONERS

		31-Dec-21			
		Final			
		PPP	Ex. Rate	CC	
1	BE	Belgium	1	1	100.0
2	BG	Bulgaria	1.164	1.956	59.5
3	CZ	Czechia	19.02	25.48	74.7
4	DK	Denmark	10.01	7.436	134.7
5	DE	Germany	0.998	1	99.8
6	EE	Estonia	0.945	1	94.5
7	IE	Ireland	1.269	1	126.9
8	EL	Greece	0.813	1	81.3
9	ES	Spain	0.924	1	92.4
10	FR	France	1.096	1	109.6
11	HR	Croatia	5.094	7.496	68.0
12	IT	Italy	0.957	1	95.7
13	CY	Cyprus	0.835	1	83.5
14	LV	Latvia	0.748	1	74.8
15	LT	Lithuania	0.715	1	71.5
16	LU	Luxembourg	1	1	100.0
17	HU	Hungary	221.3	351.1	63.0
18	MT	Malta	0.965	1	96.5
19	NL	Netherlands	1.116	1	111.6
20	AT	Austria	1.121	1	112.1
21	PL	Poland	2.814	4.519	62.3
22	PT	Portugal	0.859	1	85.9
23	RO	Romania	2.872	4.928	58.3
24	SI	Slovenia	0.830	1	83.0
25	SK	Slovakia	0.757	1	75.7
26	FI	Finland	1.195	1	119.5
27	SE	Sweden	12.07	10.151	118.9
28	UK	United Kingdom	1.103	0.8595	128.3

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

The following table compares calculated correction coefficients at 1 January 2022 (i.e. December 2021) 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.

INTERMEDIATE ADJUSTMENT :
-December 2021
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	65.2	36.8	59.5	Sofia	65.5	53.1	62.4
CZ	75.6	71.8	74.7	Prague	76.8	118.4	88.0
DK	121.1	178.8	134.7	Copenhagen	117.3	182.1	131.5
DE	93.5	122.4	99.8	Berlin	92.9	125.9	100.1
EE	86.3	126.6	94.5	Tallinn	87.1	101.2	90.1
IE	109.1	195.7	126.9	Dublin	109.3	231.4	136.9
EL	83.0	75.8	81.3	Athens	83.7	84.6	83.7
ES	87.3	113.3	92.4	Madrid	86.8	124.0	95.2
FR	102.5	134.9	109.6	Paris	101.8	182.2	118.7
HR	72.9	50.8	68.0	Zagreb	73.5	91.8	77.3
IT	92.9	104.8	95.7	Rome	91.8	102.0	94.1
CY	85.7	76.5	83.5	Nicosia	88.0	63.3	81.2
LV	77.2	67.7	74.8	Riga	79.1	83.3	80.0
LT	74.8	54.7	71.5	Vilnius	76.8	100.1	81.6
HU	66.0	52.8	63.0	Budapest	67.4	104.3	75.7
MT	86.1	138.2	96.5	Valletta	86.2	110.5	92.0
NL	102.7	143.6	111.6	The Hague	101.5	140.3	110.3
AT	102.1	149.0	112.1	Vienna	102.8	126.3	108.3
PL	68.0	41.2	62.3	Warsaw	67.5	87.8	72.3
PT	84.9	90.1	85.9	Lisbon	82.4	122.4	90.6
RO	61.6	45.4	58.3	Bucharest	63.6	83.6	69.0
SI	81.6	89.1	83.0	Ljubljana	82.1	105.6	87.1
SK	74.0	83.6	75.7	Bratislava	72.8	90.5	77.6
FI	109.4	150.9	119.5	Helsinki	108.1	148.1	117.5
SE	113.7	133.7	118.9	Stockholm	112.7	186.5	129.3
UK	103.7	220.4	128.3	London	:	:	:

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 2021 (i.e. June 2021) and 1 January 2022 (i.e. December 2021), and the associated implicit price index (which also takes the Joint Index into account).

The simple average change in the PPPs is -0.3%. This masks a variation between -2.8% (for SK-Bratislava) and +4.5% (for EE-Tallinn). The PPP change for twenty locations is negative, and for the remaining eight locations it is zero or positive. Brussels = Luxembourg = zero.

Ten Intra-EU duty stations (BG-Sofia, CZ-Prague, EE-Tallinn, IE-Dublin, LV-Riga, LT-Vilnius, HU-Budapest, PL-Warsaw, RO-Bucharest, SI-Ljubljana) 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 all locations.

Article 8 of Annex XI to the Staff Regulations requires that for places with a high cost-of-living increase (as measured by the change in the implicit indices), the correction coefficient shall come into effect before 1 January in the case of the intermediate update. For the period between 1 July 2021 and 1 January 2022 the implicit index for staff does not exceed 10% for any location. It exceeds 6% for two locations: Estonia (8.1%) and Slovakia (6.2%), thus the reference to 1 January 2022 should be interpreted as referring to 16 November 2021 for these two locations.

5.B) PPPS FOR PENSIONERS

The following **Table 5.B** shows the changes in the economic parities for pensioners between 1 July 2021 (i.e. June 2021) and 1 January 2022 (i.e. December 2021), and the associated implicit price index (which also takes the Joint Index into account).

The simple average change in the PPPs is -0.4%. This masks a variation between -2.6% (for Slovakia) and +4.8% (for Estonia). The PPP change for sixteen countries is negative, and for the remaining nine countries it is zero or positive. Belgium = Luxembourg = zero.

Nine EU Member States (BG, EE, IE, LV, LT, NL, PL, RO, SI) have an 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 these places. However, this year there will be a general intermediate update, thus the CC presented in the Appendix will apply directly for all locations.

With reference to the date on which correction coefficients shall come into effect in accordance with Article 8 of Annex XI to the Staff Regulations, the implicit index for pensioners does not exceed 6% for any location having a CC greater than 100.

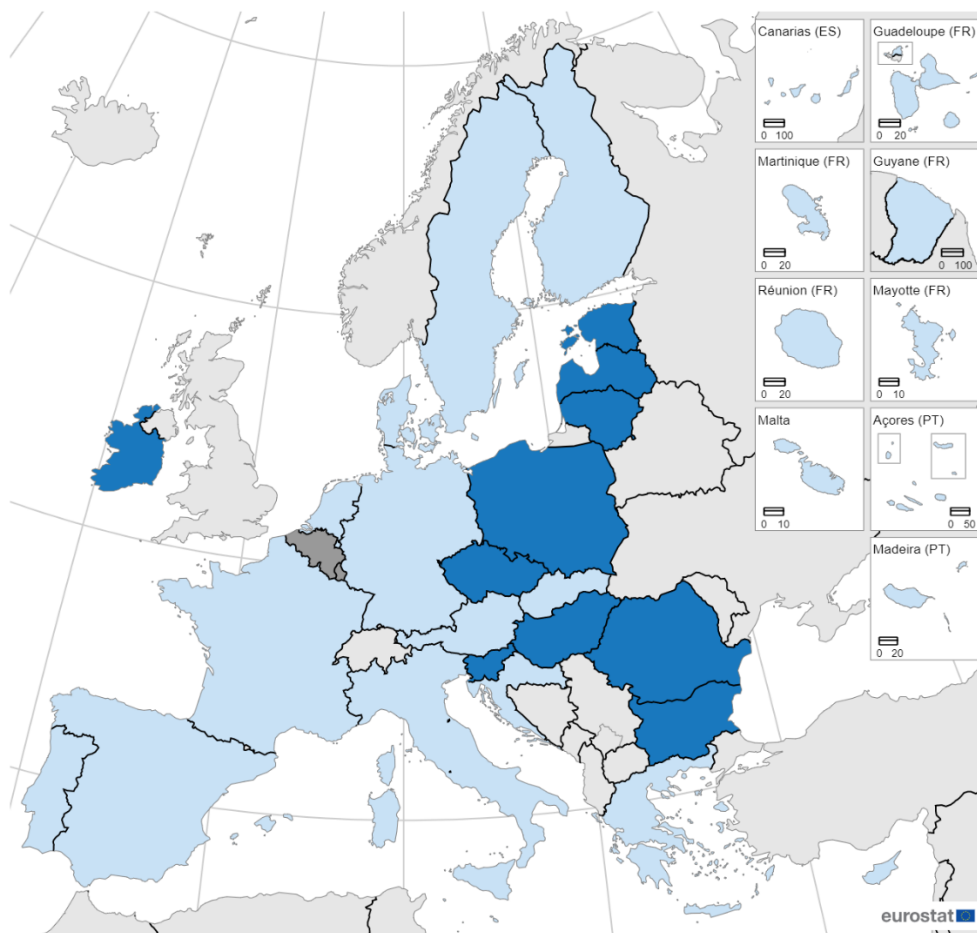
TABLE 5.A

STAFF

		Final				
		01-Jul-21	31-Dec-21	Change	Implicit	
		PPP	PPP			
1	BE	Brussels	1	1	0	3.5
2	BG	Sofia	1.207	1.220	1.1	4.6
3	CZ	Prague	22.44	22.41	-0.1	3.4
4	DK	Copenhagen	9.983	9.776	-2.1	1.4
5	DE	Berlin	1.014	1.001	-1.4	2.1
6		Karlsruhe	0.969	0.955	-1.4	2.1
7		Munich	1.134	1.119	-1.4	2.1
8	EE	Tallinn	0.863	0.901	4.5	8.1
9	IE	Dublin	1.336	1.369	2.4	6.0
10	EL	Athens	0.852	0.837	-1.7	1.7
11	ES	Madrid	0.963	0.952	-1.2	2.3
12	FR	Paris	1.199	1.187	-1.0	2.5
13	HR	Zagreb	5.872	5.792	-1.4	2.1
14	IT	Rome	0.952	0.941	-1.2	2.3
15		Varese	0.912	0.901	-1.3	2.2
16	CY	Nicosia	0.822	0.812	-1.1	2.3
17	LV	Riga	0.800	0.800	0.0	3.5
18	LT	Vilnius	0.801	0.816	1.8	5.4
19	LU	Luxembourg	1	1	0	3.5
20	HU	Budapest	267.0	265.9	-0.4	3.1
21	MT	Valletta	0.940	0.920	-2.1	1.3
22	NL	The Hague	1.114	1.103	-1.0	2.5
23	AT	Vienna	1.096	1.083	-1.2	2.3
24	PL	Warsaw	3.190	3.266	2.4	6.0
25	PT	Lisbon	0.914	0.906	-0.8	2.6
26	RO	Bucharest	3.373	3.399	0.8	4.3
27	SI	Ljubljana	0.849	0.871	2.6	6.2
28	SK	Bratislava	0.799	0.776	-2.8	0.6
29	FI	Helsinki	1.186	1.175	-0.9	2.6
30	SE	Stockholm	13.22	13.12	-0.8	2.7

Implicit Index – STAFF

2021m06-2021m12



Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat
Cartography: Eurostat – IMAGE, 05/2022

- +0.6 ≤ X < +3.0
- +3.0 ≤ X ≤ +8.1

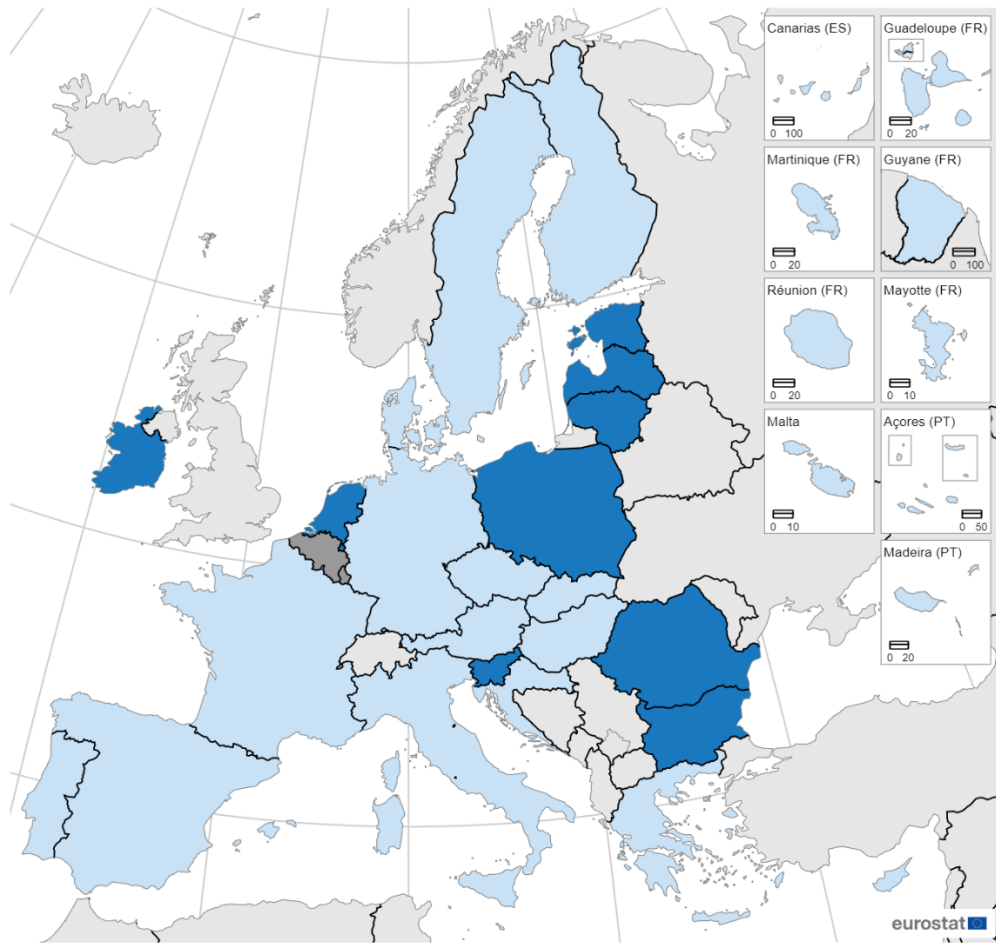


TABLE 5.B

PENSIONERS

		Final				
		01-Jul-21	31-Dec-21	Change	Implicit	
		PPP	PPP			
1	BE	Belgium	1	1	0	3.5
2	BG	Bulgaria	1.145	1.164	1.7	5.2
3	CZ	Czechia	19.14	19.02	-0.6	2.9
4	DK	Denmark	10.18	10.01	-1.6	1.8
5	DE	Germany	1.013	0.998	-1.5	1.9
6	EE	Estonia	0.902	0.945	4.8	8.4
7	IE	Ireland	1.254	1.269	1.1	4.7
8	EL	Greece	0.823	0.813	-1.3	2.2
9	ES	Spain	0.933	0.924	-1.0	2.4
10	FR	France	1.112	1.096	-1.4	2.0
11	HR	Croatia	5.173	5.094	-1.5	1.9
12	IT	Italy	0.971	0.957	-1.4	2.1
13	CY	Cyprus	0.846	0.835	-1.3	2.2
14	LV	Latvia	0.746	0.748	0.2	3.7
15	LT	Lithuania	0.702	0.715	1.8	5.4
16	LU	Luxembourg	1	1	0	3.5
17	HU	Hungary	223.3	221.3	-0.9	2.6
18	MT	Malta	0.990	0.965	-2.5	0.9
19	NL	Netherlands	1.113	1.116	0.3	3.8
20	AT	Austria	1.135	1.121	-1.2	2.2
21	PL	Poland	2.772	2.814	1.5	5.0
22	PT	Portugal	0.870	0.859	-1.2	2.2
23	RO	Romania	2.853	2.872	0.7	4.2
24	SI	Slovenia	0.819	0.830	1.4	4.9
25	SK	Slovakia	0.777	0.757	-2.6	0.8
26	FI	Finland	1.214	1.195	-1.5	1.9
27	SE	Sweden	12.18	12.07	-1.0	2.5
28	UK	United Kingdom	1.105	1.103	-0.2	3.3

Implicit Index – PEN
2021m06-2021m12



Administrative boundaries: © EuroGeographics © UN-FAO © Turkstat
Cartography: Eurostat – IMAGE, 05/2022

$+0.8 \leq X < +3.0$
 $+3.0 \leq X \leq +8.4$



6) REASONS FOR THE CHANGES IN THE AGGREGATE PPPS

Changes in the PPPs for 1 January 2022 (i.e. December 2021), by comparison to those for 1 July 2021 (i.e. June 2021), 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)²⁴. 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.

²⁴ 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 2022 (i.e. December 2021) exercise, there is a general intermediate update calculation. Thus the CC for staff and for pensioners which are presented in *Appendix Three* apply directly, for all locations.

Otherwise, a specific intermediate update would only have had to be applied to selected Intra-EU duty stations (for active staff) and selected Member States (for pensioners). That would have been 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).

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

Thus, for the 1 January 2022 exercise, the specific adjustment would have been

$$\begin{aligned} &= \text{CC} \times [\text{JBLI} \times \frac{1}{2} \text{GSI}] \\ &= ???.? \times [\mathbf{103.5} \times (100 - \frac{1}{2} (100 - 97.7)) / 100] \\ &= ???.? \times [\mathbf{103.5} \times (0.989) / 100] \\ &= ???.? \times 1.024 \end{aligned}$$

Table 6.A shows the combined impact of the general intermediate update and the change in the economic parities for Intra-EU duty stations, applicable for active staff.

Table 6.B shows the combined impact of the general intermediate update and the change in the economic parities for Member States, applicable for pensioners.

TABLE 6.A

STAFF

	Place		Change in PPP per <i>Table 5.A</i>	General intermediate update per <i>section 6</i>	Total impact
1	BE	Brussels	na	+ 2.4	+ 2.4
2	BG	Sofia	+ 1.1		+3.5
3	CZ	Prague	- 0.1		+2.3
4	DK	Copenhagen	- 2.1		+0.3
5	DE	Berlin	- 1.4		+1.0
6	DE	Karlsruhe	- 1.4		+1.0
7	DE	Munich	- 1.4		+1.0
8	EE	Tallinn	+ 4.5		+7.0
9	IE	Dublin	+ 2.4		+4.9
10	EL	Athens	- 1.7		+0.6
11	ES	Madrid	- 1.2		+1.2
12	FR	Paris	- 1.0		+1.4
13	HR	Zagreb	- 1.4		+1.0
14	IT	Rome	- 1.2		+1.2
15	IT	Varese	- 1.3		+1.1
16	CY	Nicosia	- 1.1		+1.2
17	LV	Riga	0.0		+2.4
18	LT	Vilnius	+ 1.8		+4.3
19	LU	Luxembourg	na		+ 2.4
20	HU	Budapest	- 0.4		+2.0
21	MT	Valletta	- 2.1		+0.2
22	NL	The Hague	- 1.0		+1.4
23	AT	Vienna	- 1.2		+1.2
24	PL	Warsaw	+ 2.4		+4.9
25	PT	Lisbon	- 0.8		+1.6
26	RO	Bucharest	+ 0.8		+3.2
27	SI	Ljubljana	+ 2.6		+5.1
28	SK	Bratislava	- 2.8		-0.5
29	FI	Helsinki	- 0.9		+1.5
30	SE	Stockholm	- 0.8		+1.6

TABLE 6.B

PENSIONERS

	Place		Change in PPP per <i>Table 5.B</i>	General intermediate update per <i>section 6</i>	Total impact
1	BE	Belgium	na	+ 2.4	+ 2.4
2	BG	Bulgaria	+ 1.7		+ 4.1
3	CZ	Czechia	- 0.6		+ 1.8
4	DK	Denmark	- 1.6		+ 0.8
5	DE	Germany	- 1.5		+ 0.9
6	EE	Estonia	+ 4.8		+ 7.3
7	IE	Ireland	+ 1.1		+ 3.6
8	EL	Greece	- 1.3		+ 1.1
9	ES	Spain	- 1.0		+ 1.3
10	FR	France	- 1.4		+ 0.9
11	HR	Croatia	- 1.5		+ 0.8
12	IT	Italy	- 1.4		+ 1.0
13	CY	Cyprus	- 1.3		+ 1.1
14	LV	Latvia	+ 0.2		+ 2.6
15	LT	Lithuania	+ 1.8		+ 4.3
16	LU	Luxembourg	na		+ 2.4
17	HU	Hungary	- 0.9		+ 1.5
18	MT	Malta	- 2.5		- 0.2
19	NL	Netherlands	+ 0.3		+ 2.7
20	AT	Austria	- 1.2		+ 1.1
21	PL	Poland	+ 1.5		+ 3.9
22	PT	Portugal	- 1.2		+ 1.1
23	RO	Romania	+ 0.7		+ 3.1
24	SI	Slovenia	+ 1.4		+ 3.8
25	SK	Slovakia	- 2.6		- 0.3
26	FI	Finland	- 1.5		+ 0.8
27	SE	Sweden	- 1.0		+ 1.4
28	UK	United Kingdom	- 0.2		+ 2.2

APPENDIX FIVE: FORECAST OF THE JOINT INDEX FOR THE TWELVE MONTHS TO JULY 2022 AND PRELIMINARY ESTIMATE OF THE ANNUAL UPDATE

The information compiled to establish the Global Specific Indicator forecast includes estimates of the Harmonised Index of Consumer Prices in Belgium and in Luxembourg for the twelve months to July 2022 (see [Appendix One](#)).

Staff numbers in Brussels and Luxembourg were used to establish the Joint Index for the six months to January 2022 (see [Appendix Two](#)).

The table below combines this information to produce an advance forecast of the Joint Index for the twelve months to July 2022:

Forecast of the harmonised index of consumer prices for Belgium for the period 1 July 2021 – 1 July 2022	+6.4%	106.4
Forecast of the harmonised index of consumer prices for Luxembourg for the period 1 July 2021 – 1 July 2022	+6.1%	106.1
Staff ratio Brussels : Luxembourg	80.5 : 19.5	
=> Forecast of the Joint Index for the period 1 July 2021 – 1 July 2022	+6.3%	106.3

The foregoing advance forecast should be interpreted with caution due to the methodological differences in the estimation process (at global level) by comparison to the definitive calculation exercise (at detailed level) and due to events which may occur after the date of this report. The situation will be re-assessed for the Annual Report 2022 using the latest available data rather than forecasts.

This Joint Index forecast can be combined with the Global Specific Indicator forecast, to produce a preliminary estimate of the annual update for the twelve months to July 2022, as shown below:

$$\frac{97.7 \times 106.3}{100} - 100 = 103.9 (+3.9\%)$$

The foregoing estimate should be interpreted with caution as precise remuneration values will only be established via the definitive annual data collection exercise. The definitive values compiled subsequently may legitimately differ from the initial forecasts if new information becomes available. In particular, 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. For illustrative purposes, [Appendix One](#) includes a comparison of the net specific indicator from annual report and the forecast specific indicator from intermediate report, for the 2020 exercise.