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**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 2016 – 1 January 2017**

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EXECUTIVE SUMMARY

This is the fourth intermediate report covering Intra-EU locations which is prepared under the EU Staff Regulations as amended by Regulation 1023/2013.

The previous annual update, establishing values applicable with effect from July 2016, was published in the Official Journal on 14 December 2016.

This intermediate report presents all the information required for the intermediate update of remuneration and pensions in Belgium/Luxembourg and in other places, 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 pensioners¹.

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 January².

For the period 1 July 2016 – 1 July 2017 the forecast global specific indicator (average change in real net remuneration in the sample of 11 countries) is 99.8 (-0.2%). As this is negative, half of it should be taken into account for any intermediate update. Details are provided in [Appendix One](#).

For the period June 2016 – December 2016 the Joint Index (change in the cost of living measured for the EU officials) is 100.7 (+0.7%). Details are provided in [Appendix Two](#), together with comparative information. This change does not exceed the specified threshold. In consequence, no intermediate update of the nominal remuneration and pension of European officials in Belgium and Luxembourg is required.

The correction coefficients which would apply to remuneration of active staff outside Brussels and Luxembourg in order to maintain equality of purchasing power at December 2016 are provided in [Appendix Three \(A\)](#).

The correction coefficients which would apply to the pensions of retired staff outside Belgium and Luxembourg in order to maintain equality of purchasing power at December 2016 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 not exceed the specified threshold in any of the Intra-EU duty station locations.

The corresponding movement in the implicit index for pensioners did not exceed the specified threshold in any of the EU Member States.

In consequence, there is no intermediate update required at 1 January 2017. A table with the computed values is shown in [Appendix Four](#).

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 figures and calculations contained in this report are based on data supplied by the responsible authorities in the Member States.

¹ 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).

² Equivalent to $\pm 6.0\%$ for the year 1 July – 1 July.

More information on methodology, detailed results and statistical analysis is available in the annexes to this report and detailed procedural manuals³. For any information concerning this report, please contact Eurostat in Luxembourg:

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³ Document A6465/14/26rev2 methodology for the calculation of Specific Indicators; document A6465/14/58rev methodology for the calculation of the Joint Index; document A6465/14/59rev3 methodology for the calculation of Intra-EU correction coefficients, versions as finalised to reflect decisions at the A646&65 working group meeting in Luxembourg in March 2016.

1. INTRODUCTION

This is the fourth 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 2016 annual update of remuneration and pensions was prepared and transmitted in October 2016⁴. In accordance with the adoption procedure in the Staff Regulations, the definitive update applicable with effect from July 2016 was published in the Official Journal on 14 December⁵.

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 (ie. $\pm 3\%$) 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 2017

A preliminary estimate of the forecast (weighted average of individual country values in the sample of 11) was presented at the Articles 64&65 Working Group meeting in March 2017. The value of the forecast was finalised shortly thereafter to be -0.2% (99.8). Further information can be found in [Appendix One](#).

As this forecast is negative, half of it should be taken into account for any intermediate update.

3. THE JOINT INDEX, JUNE-DECEMBER 2016

The June 2016 - December 2016 index was computed 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 staff.

The Eurostat calculation was presented at the Articles 64&65 Working Group meeting in March 2017, and gives an index of 100.6 (i.e. +0.6% for the six month period). This variation is within the specified threshold ($\pm 3.0\%$). In consequence, no intermediate update of the nominal remuneration and pension of European officials in Belgium and Luxembourg is required.

Further information about the calculation can be found in [Appendix Two](#).

4. PPP FOR INTRA-EU STAFF AT DECEMBER 2015

The aggregate PPP for Intra-EU staff at December 2016 (i.e. 1 January 2017) for each duty station was

⁴ See document Ares(2016)6003504 dated 19.10.2016.

⁵ See communication 2016/C 466/07 for Intra-EU staff and pensioners (and communication 2016/C 466/09 for Extra-EU staff).

computed according to the agreed methodology. In other words, the individual basic heading PPPs established for June 2016 (i.e. 1 July 2016) 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 (ie. updated parities at basic heading level) were then aggregated using the weights from the most recent Survey of Household Expenditure amongst staff (same structure as used to establish the June 2016 results). The results were presented at the Articles 64&65 Working Group meeting in March 2017.

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

When comparing the December 2016 PPP values to the June 2016 values, the simple average change in the duty station PPPs is -0.2%. This masks a variation between -1.9% (for IE-Dublin) and +1.5% (for PL-Warsaw). The PPP change for seventeen locations is negative, and for the remaining fourteen locations it is zero or positive. Brussels = Luxembourg = zero. These movements can be combined with the Joint Index to establish the implicit price index.

There is no Intra-EU duty station which has an implicit price index which exceeds the specified threshold for the period. In consequence, no intermediate update is required.

5. PPP FOR PENSIONERS AT DECEMBER 2016

The aggregate PPP for pensioners at December 2016 (i.e. 1 January 2017) 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 December 2016 (i.e. 1 January 2017) 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 June 2016 (i.e. 1 July 2016) calculation. The updated parities are then aggregated using the weights from the most recent Survey of Household Expenditure amongst pensioners (same structure as used to establish the June 2016 results). The results were presented at the Articles 64&65 Working Group meeting in March 2017.

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

When comparing the December 2016 PPP values to the June 2016 values, the simple average change in the country PPPs is -0.4%. This masks a variation between -2.6% (for Ireland) and +0.7% (for Germany). The PPP change for sixteen countries is negative, and for the remaining ten countries it is zero or positive. Belgium = Luxembourg = zero. These movements can be combined with the Joint Index to establish the implicit price index.

There is no EU Member State which has an implicit price index exceeding the threshold for the period. In consequence, no intermediate update is required.

6. CALCULATION OF THE INTERMEDIATE UPDATE

For the period July 2016 – July 2017, 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 country in the sample of 11) is -0.2%.

99.8

As this is negative half of it should be taken into account for any intermediate update.

Over the period June 2016 to December 2016, the Joint Index (cost of living for EU officials) was +0.6%.

100.6

This does not exceed the threshold. In consequence, no intermediate update of the nominal net remuneration of EU officials *in Belgium and Luxembourg* is required.

The intermediate update of nominal net remuneration of EU officials *outside Belgium and Luxembourg* which would normally be necessary to maintain parallel development of purchasing power⁶, is therefore +0.0%, unless there is a change in the economic parities.

For active staff, the change in the cost of living (measured by implicit indices which are calculated as the product of the Joint Index and the changes in the economic parities with Brussels) does not exceed the threshold in any Intra-EU duty station.

100.0

No intermediate update is therefore required at 1 January 2017 for any location.

For pensioners, the implicit index does not exceed the threshold in any EU Member State.

100.0

No intermediate update is therefore required at 1 January 2017 for any location.

A table with the computed values is shown in *Appendix Four*.

⁶ Before taking any change in the pension contribution rate and/or the special levy into account.

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.

For the intermediate update, data is compiled from the above mentioned 11 Member States about the expected changes in net remuneration in nominal terms, between 1 July 2016 and 1 July 2017. Where these are not available, Eurostat or DG ECFIN estimates are used instead.

National estimates of expected changes in the harmonized consumer price indices (inflation rates) during the period June 2016 to June 2017 have been used to transform nominal changes in the remunerations into movements in real terms. Where these are not available, Eurostat or DG ECFIN estimates are used instead. In order to get the global specific indicator the results per country have been weighted in proportion to their national GDP for the year 2015 expressed in purchasing power parities. Following the adoption and implementation of ESA2010, figures established on this basis are used as the weights (this is a difference from the ESA95 weights which were used for the most recent annual update exercise).

A preliminary estimate of the forecast was presented at the Article 65 Working Group meeting in March 2017. Following bilateral confirmation of data with Member States, 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 2017 is 99.8 (-0.2%).

As this figure is negative, half of it should be taken into account for any intermediate update.

2) RESULTS TABLE (VALUES AFTER 28&29.3.2017 MEETING OF ARTICLES 64&65 WORKING GROUP)

The following table shows the values presented to, and confirmed by, Member State delegates at the March 2017 meeting, or shortly thereafter, for the core sample of 11 countries:

Specific Indicator (1)
Forecast of real changes in the remuneration of national civil servants
in the twelve-month period to 1st July 2017: Single and married officials with two children

	Country	Nominal change	Change in	Real change	Weight (4)		Effect on
		net remuneration (2)	HICP (3)	net remuneration	EU28=100	EU11=100	the total EU11
		(%)	(%)	(%)			(%)
1	BE	0.4	2.0	-1.6	2.6	3.1	-0.05
2	DE	3.7	1.3	2.4	19.9	23.6	0.56
3	ES	0.9	2.1	-1.2	8.2	9.7	-0.11
4	FR	0.7	1.0	-0.3	13.8	16.4	-0.06
5	IT	0.0	1.6	-1.6	11.5	13.7	-0.22
6	LU	2.5	2.4	0.1	0.3	0.4	0.00
7	NL	-1.2	1.7	-2.9	4.3	5.1	-0.15
8	AT	1.3	2.4	-1.1	2.2	2.6	-0.03
9	PL	2.2	1.9	0.3	5.2	6.2	0.02
10	SE	2.2	1.3	0.9	2.4	2.9	0.03
11	UK	1.0	2.4	-1.4	13.8	16.4	-0.22
	Global	1.4	1.7	-0.2	84.2	100.0	-0.23

(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) Net remuneration (= gross remuneration less statutory deductions) (MS estimate)

(3) All-items HICP (MS estimate except AT, PL = nowcast 2017M02 website enquiry 22.03.2017)

(4) GDP 2015 (ESA 2010) in PPS at current prices (website enquiry 14.03.2017)

The following table shows the values presented to, and confirmed by, Member State delegates at the March 2017 meeting, or shortly thereafter, for the remaining 17 countries:

Specific Indicator (1)

Forecast of real changes in the remuneration of national civil servants
in the twelve-month period to 1st July 2017: Single and married officials with two children

Country	Nominal change net remuneration (2)	Change in HICP (3)	Real change net remuneration	Weight (4)
	(%)	(%)	(%)	EU28=100
1 BG	4.5	1.4	3.1	0.7
2 CZ	5.0	2.5	2.4	1.8
3 DK	1.2	1.0	0.2	1.4
4 EE	4.5	2.1	2.4	0.2
5 IE	1.5	-0.2	1.7	1.6
6 EL	0.0	1.4	-1.4	1.4
7 HR	3.5	1.4	2.1	0.5
8 CY	1.0	1.1	-0.1	0.1
9 LV	0.6	2.7	-2.0	0.2
10 LT	4.3	2.3	1.9	0.4
11 HU	1.0	2.4	-1.4	1.3
12 MT	0.7	1.2	-0.5	0.1
13 PT	1.9	1.6	0.3	1.6
14 RO	11.8	1.4	10.3	2.2
15 SI	1.8	1.4	0.4	0.3
16 SK	5.0	-0.2	5.2	0.8
17 FI	-0.6	1.3	-1.9	1.2

(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, MT)

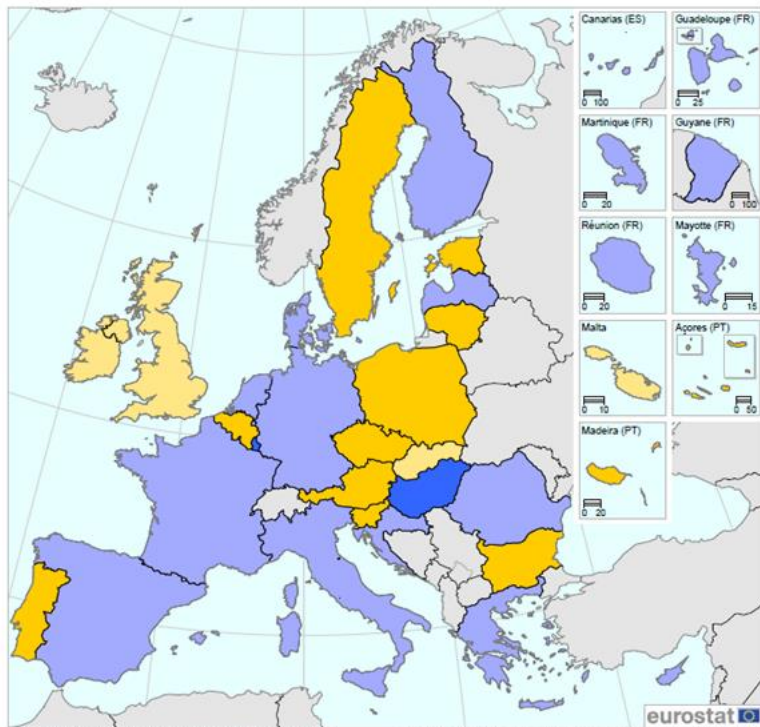
(3) All-items HICP (MS estimate except EL, HR, MT = nowcast 2017M02 website enquiry 22.03.2017)

(4) GDP 2015 (ESA 2010) in PPS at current prices (website enquiry 14.03.2017)

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 two graphs indicate the degree to which the forecast for the preceding annual exercise (ie. reference period 2015-2016) varied from the eventual definitive value for that annual exercise.

Comparison of actual SI nominal and forecast SI nominal
Period June 2015 - June 2016



Eurostat A65 exercise - Annual and Intermediate Report

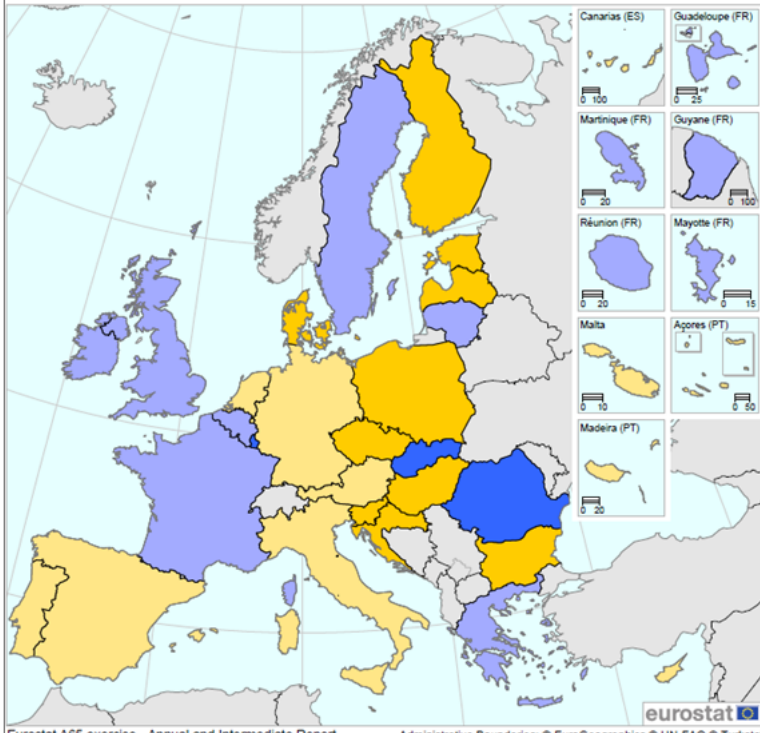
Administrative Boundaries: © EuroGeographics © UN-FAO © Turkstat
Cartography: Eurostat — IMAGE, 23/03/2017

- Legend:
- <= -0.5 (je. Actual lesser than Forecast)
 - -1 - 0
 - 0 - +0.5
 - > +0.5 (je. Actual greater than Forecast)
 - Data not available



	SI net nominal July2016 / July2015		
	Ann.Rpt.	Int.Rpt.	DIFF
BE	3.0	1.0	2.0
BG	3.9	1.5	2.4
CZ	34.8	3.0	31.8
DK	0.8	0.9	-0.1
DE	1.0	1.2	-0.2
EE	13.3	4.6	8.7
IE	3.7	3.2	0.5
EL	0.0	0.0	0.0
ES	4.9	5.0	-0.1
FR	0.4	0.5	-0.1
HR	2.3	2.3	0.0
IT	0.0	0.0	0.0
CY	0.0	0.0	0.0
LV	5.7	5.9	-0.2
LT	3.1	2.4	0.7
LU	-1.2	0.0	-1.2
HU	1.8	2.4	-0.6
MT	2.8	2.6	0.2
NL	6.0	6.4	-0.4
AT	4.9	1.3	3.6
PL	7.3	0.0	7.3
PT	2.6	0.1	2.5
RO	11.9	11.9	0.0
SK	2.0	1.9	0.1
SI	7.7	5.0	2.7
FI	0.6	1.0	-0.4
SE	4.1	2.5	1.6
UK	1.1	1.0	0.1

Comparison of actual HICP and forecast HICP
 Period: June 2015 - June 2016



Eurostat A65 exercise - Annual and Intermediate Report

Administrative Boundaries: © EuroGeographics © UN-FAO © Turkstat
 Cartography: Eurostat — IMAGE, 23/03/2017

- Legend:
- ≤ -0.5 (i.e. Forecast greater than Actual)
 - 1 - 0
 - 0 - +0.5
 - > +0.5 (i.e. Actual greater than Forecast)
 - Data not available

	HICP		
	2016m06 / 2015m06		
	Ann.Rpt.	Int.Rpt.	DIFF
BE	1.8	1.4	0.4
BG	-1.9	-1.0	-0.9
CZ	-0.1	0.5	-0.6
DK	0.1	1.5	-1.4
DE	0.2	0.3	-0.1
EE	0.4	2.0	-1.6
IE	0.1	0.0	0.1
EL	0.2	0.1	0.1
ES	-0.9	-0.8	-0.1
FR	0.3	0.2	0.1
HR	-1.2	-0.6	-0.6
IT	-0.2	-0.2	0.0
CY	-2.0	-1.8	-0.2
LV	-0.6	1.0	-1.6
LT	0.4	0.2	0.2
LU	-0.4	-1.3	0.9
HU	-0.1	1.7	-1.8
MT	1.0	1.0	0.0
NL	-0.2	0.2	-0.4
AT	0.6	1.0	-0.4
PL	-0.4	1.7	-2.1
PT	0.7	0.7	0.0
RO	-0.7	-1.6	0.9
SK	0.1	-0.9	1.0
SI	-0.7	-0.2	-0.5
FI	0.3	0.8	-0.5
SE	1.2	1.1	0.1
UK	0.5	0.3	0.2

APPENDIX TWO: JOINT INDEX (DETAILS)

1) JOINT INDEX

The Joint Index represents a weighted average of 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 (ratio at December 2015, ie. applicable at July 2016). The detailed sub-indices for the 80 basic headings are used, aggregated using weights derived from the latest of the periodic "Survey of Household Expenditures" conducted amongst EU staff in Brussels (2009). The following table presents the calculation of the Joint Index for the period June 2016 - December 2016, with the final figure in the right-hand column showing the variation for the period, +0.6% (100.6).

Joint BELU Index SHE weights 2009

		2016m12/2016m6	
		WEIGHTS	VARIATION
1	FOOD AND NON-ALCOHOLIC BEVERAGES	128.2	99.6
2	ALCOHOLIC BEVERAGES AND TOBACCO	20.3	97.3
3	CLOTHING AND FOOTWEAR	54.3	100.4
4	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	297.6	100.8
5	FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	74.7	100.1
6	HEALTH	19.2	100.3
7	TRANSPORT	127.2	102.6
8	COMMUNICATIONS	21.5	100.7
9	RECREATION AND CULTURE	91.7	100.4
10	EDUCATION	14.7	100.5
11	HOTELS, CAFES AND RESTAURANTS	100.6	100.6
12	MISCELLANEOUS GOODS AND SERVICES	50.0	100.5
TOTAL WITHOUT RENTS		762.9	100.7
RENTS		237.1	100.4
TOTAL		1000.0	100.6

2) BELGIUM HICP

The following table presents the published HICP values for June 2016 and December 2016, base 2005 = 100, and the final figure in the right-hand column shows the variation for the period, +0.5% (100.5).

Belgian HICP index, 2015=100

HICP weights		INDICES		INDICES		VARIATION
Rents from HICP		WEIGHTS from HICP 2016	01/06/2016	WEIGHTS from HICP 2016	31/12/2016	
1	FOOD AND NON-ALCOHOLIC BEVERAGES	159.4	102.6	159.4	101.8	99.3
2	ALCOHOLIC BEVERAGES AND TOBACCO	48.6	107.8	48.6	106.1	98.4
3	CLOTHING AND FOOTWEAR	59.1	104.6	59.1	104.9	100.3
4	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	160.5	102.5	160.5	104.3	101.8
5	FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	75.9	101.2	75.9	101.4	100.1
6	HEALTH	73.9	100.5	73.9	100.9	100.3
7	TRANSPORT	125.1	100.8	125.1	102.5	101.7
8	COMMUNICATIONS	28.6	104.3	28.6	105.2	100.8
9	RECREATION AND CULTURE	99.4	101.6	99.4	102.3	100.7
10	EDUCATION	6.2	120.2	6.2	120.2	100.0
11	HOTELS, CAFES AND RESTAURANTS	76.1	102.7	76.1	103.4	100.7
12	MISCELLANEOUS GOODS AND SERVICES	87.2	101.7	87.2	102.1	100.5
TOTAL WITHOUT RENTS		938.4	102.5	938.4	103.1	100.6
RENTS		61.6	100.9	61.6	101.3	100.3
TOTAL		1000.0	102.4	1000.0	103.0	100.5

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: +0.6% (100.6), as shown in the table below.

Belgian HICP index, 2015=100

SHE weights

Rents from HICP		SHE WEIGHTS	INDICES 01/06/2016	INDICES 31/12/2016	VARIATION
1	FOOD AND NON-ALCOHOLIC BEVERAGES	128.2	102.6	101.9	99.3
2	ALCOHOLIC BEVERAGES AND TOBACCO	20.3	109.7	105.8	96.4
3	CLOTHING AND FOOTWEAR	54.3	104.4	104.8	100.3
4	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	297.6	101.0	101.8	100.9
5	FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	74.7	101.2	101.3	100.1
6	HEALTH	19.2	100.5	100.9	100.3
7	TRANSPORT	127.2	100.1	102.8	102.7
8	COMMUNICATIONS	21.5	104.3	105.1	100.8
9	RECREATION AND CULTURE	91.7	101.3	102.1	100.7
10	EDUCATION	14.7	120.2	120.2	100.0
11	HOTELS, CAFES AND RESTAURANTS	100.6	101.9	102.7	100.7
12	MISCELLANEOUS GOODS AND SERVICES	50.0	101.3	101.8	100.5
TOTAL WITHOUT RENTS		762.9	102.3	103.0	100.7
RENTS		237.1	100.9	101.3	100.3
TOTAL		1000.0	101.9	102.6	100.6

3) LUXEMBOURG CPI

The following table presents the published CPI values for June 2016 and December 2016, base 2005 = 100, and the final figure in the right-hand column shows the variation for the period, +0.4% (100.4).

Luxembourg CPI index, 2015=100

CPI weights

Rents from CPI		WEIGHTS from CPI 2016	INDICES 01/06/2016	WEIGHTS from CPI 2016	INDICES 31/12/2016	VARIATION
1	FOOD AND NON-ALCOHOLIC BEVERAGES	118.2	101.7	118.2	102.4	100.6
2	ALCOHOLIC BEVERAGES AND TOBACCO	37.6	101.6	37.6	102.2	100.5
3	CLOTHING AND FOOTWEAR	58.6	104.1	58.6	104.7	100.5
4	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	153.4	98.6	153.4	99.5	100.8
5	FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	78.1	101.0	78.1	101.2	100.2
6	HEALTH	25.3	100.2	25.3	100.2	100.0
7	TRANSPORT	161.1	99.8	161.1	100.5	100.7
8	COMMUNICATIONS	28.2	100.9	28.2	100.9	100.0
9	RECREATION AND CULTURE	86.3	100.7	86.3	98.9	98.2
10	EDUCATION	16.6	101.4	16.6	103.9	102.5
11	HOTELS, CAFES AND RESTAURANTS	74.2	101.3	74.2	102.0	100.7
12	MISCELLANEOUS GOODS AND SERVICES	162.4	101.0	162.4	101.4	100.3
TOTAL WITHOUT RENTS		936.8	100.6	936.8	101.0	100.4
RENTS		63.2	100.9	63.2	101.3	100.5
TOTAL		1000.0	100.7	1000.0	101.0	100.4

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: +0.5% (100.5), as shown in the table below.

Luxembourg CPI index, 2015=100

SHE weights

Rents from CPI	SHE WEIGHTS	INDICES 01/06/2016	INDICES 31/12/2016	VARIATION
1 FOOD AND NON-ALCOHOLIC BEVERAGES	128.2	101.6	102.2	100.6
2 ALCOHOLIC BEVERAGES AND TOBACCO	20.3	101.2	101.8	100.6
3 CLOTHING AND FOOTWEAR	54.3	103.8	104.5	100.7
4 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	297.6	99.7	100.3	100.6
5 FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	74.7	101.4	101.4	100.0
6 HEALTH	19.2	100.2	100.2	100.0
7 TRANSPORT	127.2	99.9	101.6	101.6
8 COMMUNICATIONS	21.5	101.4	101.4	100.0
9 RECREATION AND CULTURE	91.7	100.2	98.8	98.6
10 EDUCATION	14.7	101.4	103.9	102.5
11 HOTELS, CAFES AND RESTAURANTS	100.6	101.2	101.5	100.3
12 MISCELLANEOUS GOODS AND SERVICES	50.0	101.3	101.7	100.5
TOTAL WITHOUT RENTS	762.9	100.7	101.1	100.5
RENTS	237.1	100.9	101.3	100.5
TOTAL	1000.0	100.7	101.2	100.5

4) 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 services.

Number of permanent officials and other servants in active service at July 2016 (ie. December 2015)

Duty station	No.	%
Brussels	35,212	81.6
Luxembourg	7,940	18.4
Total	43,152	100.0

Source: PMO, as included in PSEO database (Eurostat)

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, a similar principle applies. The difference is that instead of being based on capital city price comparisons they relate to national comparisons, with Belgium as the base country.

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 2016).

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 Family Budget Surveys conducted amongst active staff: the dates of the survey in each location are different.

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 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 DECEMBER 2015

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 December 2016 (ie. 1 January 2017). Exchange rates for 1 July 2016 are used, for consistency with the annual update.

Ten duty station locations have a correction coefficient higher than 100; the remaining twenty-one have a correction coefficient equal to or below 100. Brussels = Luxembourg = 100.

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 December 2016 (ie. 1 January 2017). Exchange rates for 1 July 2016 are again used.

Eight countries have a CC greater than 100; the remaining eighteen have a coefficient equal to or below 100. Belgium = Luxembourg = 100.

TABLE 3.A STAFF

		01-Jan-17		
		Final		
		PPP	Ex.Rate	CC
BE	Brussels	1	1	100.0
BG	Sofia	1.000	1.956	51.1
CZ	Prague	19.90	27.11	73.4
DK	Copenhagen	9.793	7.438	131.7
DE	Berlin	0.966	1	96.6
	. Bonn	0.931	1	93.1
	. Karlsruhe	0.935	1	93.5
	. Munich	1.061	1	106.1
EE	Tallinn	0.774	1	77.4
IE	Dublin	1.161	1	116.1
EL	Athens	0.780	1	78.0
ES	Madrid	0.879	1	87.9
FR	Paris	1.137	1	113.7
HR	Zagreb	5.511	7.527	73.2
	IT Rome	0.978	1	97.8
	. Varese	0.904	1	90.4
CY	Nicosia	0.738	1	73.8
LV	Riga	0.725	1	72.5
LT	Vilnius	0.696	1.000	69.6
LU	Luxembourg	1	1	100.0
HU	Budapest	220.9	317.0	69.7
MT	Valletta	0.847	1	84.7
NL	The Hague	1.078	1	107.8
AT	Vienna	1.060	1	106.0
PL	Warsaw	2.993	4.426	67.6
PT	Lisbon	0.795	1	79.5
RO	Bucharest	2.870	4.525	63.4
SI	Ljubljana	0.801	1	80.1
SK	Bratislava	0.749	1	74.9
FI	Helsinki	1.189	1	118.9
SE	Stockholm	12.02	9.431	127.5
UK	London	1.183	0.8255	143.4
	. Culham	0.8935	0.8255	108.2

TABLE 3.B

PENSIONERS

		01-Jan-17		
		Final		
		PPP	Ex.Rate	CC
BE	Brussels	1	1	100.0
BG	Sofia	0.968	1.956	49.5
CZ	Prague	18.21	27.11	67.2
DK	Copenhagen	9.947	7.438	133.7
DE	Berlin	0.978	1	97.8
EE	Tallinn	0.788	1	78.8
IE	Dublin	1.181	1	118.1
EL	Athens	0.770	1	77.0
ES	Madrid	0.872	1	87.2
FR	Paris	1.067	1	106.7
HR	Zagreb	4.945	7.527	65.7
IT	Rome	0.982	1	98.2
CY	Nicosia	0.775	1	77.5
LV	Riga	0.669	1	66.9
LT	Vilnius	0.644	1.000	64.4
LU	Luxembourg	1	1	100.0
HU	Budapest	187.6	317.0	59.2
MT	Valletta	0.867	1	86.7
NL	The Hague	1.069	1	106.9
AT	Vienna	1.073	1	107.3
PL	Warsaw	2.532	4.426	57.2
PT	Lisbon	0.794	1	79.4
RO	Bucharest	2.547	4.525	56.3
SI	Ljubljana	0.766	1	76.6
SK	Bratislava	0.669	1	66.9
FI	Helsinki	1.182	1	118.2
SE	Stockholm	11.18	9.431	118.6
UK	London	1.0321	0.8255	125.0

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

The following table compares calculated correction coefficients at 1 January 2017 (ie. December 2016) 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 :
Jan 2017
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	54.2	30.5	49.5	Sofia	54.3	40.9	51.1
CZ	69.6	59.0	67.2	Prague	68.5	90.7	73.4
DK	126.1	156.6	133.7	Copenhagen	121.0	166.7	131.7
DE	94.9	107.8	97.8	Berlin	93.5	108.5	96.6
EE	75.8	89.8	78.8	Tallinn	76.1	82.0	77.4
IE	113.4	152.3	118.1	Dublin	101.9	191.3	116.1
EL	79.7	70.3	77.0	Athens	79.0	74.7	78.0
ES	82.6	94.2	87.2	Madrid	84.4	102.2	87.9
FR	100.0	124.2	106.7	Paris	99.4	173.7	113.7
HR	66.9	45.8	65.7	Zagreb	72.4	77.7	73.2
IT	101.2	102.3	98.2	Rome	94.6	111.4	97.8
CY	78.8	65.6	77.5	Nicosia	82.3	49.2	73.8
LV	78.8	57.0	66.9	Riga	70.2	80.4	72.5
LT	62.6	52.0	64.4	Vilnius	67.2	78.1	69.6
LU	100.0	100.0	100.0	Luxembourg	100.0	100.0	100.0
HU	60.4	45.2	59.2	Budapest	63.1	94.3	69.7
MT	84.0	95.1	86.7	Vallette	84.7	84.5	84.7
NL	109.4	127.0	106.9	The Hague	100.4	135.9	107.8
AT	104.5	130.8	107.3	Vienna	99.6	127.4	106.0
PL	62.6	37.3	57.2	Warsaw	62.6	86.8	67.6
PT	82.6	70.9	79.4	Lisbon	80.6	76.0	79.5
RO	59.2	40.0	56.3	Bucharest	60.0	75.8	63.4
SI	74.3	62.3	76.6	Ljubljana	80.6	78.3	80.1
SK	65.5	50.4	66.9	Bratislava	71.4	87.4	74.9
FI	111.6	134.6	118.2	Helsinki	110.4	147.4	118.9
SE	128.2	125.3	118.6	Stockholm	113.8	180.0	127.5
UK	118.2	188.1	125.0	London	105.4	338.9	143.4

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 2016 (ie. June 2016) and 1 January 2017 (ie. December 2016), and the associated implicit price index (which also takes the Joint Index into account).

The simple average change in the PPPs is -0.2%. This masks a variation between -1.9% (for IE-Dublin) and +1.5% (for PL-Warsaw). The PPP change for seventeen locations is negative, and for the remaining fourteen locations it is zero or positive. Brussels = Luxembourg = zero.

No Intra-EU duty stations have an implicit price index which exceeds the threshold ($\pm 3.0\%$) for the six months.

5.B) PPPS FOR PENSIONERS

The following **Table 5.B** shows the changes in the economic parities for pensioners between 1 July 2016 (ie. June 2016) and 1st January 2017 (ie. December 2016), and the associated implicit price index (which also takes Joint Index into account).

The simple average change in the PPPs is -0.4%. This masks a variation between -2.6% (for Ireland) and +0.7% (for Germany). The PPP change for sixteen countries is negative, and for the remaining ten countries it is zero or positive. Belgium = Luxembourg = zero.

No EU Member State has an implicit price index which exceeds the threshold ($\pm 3.0\%$) for the six months.

TABLE 5.A

STAFF

		01-Jul-16	01-Jan-17		
		Final	Final		
		PPP	PPP	Change	Implicit
BE	Brussels	1	1	0.0	0.6
BG	Sofia	1.000	1.000	0.1	0.7
CZ	Prague	19.84	19.90	0.3	0.9
DK	Copenhagen	9.896	9.793	-1.0	-0.5
DE	Berlin	0.961	0.966	0.5	1.1
	. Bonn	0.926	0.931	0.5	1.1
	. Karlsruhe	0.930	0.935	0.5	1.1
	. Munich	1.055	1.061	0.5	1.1
EE	Tallinn	0.776	0.774	-0.3	0.3
IE	Dublin	1.183	1.161	-1.9	-1.3
EL	Athens	0.793	0.780	-1.6	-1.1
ES	Madrid	0.881	0.879	-0.2	0.4
FR	Paris	1.138	1.137	-0.1	0.5
HR	Zagreb	5.535	5.511	-0.4	0.2
IT	Rome	0.979	0.978	0.0	0.6
	. Varese	0.904	0.904	0.0	0.6
CY	Nicosia	0.743	0.738	-0.6	0.0
LV	Riga	0.730	0.725	-0.7	-0.1
LT	Vilnius	0.697	0.696	-0.1	0.5
LU	Luxembourg	1	1	0.0	0.6
HU	Budapest	222.0	220.9	-0.5	0.1
MT	Valletta	0.857	0.847	-1.2	-0.6
NL	The Hague	1.080	1.078	-0.1	0.5
AT	Vienna	1.047	1.060	1.3	1.9
PL	Warsaw	2.950	2.993	1.5	2.1
PT	Lisbon	0.806	0.795	-1.4	-0.8
RO	Bucharest	2.887	2.870	-0.6	0.0
SI	Ljubljana	0.807	0.801	-0.8	-0.2
SK	Bratislava	0.757	0.749	-1.1	-0.6
FI	Helsinki	1.186	1.189	0.2	0.8
SE	Stockholm	12.02	12.02	0.1	0.7
UK	London	1.171	1.183	1.1	1.7
	. Culham	0.8859	0.8935	0.9	1.5
simple average change				-0.2	

TABLE 5.B

PENSIONERS

		01-Jul-16	01-Jan-17		
		Final	Final		
		PPP	PPP	Change	Implicit
BE	Brussels	1	1	0.0	0.6
BG	Sofia	0.967	0.968	0.1	0.7
CZ	Prague	18.19	18.21	0.1	0.7
DK	Copenhagen	10.042	9.947	-0.9	-0.4
DE	Berlin	0.972	0.978	0.7	1.3
EE	Tallinn	0.794	0.788	-0.8	-0.3
IE	Dublin	1.212	1.181	-2.6	-2.0
EL	Athens	0.778	0.770	-1.0	-0.4
ES	Madrid	0.870	0.872	0.2	0.8
FR	Paris	1.069	1.067	-0.3	0.3
HR	Zagreb	4.969	4.945	-0.5	0.1
IT	Rome	0.982	0.982	0.0	0.6
CY	Nicosia	0.778	0.775	-0.4	0.2
LV	Riga	0.6735	0.6692	-0.6	0.0
LT	Vilnius	0.645	0.644	-0.1	0.5
LU	Luxembourg	1	1	0.0	0.6
HU	Budapest	188.7	187.6	-0.6	0.0
MT	Valletta	0.880	0.867	-1.5	-0.9
NL	The Hague	1.075	1.069	-0.5	0.1
AT	Vienna	1.066	1.073	0.6	1.2
PL	Warsaw	2.523	2.532	0.4	1.0
PT	Lisbon	0.804	0.794	-1.2	-0.6
RO	Bucharest	2.567	2.547	-0.8	-0.2
SI	Ljubljana	0.775	0.766	-1.2	-0.6
SK	Bratislava	0.676	0.669	-1.0	-0.4
FI	Helsinki	1.181	1.182	0.1	0.7
SE	Stockholm	11.18	11.18	0.0	0.6
UK	London	1.0255	1.0321	0.6	1.2

simple average change **-0.4**

6). REASONS FOR THE CHANGES IN THE AGGREGATE PPPS

Changes in the PPPs for 1 January 2017 (ie. December 2016), by comparison to those for 1 July 2016 (ie. June 2016), 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 differs from the expenditure patterns of national population (used to aggregate the HICP sub-indices)⁷. 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.

⁷ One important explanatory reason for this difference is expatriate status.

APPENDIX FOUR: COMPUTING THE INTERMEDIATE UPDATE

1) STEPS TO COMPUTE THE INTERMEDIATE UPDATE

Where the intermediate update is not applicable to all duty stations (which will only be the case where the cost of living evolution recorded in Brussels and Luxembourg is greater than the threshold (i.e. six month BELU Index exceeds $\pm 3.0\%$)) then there is no updating of the standard salary grid.

For the December 2016 exercise, there is no general intermediate update calculation.

Instead, the intermediate update has to be applied only to selected duty stations (for active staff) or selected countries (for pensioners). This is 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 BELU index evolution and half of the GSI forecast (if negative).

$$= CC \times [BELU \times \frac{1}{2} GSI \text{ (if negative) }]$$

$$= ???.? \times [????.? \times (100 - \frac{1}{2} (100 - ????.?))] / 100$$

Thus, for the December 2016 exercise,

$$= CC \times [BELU \times \frac{1}{2} GSI \text{ (if negative) }]$$

$$= ???.? \times [\mathbf{100.6} \times (100 - \frac{1}{2} (100 - \mathbf{99.8}))] / 100$$

$$= ???.? \times [\mathbf{100.6} \times \mathbf{99.9}] / 100$$

$$= ???.? \times \mathbf{100.5} / 100$$

As the implicit index for the period did not exceed the threshold for any Intra-EU duty station (for staff) or for any EU Member State (for pensioners), no intermediate update calculation for any location is required.

Place	Calculated CC at 1-Jan-2017	Finalised CC at 1-Jan-2017	Value in force at 1-July-2016
For Intra-EU Staff			
n/a	-	-	-
For Pensioners			
n/a	-	-	-