



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 15.2.2008
SEC(2008) 195

COMMISSION STAFF WORKING DOCUMENT

Accompanying document to the

**Proposal for a
COUNCIL (EC, EURATOM) REGULATION**

**adjusting with effect from 1 July 2007 the remuneration and pensions of officials and
other servants of the European Communities**

{COM(2008) 82 final}

**Eurostat Report on
annual adjustment of remuneration and pensions
Reference Period:
June 2006 – June 2007**

version 2, incorporating revised Italian data

Eurostat, Unit D5

Luxembourg, December 2007

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Executive Summary

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

For the period July 2006 – July 2007 the global specific indicator (average change in real net remuneration) is **0.0%** and the Brussels International Index (cost of living for the EC officials) is 101.4.

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 **+1.4%**.

The correction coefficients, which apply to remuneration and pensions outside Belgium and Luxembourg, are given 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 2007.

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:

changes in the purchasing power of salaries of national civil servants in central government (specific indicator);

changes 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 adjustment is equal to the product of the specific indicator and the change in the cost of living index in Brussels. 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 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 pension in Belgium and Luxembourg, and

Adjustment of remuneration and pension 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. 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 2006 to June 2007 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 2006 measured by purchasing power parities. The global specific indicator (average change in real net remuneration) for the year 2007 is **0.0%**.

Table 1

Change in the net remuneration of central government civil servants July 2006 - July 2007

Country	Weight ¹ EU25=100 / EU8=100		Nominal net specific indicator	Consumer price indices	Real net specific indicator	Effect on the total
	(%)	(%)				
BE	2.6	3.4	1.9	1.3	0.6	0.02
DE	18.9	24.6	-1.8	2.0	-3.7	-0.92
ES	9.1	11.9	4.0	2.5	1.5	0.17
FR	14.5	18.9	1.8	1.3	0.5	0.09
IT	12.4	16.2	3.6	1.9	1.7	0.27
LU	0.3	0.4	0.9	2.3	-1.4	-0.01
NL	4.3	5.6	5.0	1.8	3.1	0.18
UK	14.6	19.0	3.2	2.4	0.8	0.15
Total	76.7	100.0	1.9	1.9	0.0	0.0

¹ Basis: GDP expressed in PPP, 2006

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 2007 with those of per capita real wage bills for 2007, where the respective values for 2006 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 (2006 = 100)**

Country	Real gross specific indicator [1]	Control indicator * [2]	Difference (%) [3]
BE	100.7	101.7	0.9
DE	95.8	97.6	1.9
ES	101.2	111.6	10.3
FR	100.0	98.3	-1.7
IT	103.1	101.4	-1.7
LU	100.1	100.0	-0.1
NL	102.8	101.8	-0.9
UK	100.8	102.2	1.4
Total	99.9	101.5	1.6

*Eurostat and DG-ECFIN estimates

Eurostat identifies for some Member States (e.g. Spain) relatively big differences. 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 2007 annual salary adjustment are set out in table 3. The table shows that the cost of living for the EC officials in Brussels during the period June 2006 – June 2007 has increased, on average by 1.4%.

Table 3
Changes in the Brussels International Index (BII)
June 2006 - June 2007

Groups of consumption	Weight	Index
1. Food and non-alcoholic beverages	129.5	103.4
2. Alcoholic beverages and tobacco	21.8	102.9
3. Clothing and footwear	46.7	100.8
4. Housing, water, electricity, gas and other fuels	245.7	102.0
5. Furnishings, household equipment and maintenance of house	85.3	102.0
6. Health	18.5	99.5
7. Transport	151.0	98.7
8. Communications	21.5	96.8
9. Recreation and culture	109.9	98.7
10. Education	18.2	102.4
11. Hotels, cafes and restaurants	90.8	102.9
12. Miscellaneous goods and services	61.2	104.7
Global index without rents	804.3	101.0
Rents index	195.7	103.3
Global index	1000.0	101.4

3. ADJUSTMENT OF REMUNERATION AND PENSION IN BELGIUM AND LUXEMBOURG

Taking into account the figures reported in chapter 1 and 2 the adjustment of the nominal net remuneration 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:

$$\frac{101.4}{100} \times 100.0 - 100 = 1.4\%$$

4. ADJUSTMENT OF REMUNERATION AND PENSION 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 European institution officials in Brussels (reference city) with each of the 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 purchased by the average official in Brussels with the prices of the same goods and services in each of the other places of employment. The average of all the price ratios is the "economic parity".

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 2007
(for staff)

Country Place of employment	Parity 1.7.2006	Parity 1.7.2007	Change (%)	Implicit price index
BE/LU Brussels/Luxembourg	1	1	0.0%	1.4
BG Sofia	1.2541	1.2865	2.6%	4.0
CZ Prague	24.322	23.241	-4.4%	-3.1
DK Copenhagen	10.282	10.376	0.9%	2.3
DE Berlin	1.001	0.993	-0.8%	0.6
Bonn	0.972	0.983	1.1%	2.5
Karlsruhe	0.958	0.969	1.1%	2.6
Munich	1.066	1.066	0.0%	1.4
EE Tallinn	12.439	12.453	0.1%	1.5
EL Athens	0.933	0.953	2.1%	3.6
ES Madrid	1.022	1.004	-1.8%	-0.4
FR Paris	1.182	1.174	-0.7%	0.7
IE Dublin	1.220	1.218	-0.2%	1.2
IT Rome	1.125	1.106	-1.7%	-0.3
Varese	1.003	0.986	-1.7%	-0.3
CY Nicosia	0.52475	0.52493	0.0%	1.4
LV Riga	0.53407	0.55232	3.4%	4.9
LT Vilnius	2.6074	2.4635	-5.5%	-4.2
HU Budapest	215.82	222.30	3.0%	4.4
MT Valletta	0.38896	0.36425	-6.4%	-5.0
NL The Hague	1.102	1.115	1.2%	2.6
AT Vienna	1.065	1.078	1.2%	2.6
PL Warsaw	3.1267	3.0522	-2.4%	-1.0
PT Lisbon	0.919	0.922	0.3%	1.7
RO Bucharest	2.3218	2.4155	4.0%	5.5
SI Ljubljana	0.868	0.883	1.6%	3.1
SK Bratislava	33.755	27.497	-18.5%	-17.4
FI Helsinki	1.166	1.178	1.0%	2.4
SE Stockholm	10.612	10.808	1.8%	3.3
UK London	0.96324	0.96180	-0.1%	1.2
Culham	0.78918	0.77926	-1.3%	0.1

Note: Slovenia joined Eurozone on 1 January 2007; value for 2006 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 2007 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 2007
(for staff)

Country Place of employment	Parity [1]	Exchange rate [2]	Correction coefficient 100 * [1] / [2]
BE/LU Brussels/Luxembourg	1	1	100.0
BG Sofia	1.2865	1.9558	65.8
CZ Prague	23.241	28.633	81.2
DK Copenhagen	10.376	7.4425	139.4
DE Berlin	0.993	1	99.3
Bonn	0.983	1	98.3
Karlsruhe	0.969	1	96.9
Munich	1.066	1	106.6
EE Tallinn	12.453	15.6466	79.6
EL Athens	0.953	1	95.3
ES Madrid	1.004	1	100.4
FR Paris	1.174	1	117.4
IE Dublin	1.218	1	121.8
IT Rome	1.106	1	110.6
Varese	0.986	1	98.6
CY Nicosia	0.52493	0.58370	89.9
LV Riga	0.55232	0.6962	79.3
LT Vilnius	2.4635	3.4528	71.3
HU Budapest	222.30	247.44	89.8
MT Valletta	0.36425	0.42930	84.8
NL The Hague	1.115	1	111.5
AT Vienna	1.078	1	107.8
PL Warsaw	3.0522	3.7820	80.7
PT Lisbon	0.922	1	92.2
RO Bucharest	2.4155	3.1666	76.3
SI Ljubljana	0.883	1.000	88.3
SK Bratislava	27.497	33.8320	81.3
FI Helsinki	1.178	1	117.8
SE Stockholm	10.808	9.2415	117.0
UK London	0.96180	0.67215	143.1
Culham	0.77926	0.67215	115.9

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, 2007. 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 2007
(for pensioners)

Country	Parity 1.7.2006	Parity 1.7.2007	Change (%)	Implicit price index
BE/LU	1	1	0.0%	1.4
BG	1.1842	1.1348	-4.2%	-2.8
CZ	22.514	21.376	-5.1%	-3.7
DK	9.872	10.071	2.0%	3.4
DE	1.017	0.997	-2.0%	-0.6
EE	12.608	12.152	-3.6%	-2.3
EL	0.917	0.933	1.7%	3.2
ES	0.975	0.964	-1.1%	0.2
FR	1.069	1.073	0.4%	1.8
IE	1.149	1.180	2.7%	4.1
IT	1.079	1.071	-0.7%	0.6
CY	0.54595	0.53675	-1.7%	-0.3
LV	0.52226	0.52323	0.2%	1.6
LT	2.5421	2.3426	-7.8%	-6.6
HU	182.53	192.14	5.3%	6.7
MT	0.39497	0.37357	-5.4%	-4.1
NL	1.013	1.030	1.7%	3.1
AT	1.061	1.072	1.0%	2.4
PL	2.8889	2.7621	-4.4%	-3.1
PT	0.898	0.906	0.9%	2.3
RO	2.0779	2.2327	7.4%	8.9
SI	0.840	0.841	0.1%	1.5
SK	30.118	25.315	-15.9%	-14.8
FI	1.123	1.146	2.0%	3.5
SE	10.168	10.509	3.4%	4.8
UK	0.79903	0.80494	0.7%	2.1

Note: Slovenia joined Eurozone on 1 January 2007; value for 2006 converted using fixed exchange rate.

Table 7 shows the correction coefficients for all member States (relative to Belgium) calculated for the pensioners. However, due to specific rules governing the transition phase, these values will not immediately be applied to pensions. The coefficients applied will instead be a weighted average of those calculated for staff and for pensioners.

Table 7
Calculation of correction coefficients at 1st July 2007
(for pensioners)

Country	Parity [1]	Exchange rate [2]	Correction coefficient $100 * [1] / [2]$
BE/LU	1	1	100.0
BG	1.1348	1.9558	58.0
CZ	21.376	28.633	74.7
DK	10.071	7.4425	135.3
DE	0.997	1	99.7
EE	12.152	15.6466	77.7
EL	0.933	1	93.3
ES	0.964	1	96.4
FR	1.073	1	107.3
IE	1.180	1	118.0
IT	1.071	1	107.1
CY	0.53675	0.58370	92.0
LV	0.52323	0.6962	75.2
LT	2.3426	3.4528	67.8
HU	192.14	247.44	77.7
MT	0.37357	0.4293	87.0
NL	1.030	1	103.0
AT	1.072	1	107.2
PL	2.7621	3.7820	73.0
PT	0.906	1	90.6
RO	2.2327	3.1666	70.5
SI	0.841	1.000	84.1
SK	25.315	33.8320	74.8
FI	1.146	1	114.6
SE	10.509	9.2415	113.7
UK	0.80494	0.6722	119.8