



EUROPEAN COMMISSION

Brussels, 24.11.2011  
SEC(2011) 1436 final

**COMMISSION STAFF WORKING PAPER**

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

*Accompanying the document*

**Proposal for a Council Regulation**

**adjusting with the effect from 1 July 2011 the remuneration and pension of the officials and other servants of the European Union and the correction coefficients applied thereto**

{COM(2011) 820 final}

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## Executive Summary

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

- evolution of the purchasing power of national officials;
- changes in the cost of living in Brussels;
- correction coefficients for staff and pensioners.

For the period July 2010 – July 2011 the global specific indicator (average change in real net remuneration in the sample of 8 countries) is 98.2 (-1.8 %). Details are provided in Table 1.

For the same period, the Brussels International Index (cost of living measured for the EU officials) is 103.6 (+3.6%). Details are provided in Table 3.

As a consequence the adjustment of the nominal net remuneration and pensions of European officials in Belgium and Luxembourg which is necessary to maintain a parallel development of purchasing power with the national civil servants in the Member States is equal to +1.7%.

The correction coefficients which apply to remuneration and pensions outside Belgium and Luxembourg in order to maintain equality of purchasing power, are provided in Tables 5 and 7 respectively.

## 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 2011.

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 8 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 2010 to June 2011 have been used to transform nominal changes in the remunerations into movements in real terms. In order to get the global specific indicator the results per country have been weighted in proportion to their national GDP for the year 2010 expressed in purchasing power parities. The global specific indicator (average change in real net remuneration) for the year 2011 is 98.2 (-1.8%).

**Table 1**

#### **Change in the net remuneration of central government civil servants July 2010 - July 2011**

Country	Weight <sup>1</sup>		Nominal net specific indicator	Consumer price indices	Real net specific indicator	Effect on the total
	EU25=100 / EU8=100	(%)				
	(%)	(%)	(%)	(%)	(%)	
BE	2.6	3.4	3.6	3.4	<b>0.2</b>	0.0
DE	19.3	25.5	1.3	2.4	<b>-1.1</b>	-0.3
ES	9.3	12.3	-0.6	3.0	<b>-3.5</b>	-0.4
FR	13.8	18.2	2.0	2.3	<b>-0.3</b>	-0.1
IT	12.0	15.9	-0.2	3.0	<b>-3.1</b>	-0.5
LU	0.3	0.4	-0.8	3.8	<b>-4.4</b>	0.0
NL	4.4	5.8	2.0	2.5	<b>-0.5</b>	0.0
UK	14.0	18.5	1.3	4.2	<b>-2.8</b>	-0.5
<b>Total</b>	<b>75.7</b>	<b>100.0</b>	<b>1.1</b>	<b>2.9</b>	<b>-1.8</b>	<b>-1.8</b>

<sup>1</sup> Basis: GDP expressed in PPP, 2010

## 1.2. Control Indicator

In accordance with Article 1.4 (c) of Annex XI of the Staff Regulations, Eurostat compiles data concerning the real per capita emoluments in central government. These data serve as control indicators for individual countries and a weighted average is also calculated. 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 specific indicator to July 2011 with those of per capita real wage bills for 2011, where the respective values for 2010 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 (2010 = 100)**

Country	Real gross specific indicator [1]	Control indicator * [2]	Difference (%) [3]
BE	101.0	99.4	-1.6
DE	99.5	98.6	-0.9
ES	96.4	97.5	1.2
FR	99.9	99.6	-0.3
IT	98.1	97.1	-1.0
LU	96.3	105.3	9.3
NL	100.1	101.0	0.9
UK	97.2	112.8	16.1
<b>Total</b>	<b>98.6</b>	<b>101.5</b>	<b>3.0</b>

\*Eurostat estimates.

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 2011 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 2010 – June 2011 has increased, on average by 3.6%.

**Table 3**  
**Changes in the Brussels International Index (BII)**  
**June 2010 - June 2011**

Groups of consumption	Weight	Index
1. Food and non-alcoholic beverages	128.2	103.0
2. Alcoholic beverages and tobacco	20.3	99.9
3. Clothing and footwear	54.3	101.2
4. Housing, water, electricity, gas and other fuels	297.6	106.2
5. Furnishings, household equipment and maintenance of house	74.7	101.5
6. Health	19.2	100.1
7. Transport	127.2	105.0
8. Communications	21.5	100.7
9. Recreation and culture	91.7	100.4
10. Education	14.7	99.5
11. Hotels, cafes and restaurants	100.6	103.6
12. Miscellaneous goods and services	50.0	103.7
Global index without rents	762.9	103.9
Rents index	237.1	102.7
<b>Global index</b>	<b>1000.0</b>	<b>103.6</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

$\frac{103.6 \times 98.2}{100} - 100 = 1.7\%$
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#### **4. ADJUSTMENT OF REMUNERATION AND PENSIONS OUTSIDE BELGIUM AND LUXEMBOURG**

##### **4.1. Correction coefficients for staff outside Belgium and Luxembourg<sup>1</sup>**

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 similar 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 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 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.

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<sup>1</sup> A separate report is prepared concerning correction coefficients for duty stations outside the European Union, to which the additional provisions of Annex X to the Staff Regulations apply.



**Table 4**  
**Changes in the economic parities in the twelve months to 1st July 2011**  
**(for staff)**

Country Place of employment	Parity 1.7.2010	Parity 1.7.2011	Change (%)	Implicit price index
<b>BE/LU Brussels/Luxembourg</b>	<b>1.000</b>	<b>1.000</b>	<b>0.0%</b>	<b>3.6</b>
BG Sofia	1.226	1.186	-3.3%	0.2
CZ Prague	21.68	20.74	-4.3%	-0.9
DK Copenhagen	9.990	10.01	0.2%	3.8
DE Berlin	0.948	0.937	-1.1%	2.5
Bonn	0.947	0.930	-1.8%	1.7
Karlsruhe	0.921	0.922	0.0%	3.6
Munich	1.037	1.032	-0.6%	3.0
EE Tallinn	0.756	0.754	-0.3%	3.3
EL Athens	0.948	0.922	-2.8%	0.7
ES Madrid	0.977	0.974	-0.4%	3.2
FR Paris	1.161	1.164	0.2%	3.8
IE Dublin	1.091	1.096	0.5%	4.1
IT Rome	1.066	1.048	-1.7%	1.8
Varese	0.923	0.919	-0.4%	3.2
CY Nicosia	0.837	0.830	-0.9%	2.7
LV Riga	0.527	0.528	0.2%	3.8
LT Vilnius	2.504	2.511	0.3%	3.9
HU Budapest	227.0	222.9	-1.8%	1.7
MT Valletta	0.822	0.827	0.6%	4.3
NL The Hague	1.041	1.028	-1.3%	2.2
AT Vienna	1.062	1.050	-1.2%	2.4
PL Warsaw	3.206	3.220	0.4%	4.1
PT Lisbon	0.850	0.840	-1.2%	2.4
RO Bucharest	3.040	3.060	0.7%	4.3
SI Ljubljana	0.896	0.862	-3.8%	-0.4
SK Bratislava	0.800	0.788	-1.4%	2.1
FI Helsinki	1.194	1.205	0.9%	4.5
SE Stockholm	11.29	11.42	1.2%	4.8
UK London	1.089	1.152	5.7%	9.5
Culham	0.847	0.883	4.3%	8.1

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 2011 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 2011**  
**(for staff)**

Country Place of employment	Parity [1]	Exchange rate [2]	Correction coefficient 100 * [1] / [2]
<b>BE/LU Brussels/Luxembourg</b>	<b>1.000</b>	<b>1.000</b>	<b>100.0</b>
BG Sofia	1.186	1.956	60.6
CZ Prague	20.74	24.34	85.2
DK Copenhagen	10.01	7.459	134.2
DE Berlin	0.937	1.000	93.7
Bonn	0.930	1.000	93.0
Karlsruhe	0.922	1.000	92.2
Munich	1.032	1.000	103.2
EE Tallinn	0.754	1.000	75.4
EL Athens	0.922	1.000	92.2
ES Madrid	0.974	1.000	97.4
FR Paris	1.164	1.000	116.4
IE Dublin	1.096	1.000	109.6
IT Rome	1.048	1.000	104.8
Varese	0.919	1.000	91.9
CY Nicosia	0.830	1.000	83.0
LV Riga	0.528	0.709	74.4
LT Vilnius	2.511	3.453	72.7
HU Budapest	222.9	267.1	83.5
MT Valletta	0.827	1.000	82.7
NL The Hague	1.028	1.000	102.8
AT Vienna	1.050	1.000	105.0
PL Warsaw	3.220	3.999	80.5
PT Lisbon	0.840	1.000	84.0
RO Bucharest	3.060	4.211	72.7
SI Ljubljana	0.862	1.000	86.2
SK Bratislava	0.788	1.000	78.8
FI Helsinki	1.205	1.000	120.5
SE Stockholm	11.42	9.205	124.1
UK London	1.152	0.900	128.0
Culham	0.883	0.900	98.2

#### 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, 2011. 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 2011**  
**(for pensioners)**

Country	Parity 1.7.2010	Parity 1.7.2011	Change (%)	Implicit price index
BE/LU	1.000	1.000	0.0%	3.6
BG	1.161	1.137	-2.0%	1.5
CZ	19.95	19.31	-3.2%	0.3
DK	9.719	9.732	0.1%	3.7
DE	0.965	0.954	-1.1%	2.4
EE	0.766	0.774	1.0%	4.7
EL	0.943	0.910	-3.5%	-0.1
ES	0.910	0.915	0.5%	4.2
FR	1.076	1.085	0.8%	4.4
IE	1.039	1.046	0.7%	4.3
IT	1.023	1.000	-2.2%	1.3
CY	0.867	0.854	-1.5%	2.1
LV	0.493	0.498	1.1%	4.7
LT	2.376	2.441	2.7%	6.4
HU	196.6	195.2	-0.7%	2.9
MT	0.848	0.846	-0.3%	3.3
NL	0.980	0.973	-0.7%	2.8
AT	1.051	1.041	-1.0%	2.6
PL	2.833	2.853	0.7%	4.4
PT	0.851	0.839	-1.5%	2.1
RO	2.585	2.614	1.1%	4.8
SI	0.844	0.836	-1.0%	2.6
SK	0.754	0.735	-2.6%	0.9
FI	1.124	1.130	0.5%	4.2
SE	10.72	10.79	0.6%	4.2
UK	0.879	0.931	5.9%	9.8

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 2011**  
**(for pensioners)**

<b>Country</b>	<b>Parity</b> [1]	<b>Exchange rate</b> [2]	<b>Correction coefficient</b> <b>100 * [1] / [2]</b>
<b>BE/LU</b>	<b>1.000</b>	<b>1.000</b>	<b>100.0</b>
BG	1.137	1.956	58.1
CZ	19.31	24.34	79.3
DK	9.732	7.459	130.5
DE	0.954	1.000	95.4
EE	0.774	1.000	77.4
EL	0.910	1.000	91.0
ES	0.915	1.000	91.5
FR	1.085	1.000	108.5
IE	1.046	1.000	104.6
IT	1.000	1.000	100.0
CY	0.854	1.000	85.4
LV	0.498	0.709	70.2
LT	2.441	3.453	70.7
HU	195.2	267.1	73.1
MT	0.846	1.000	84.6
NL	0.973	1.000	97.3
AT	1.041	1.000	104.1
PL	2.853	3.999	71.4
PT	0.839	1.000	83.9
RO	2.614	4.211	62.1
SI	0.836	1.000	83.6
SK	0.735	1.000	73.5
FI	1.130	1.000	113.0
SE	10.79	9.205	117.2
UK	0.931	0.900	103.5