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COMMISSION OF THE EUROPEAN COMMUNITIES

**COMMISSION STAFF WORKING DOCUMENT**

**Eurostat Report on  
annual adjustment of remuneration and pensions**

**Reference Period:  
June 2007 – June 2008**

**Eurostat, Unit D5  
Luxembourg, October 2008**

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## **Executive Summary**

The report presents all information required for the annual adjustment of remuneration and pensions in Belgium/Luxembourg and in other places.

For the period July 2007 – July 2008 the global specific indicator (average change in real net remuneration) is -1.3% and the Brussels International Index (cost of living for the EC officials) is 104.4.

As a consequence the adjustment of the nominal net remuneration and pension of EC officials in Belgium and Luxembourg, necessary to maintain a parallel development of purchasing power with the civil servants in the Member States is equal to +3.0%.

The correction coefficients, which apply to remuneration and pensions outside Belgium and Luxembourg, are given in tables 5 and 7 respectively.

Specific indicators for France and UK have still to be validated.

## Introduction

In accordance with the Articles 64, 65 and Annex XI of the Staff Regulations applicable to officials and other servants of the European Communities, Eurostat hereby presents its report for the twelve months to July 2008.

Article 64, 65 and Annex XI of the Staff Regulations, which are in force since 1 May 2004, define the method for the annual adjustment of remuneration and pension of Community officials. The annual adjustments shall accordingly be determined by the following factors:

- average change in the purchasing power of salaries of national civil servants in central government (global specific indicator);
- change in the cost of living in Brussels (Brussels International Index);
- economic parities between Brussels and the other places of employment in the Member States (correction coefficients).

The value of the annual adjustment is equal to the product of the global specific indicator and the change in the Brussels International Index. Changes in the cost of living in places of employment other than Brussels and Luxembourg are derived indirectly from the value of the adjustment for Brussels and any changes in the economic parities between Brussels and those other places.

Chapters 1 to 4 of this report examine respectively:

- Evolution of the purchasing power of national officials in the central governments,
- Changes in the cost of living in Brussels,
- Adjustment of remuneration and pensions in Belgium and Luxembourg, and
- Adjustment of remuneration and pensions outside Belgium and Luxembourg.

All figures and calculations contained in this report are based on data supplied by the responsible authorities in the Member States. More information on methodology, detailed results and statistical analysis is available in the annexes to this report and detailed procedural manuals . For any information concerning this report, please contact Eurostat in Luxembourg:

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## 1. EVOLUTION OF THE PURCHASING POWER OF NATIONAL OFFICIALS

### 1.1. Specific Indicator

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 Member States: Belgium, Germany, Spain, France, Italy, Luxembourg, the Netherlands and the United Kingdom.

Table 1 shows the changes in the net remuneration, both in nominal and real terms, in each of the above mentioned eight Member States. Changes in the harmonized consumer price indices (inflation rates) during the period June 2007 to June 2008 have been used to transform nominal changes in the remunerations to the real ones. In order to get the global specific indicators the results per country have been weighted in proportion to their national GDP for the year 2007 expressed in purchasing power parities. The global specific indicator (average change in real net remuneration) for the year 2008 is -1.3%.

Table 1

#### Change in the net remuneration of central government civil servants July 2007 - July 2008

Country	Weight <sup>1</sup> EU25=100 / EU8=100		Nominal net specific indicator	Consumer price indices	Real net specific indicator	Effect on the total
	(%)	(%)				
BE	2.5	3.3	5.7	5.8	<b>-0.1</b>	0.00
DE	18.8	24.7	2.7	3.4	<b>-0.7</b>	-0.17
ES	9.7	12.7	4.7	5.1	<b>-0.4</b>	-0.05
FR <sup>2</sup>	14.3	18.8	2.1	4.0	<b>-1.8</b>	-0.34
IT	12.1	15.9	1.3	4.0	<b>-2.6</b>	-0.41
LU	0.3	0.4	3.7	5.3	<b>-1.5</b>	-0.01
NL	4.3	5.6	1.2	2.3	<b>-1.1</b>	-0.06
UK <sup>2</sup>	14.2	18.6	2.2	3.8	<b>-1.5</b>	-0.29
<b>Total</b>	<b>76.2</b>	<b>100.0</b>	<b>2.5</b>	<b>3.9</b>	<b>-1.3</b>	<b>-1.3</b>

<sup>1</sup> Basis: GDP expressed in PPP, 2007

<sup>2</sup> Provisional value for nominal net specific indicator

### 1.2. Control Indicator

Following Article 1.4 (c) of Annex XI of the Staff Regulations, Eurostat reports here on data concerning the real per capita emoluments in central government. These data serve as control indicators. As the control indicator is expressed in gross terms, it is compared with the gross specific indicator.

Table 2 compares the changes in real gross per capita remuneration in July 2008 with those of per capita real wage bills for 2008, where the respective values for 2007 are

taken as 100. The table also shows the differences (in percent) between these two indicators.

**Table 2**

**Comparison of the gross specific indicator and the control indicator in real terms  
Current reference period (2008 = 100)**

Country	Real gross specific indicator [1]	Control indicator * [2]	Difference (%) [3]
BE	98.4	99.5	1.1
DE	100.0	101.2	1.2
ES	99.9	99.7	-0.2
FR	98.2	99.9	1.7
IT	97.7	96.7	-1.0
LU	101.0		
NL	99.2	101.4	2.2
UK	98.5	100.1	1.7
<b>Total</b>	<b>98.9</b>	<b>99.4</b>	<b>0.5</b>

\*Eurostat and DG-ECFIN estimates. No data for Luxembourg.

Relatively big differences are apparent for some Member States. They result from conceptual and statistical differences between the gross specific indicator and the control indicator.

**2. CHANGES IN THE COST OF LIVING IN BRUSSELS (BRUSSELS INTERNATIONAL INDEX)**

Article 64 and Annex XI of the Staff Regulations state that Eurostat shall draw up an index, based on the data provided by the Belgian authorities, to measure the changes in the cost of living for officials of the Communities in Brussels. This index, known as Brussels International Index, shall take into account the changes between June of the previous year and June of the current year and shall be based on the methodology defined by the Working Group on Article 64 of the Staff Regulations.

The details of the calculation of this index corresponding to the 2008 annual salary adjustment are set out in table 3. The table shows that the cost of living for the EU officials in Brussels during the period June 2007 – June 2008 has increased, on average by 4.4%.

**Table 3**  
**Changes in the Brussels International Index (BII)**  
**June 2007 - June 2008**

Groups of consumption	Weight	Index
1. Food and non-alcoholic beverages	129.5	107.0
2. Alcoholic beverages and tobacco	21.8	104.0
3. Clothing and footwear	46.7	101.1
4. Housing, water, electricity, gas and other fuels	245.7	109.0
5. Furnishings, household equipment and maintenance of house	85.3	102.0
6. Health	18.5	99.1
7. Transport	151.0	103.8
8. Communications	21.5	97.6
9. Recreation and culture	109.9	100.0
10. Education	18.2	102.0
11. Hotels, cafes and restaurants	18.2	103.6
12. Miscellaneous goods and services	61.2	102.2
Global index without rents	804.3	104.5
Rents index	195.7	104.3
<b>Global index</b>	<b>1000.0</b>	<b>104.4</b>

### 3. ADJUSTMENT OF REMUNERATION AND PENSIONS IN BELGIUM AND LUXEMBOURG

Taking into account the figures reported in chapter 1 and 2 the adjustment of the nominal net remuneration of EU officials in Belgium and Luxembourg, necessary to maintain a parallel development of purchasing power with the civil servants in the Member States, is equal to:

#### Salary change

$$\frac{104.4 \times 98.7}{100} - 100 = 3.0\%$$



#### **4. ADJUSTMENT OF REMUNERATION AND PENSIONS OUTSIDE BELGIUM AND LUXEMBOURG**

##### **4.1. Correction coefficients for staff outside Belgium and Luxembourg**

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 "economic parity". The average consumption expenditure pattern of EU officials are used as weights, identified by means of periodic family budget surveys. In places of employment outside Brussels with very few officials, a common structure pooling all the questionnaires from similar locations is derived instead.

The changes in the cost of living in the places of employment outside Belgium and Luxembourg are measured by the implicit price indices which are calculated as the product of the Brussels International Index and the changes in the economic parities between Brussels and those other places. Table 4 shows these changes.

**Table 4**  
**Changes in the economic parities in the twelve months to 1st July 2008**  
**(for staff)**

Country Place of employment	Parity 1.7.2007	Parity 1.7.2008	Change (%)	Implicit price index
BE/LU Brussels/Luxembourg	1.000	1.000	0.0%	4.4
BG Sofia	1.287	1.378	7.1%	11.9
CZ Prague	23.24	23.55	1.3%	5.8
DK Copenhagen	10.38	10.40	0.2%	4.7
DE Berlin	0.993	0.989	-0.4%	4.0
Bonn	0.983	0.980	-0.3%	4.1
Karlsruhe	0.969	0.964	-0.5%	3.9
Munich	1.066	1.053	-1.2%	3.2
EE Tallinn	12.45	13.30	6.8%	11.5
EL Athens	0.953	0.950	-0.3%	4.1
ES Madrid	1.004	1.016	1.2%	5.7
FR Paris	1.174	1.155	-1.6%	2.7
IE Dublin	1.218	1.219	0.1%	4.5
IT Rome	1.106	1.115	0.8%	5.3
Varese	0.986	0.986	0.0%	4.4
CY Nicosia	0.897	0.892	-0.5%	3.9
LV Riga	0.5523	0.5993	8.5%	13.3
LT Vilnius	2.464	2.633	6.9%	11.6
HU Budapest	222.3	224.0	0.8%	5.3
MT Valletta	0.848	0.850	0.2%	4.6
NL The Hague	1.115	1.091	-2.2%	2.2
AT Vienna	1.078	1.078	0.0%	4.4
PL Warsaw	3.052	3.157	3.4%	8.0
PT Lisbon	0.922	0.917	-0.5%	3.9
RO Bucharest	2.416	2.747	13.7%	18.8
SI Ljubljana	0.883	0.902	2.2%	6.7
SK Bratislava	27.50	26.47	-3.7%	0.6
FI Helsinki	1.178	1.198	1.7%	6.2
SE Stockholm	10.81	10.87	0.6%	5.0
UK London	0.962	0.995	3.4%	8.0
Culham	0.779	0.799	2.6%	7.1

Note: Cyprus and Malta joined Eurozone on 1 January 2008; value for 2007 converted using fixed exchange rate.

The correction coefficients 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 and the exchange rates for the month of July.

The correction coefficient operates as a percentage adjustment to salaries to take account of the cost of living differences between Brussels and the various duty stations. Table 5 shows the calculation of the correction coefficients for July 2008 for

places of employment situated in the European Union territory for which correction coefficients have been set.

The value of the adjustment outside Belgium and Luxembourg derives from the value of the adjustment for Belgium/Luxembourg and from the changes in the economic parities between Brussels and those other places.

**Table 5**  
**Calculation of correction coefficients at 1st July 2008**  
**(for staff)**

Country Place of employment	Parity [1]	Exchange rate [2]	Correction coefficient 100 * [1] / [2]
BE/LU Brussels/Luxembourg	1.000	1.00000	100.0
BG Sofia	1.378	1.95580	70.5
CZ Prague	23.55	24.0020	98.1
DK Copenhagen	10.40	7.45800	139.4
DE Berlin	0.989	1.00000	98.9
Bonn	0.980	1.00000	98.0
Karlsruhe	0.964	1.00000	96.4
Munich	1.053	1.00000	105.3
EE Tallinn	13.30	15.6466	85.0
EL Athens	0.950	1.00000	95.0
ES Madrid	1.016	1.00000	101.6
FR Paris	1.155	1.00000	115.5
IE Dublin	1.219	1.00000	121.9
IT Rome	1.115	1.00000	111.5
Varese	0.986	1.00000	98.6
CY Nicosia	0.892	1.00000	89.2
LV Riga	0.5993	0.70440	85.1
LT Vilnius	2.633	3.45280	76.3
HU Budapest	224.0	238.380	94.0
MT Valletta	0.850	1.00000	85.0
NL The Hague	1.091	1.00000	109.1
AT Vienna	1.078	1.00000	107.8
PL Warsaw	3.157	3.36710	93.8
PT Lisbon	0.917	1.00000	91.7
RO Bucharest	2.747	3.65180	75.2
SI Ljubljana	0.902	1.00000	90.2
SK Bratislava	26.47	30.3100	87.3
FI Helsinki	1.198	1.00000	119.8
SE Stockholm	10.87	9.42630	115.3
UK London	0.9948	0.79235	125.6
Culham	0.7995	0.79235	100.9

#### **4.2. Correction coefficients for pensioners outside Belgium and Luxembourg**

The Staff Regulations, which are in force since 1 May 2004 stipulate the creation of correction coefficients for pensioners separate from those used for staff remuneration. The difference is that instead of being based on capital city price comparisons they relate to national comparisons, with Belgium as the base country.

This section presents the calculated values of the economic parities and the correction coefficients for pensioners, with a reference date of July 1, 2008. The changes in the cost of living in Member States other than Belgium and Luxembourg are measured by the implicit indices which are calculated as the product of the Brussels International Index and the changes in the economic parities between Belgium and the Member States. Table 6 shows these changes.

**Table 6**  
**Changes in the economic parities in the twelve months to 1st July 2008**  
**(for pensioners)**

Country	Parity 1.7.2007	Parity 1.7.2008	Change (%)	Implicit price index
BE/LU	1.000	1.000	0.0%	4.4
BG	1.135	1.223	7.8%	12.6
CZ	21.38	21.86	2.3%	6.8
DK	10.07	10.17	1.0%	5.5
DE	0.997	0.994	-0.3%	4.2
EE	12.15	12.82	5.5%	10.1
EL	0.933	0.949	1.7%	6.2
ES	0.964	0.960	-0.4%	4.1
FR	1.073	1.063	-0.9%	3.5
IE	1.180	1.185	0.4%	4.9
IT	1.071	1.076	0.4%	4.9
CY	0.917	0.919	0.2%	4.6
LV	0.5232	0.5620	7.4%	12.2
LT	2.343	2.483	6.0%	10.7
HU	192.1	194.5	1.2%	5.7
MT	0.870	0.867	-0.4%	4.0
NL	1.030	1.015	-1.5%	2.9
AT	1.072	1.069	-0.2%	4.2
PL	2.762	2.847	3.1%	7.7
PT	0.906	0.910	0.5%	4.9
RO	2.233	2.444	9.4%	14.3
SI	0.841	0.860	2.3%	6.8
SK	25.31	24.83	-1.9%	2.5
FI	1.146	1.162	1.4%	5.9
SE	10.51	10.51	0.0%	4.4
UK	0.8049	0.8349	3.7%	8.3

Note: Cyprus and Malta joined Eurozone on 1 January 2008; value for 2007 converted using fixed exchange rate.

Table 7 shows the correction coefficients for all member States (relative to Belgium) calculated for the pensioners. Their use is subject to specific rules set out in the Staff Regulations.

**Table 7**  
**Calculation of correction coefficients at 1st July 2008**  
**(for pensioners)**

Country	Parity [1]	Exchange rate [2]	Correction coefficient 100 * [1] / [2]
BE/LU	1.000	1.00000	100.0
BG	1.223	1.95580	62.5
CZ	21.86	24.0020	91.1
DK	10.17	7.45800	136.4
DE	0.994	1.00000	99.4
EE	12.82	15.6466	81.9
EL	0.949	1.00000	94.9
ES	0.960	1.00000	96.0
FR	1.063	1.00000	106.3
IE	1.185	1.00000	118.5
IT	1.076	1.00000	107.6
CY	0.919	1.00000	91.9
LV	0.5620	0.70440	79.8
LT	2.483	3.45280	71.9
HU	194.5	238.380	81.6
MT	0.867	1.00000	86.7
NL	1.015	1.00000	101.5
AT	1.069	1.00000	106.9
PL	2.847	3.36710	84.6
PT	0.910	1.00000	91.0
RO	2.444	3.65180	66.9
SI	0.860	1.00000	86.0
SK	24.83	30.3100	81.9
FI	1.162	1.00000	116.2
SE	10.51	9.42630	111.5
UK	0.8349	0.79235	105.4