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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 2017 – 1 January 2018**

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EXECUTIVE SUMMARY

This is the fifth 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 2017, was published in the Official Journal on 14 December 2017 with reference C429_06.

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 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 2017 – 1 July 2018 the forecast global specific indicator (average change in real net remuneration in the sample of 11 countries) is 99.4 (-0.6%). As this is negative, half of it should be taken into account for any intermediate update, namely 99.7 (-0.3%). Details are provided in [Appendix One](#).

For the period June 2017 – December 2017 (ie. 1 July 2017 – 1 January 2018) the Joint Index (change in the cost of living measured for the EU officials) is 101.0 (+1.0%). 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 of active European officials or pension of retired European officials is required in Belgium and Luxembourg at 1 January 2018.

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 2017 (ie. 1 January 2018) 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 2017 (ie. 1 January 2018) 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 Intra-EU outside Belgium and Luxembourg at 1 January 2018. 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 fifth 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 2017 annual update of remuneration and pensions was prepared and transmitted in October 2017⁴. In accordance with the adoption procedure in the Staff Regulations, the definitive update applicable with effect from July 2017 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 (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 2018

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 2018. The value of the forecast was finalised shortly thereafter to be -0.6% (99.4). 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, namely -0.3% (99.7).

3. THE JOINT INDEX, JUNE-DECEMBER 2017

The June 2017 - December 2017 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 2018, and gives an index of 101.0 (i.e. +1.0% for the six month period). This variation is within the specified threshold ($\pm 3.0\%$). In consequence, no intermediate update of the nominal remuneration of active European officials or pension of retired European officials in Belgium and Luxembourg is required.

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

⁴ See document Ares(2017)5189298 dated 24.10.2017.

⁵ See communication 2017/C 429/06 for Intra-EU staff and pensioners (and communication 2017/C 429/08 for Extra-EU staff).

4. PPP FOR INTRA-EU STAFF AT DECEMBER 2017

The aggregate PPP for Intra-EU staff at December 2017 (i.e. 1 January 2018) for each duty station was computed according to the agreed methodology. In other words, the individual basic heading PPPs established for June 2017 (i.e. 1 July 2017) 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 2017 results). The results were presented at the Articles 64&65 Working Group meeting in March 2018.

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

When comparing the December 2017 PPP values to the June 2017 values, the simple average change in the duty station PPPs is -0.4%. This masks a variation between -2.7% (for EL-Athens) and +1.3% (for PL-Warsaw). The PPP change for twenty locations is negative, and for the remaining eleven 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 outside Brussels and Luxembourg 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 2017

The aggregate PPP for pensioners at December 2017 (i.e. 1 January 2018) 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 2017 (i.e. 1 January 2018) 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 2017 (i.e. 1 July 2017) 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 2017 results). The results were presented at the Articles 64&65 Working Group meeting in March 2018.

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

When comparing the December 2017 PPP values to the June 2017 values, the simple average change in the country PPPs is -0.6%. This masks a variation between -2.6% (for Greece) and +0.8% (for Romania and UK). The PPP change for twenty countries is negative, and for the remaining six 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 outside Belgium and Luxembourg 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 2017 – July 2018, 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 -0.6%.

99.4

As this is negative half of it should be taken into account for any intermediate update, namely -0.3%.

99.7

Over the period June 2017 to December 2017 (ie. 1 July 2017 – 1 January 2018), the Joint Index (cost of living for EU officials) was +1.0%.

101.0

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

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.

No intermediate update is therefore required at 1 January 2018 for any location.

100.0

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

No intermediate update is therefore required at 1 January 2018 for any location.

100.0

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 2017 and 1 July 2018. 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 2017 to June 2018 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 2016 expressed in purchasing power parities. 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 at the Article 65 Working Group meeting in March 2018. 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 2018 is 99.4 (-0.6%).

As this figure is negative, half of it should be taken into account for any intermediate update, namely -0.3%.

2) RESULTS TABLE (VALUES AFTER 21&22.3.2018 MEETING OF ARTICLES 64&65 WORKING GROUP)

The following table shows the values presented to, and confirmed by, Member State delegates at the March 2018 meeting, or shortly thereafter, for the core sample of 11 countries:

Forecast of changes in the net remuneration of national civil servants¹
July 2017 - July 2018

Country	Weight ⁴ EU28=100 (%)	Weight in sample (%)	Nominal net ² specific indicator (%)	Consumer price indices ³ (%)	Real net ² specific indicator (%)
BE	2.6	3.1	0.9	1.9	-1.0
DE	19.9	23.7	0.2	1.8	-1.6
ES	8.3	9.9	-0.1	1.9	-2.0
FR	13.7	16.3	-0.3	1.3	-1.5
IT	11.5	13.7	3.8	0.5	3.3
LU	0.3	0.4	1.5	1.8	-0.3
NL	4.2	5.0	1.0	1.6	-0.6
AT	2.2	2.6	2.3	1.9	0.4
PL	5.1	6.1	0.0	0.7	-0.7
SE	2.4	2.9	2.2	1.7	0.5
UK	13.8	16.4	1.4	2.2	-0.8
Global	84.0	100.0	0.9	1.5	-0.6

(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), average for single official and married official with two dependent children (MS estimate)

(3) All-items HICP (MS estimate or website enquiry 19.03.2018 for 2018M02, reconfirmed 19.04.2018)

(4) GDP 2016 (ESA 2010) in PPS at current prices (website enquiry 19.03.2018)

The following table shows the values presented to, and confirmed by, Member State delegates at the March 2018 meeting, or shortly thereafter, for the remaining 17 countries:

Forecast of changes in the net remuneration of national civil servants¹
July 2017 - July 2018

Country	Weight ⁴ EU28=100 (%)	Weight in sample (%)	Nominal net ² specific indicator (%)	Consumer price indices ³ (%)	Real net ² specific indicator (%)
BG	0.7	4.4	4.5	2.0	2.5
CZ	1.8	11.3	12.5	1.9	10.4
DK	1.4	8.8	1.5	1.4	0.1
EE	0.2	1.3	10.2	3.6	6.4
IE	1.7	10.7	3.4	0.7	2.7
EL	1.4	8.8	0.9	0.4	0.5
HR	0.5	3.1	4.6	1.4	3.1
CY	0.1	0.6	0.2	-0.3	0.5
LV	0.2	1.3	4.5	2.9	1.6
LT	0.4	2.5	3.2	2.2	1.0
HU	1.3	8.2	0.9	2.5	-1.6
MT	0.1	0.6	2.0	1.4	0.6
PT	1.6	10.1	1.2	1.1	0.1
RO	2.2	13.8	14.3	4.5	9.4
SI	0.3	1.9	1.0	1.6	-0.6
SK	0.8	5.0	5.8	1.9	3.8
FI	1.2	7.5	0.8	0.6	0.2
Global	15.9	100.0	5.2	1.8	3.2

(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), average for single official

and married official with two dependent children (MS estimate, except EL, MT)

(3) All-items HICP (MS estimate or website enquiry 19.03.2018 for 2018M02, reconfirmed 18.04.2018)

(4) GDP 2016 (ESA 2010) in PPS at current prices (website enquiry 19.03.2018)

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 the preceding annual exercise (ie. reference period 2016-2017) the forecast in the intermediate report varied from the eventual definitive value for the annual report.

**Comparison of the net specific indicator and the forecast in nominal and real terms
for the twelve-month period to 1st July 2017**

Country	Net specific indicator in nominal terms			Net specific indicator in real terms		
	Actual	Forecast *	Difference %	Actual	Forecast *	Difference %
BE	102.0	100.4	-1.6	100.5	98.4	-2.1
DE	103.7	103.7	0.0	102.2	102.4	0.2
ES	100.9	100.9	0.0	99.3	98.8	-0.5
FR	102.3	100.7	-1.6	101.5	99.7	-1.8
IT	100.7	100.0	-0.7	99.5	98.4	-1.1
LU	103.8	102.5	-1.3	102.3	100.1	-2.2
NL	98.5	98.8	0.3	97.5	97.1	-0.4
AT	101.1	101.3	0.2	99.1	98.9	-0.2
PL	103.0	102.2	-0.8	101.7	100.3	-1.4
SE	100.4	102.2	1.8	98.6	100.9	2.3
UK	101.4	101.0	-0.4	98.8	98.6	-0.2
Total	101.9	101.4	-0.5	100.4	99.8	-0.6

* Per Intermediate Report.

**Comparison of the net specific indicator and the forecast in nominal and real terms
for the twelve-month period to 1st July 2017**

Country	Net specific indicator in nominal terms			Net specific indicator in real terms		
	Actual	Forecast *	Difference %	Actual	Forecast *	Difference %
BG	103.6	104.5	0.9	102.5	103.1	0.5
CZ	109.5	105.0	-4.1	106.9	102.4	-4.2
DK	101.4	101.2	-0.2	101.0	100.2	-0.8
EE	101.8	104.5	2.7	98.7	102.4	3.7
IE	103.1	101.5	-1.6	103.7	101.7	-1.9
EL	100.0	100.0	0.0	99.1	98.6	-0.5
HR	103.5	103.5	0.0	102.4	102.1	-0.3
CY	101.2	101.0	-0.2	100.3	99.9	-0.4
LV	97.9	100.6	2.8	95.0	98.0	3.1
LT	102.8	104.3	1.5	99.3	101.9	2.6
HU	111.3	101.0	-9.3	109.1	98.6	-9.6
MT	102.1	100.7	-1.3	101.1	99.5	-1.5
PT	102.0	101.9	-0.1	101.0	100.3	-0.7
RO	111.8	111.8	0.0	111.0	110.3	-0.7
SI	101.4	101.8	0.4	100.5	100.4	-0.1
SK	110.3	105.0	-4.8	109.2	105.2	-3.7
FI	100.0	99.4	-0.6	99.1	98.1	-1.0

* Per Intermediate Report.

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 2016, ie. applicable at July 2017). 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 2017 - December 2017, with the final figure in the right-hand column showing the variation for the period, +1.0% (101.0).

Joint BELU Index SHE weights 2009

		2017m12/2017m6	
		WEIGHTS	VARIATION
1	FOOD AND NON-ALCOHOLIC BEVERAGES	128.2	101.0
2	ALCOHOLIC BEVERAGES AND TOBACCO	20.3	99.0
3	CLOTHING AND FOOTWEAR	54.3	100.4
4	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	297.6	101.2
5	FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	74.7	100.4
6	HEALTH	19.2	100.3
7	TRANSPORT	127.2	102.1
8	COMMUNICATIONS	21.5	98.9
9	RECREATION AND CULTURE	91.7	100.1
10	EDUCATION	14.7	101.6
11	HOTELS, CAFES AND RESTAURANTS	100.6	102.0
12	MISCELLANEOUS GOODS AND SERVICES	50.0	100.6
TOTAL WITHOUT RENTS		762.9	101.2
RENTS		237.1	100.5
TOTAL		1000.0	101.0

2) BELGIUM HICP

The following table presents the published HICP values for June 2017 and December 2017, base 2005 = 100, and the final figure in the right-hand column shows the variation for the period, +1.1% (101.1).

Belgian HICP index, 2015=100

HICP weights Rents from HICP

		WEIGHTS from HICP 2017	INDICES 01/06/2017	WEIGHTS from HICP 2017	INDICES 01/12/2017	VARIATION
1	FOOD AND NON-ALCOHOLIC BEVERAGES	164.4	102.5	164.4	103.6	101.1
2	ALCOHOLIC BEVERAGES AND TOBACCO	49.7	111.1	49.7	110.6	99.6
3	CLOTHING AND FOOTWEAR	59.2	104.9	59.2	105.2	100.3
4	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	159.3	105.0	159.3	107.6	102.5
5	FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	74.9	101.6	74.9	102.1	100.5
6	HEALTH	78.7	102.6	78.7	103.0	100.4
7	TRANSPORT	117.6	103.1	117.6	105.1	101.9
8	COMMUNICATIONS	33.2	106.8	33.2	105.9	99.2
9	RECREATION AND CULTURE	93.3	102.3	93.3	102.8	100.5
10	EDUCATION	6.2	120.2	6.2	122.1	101.7
11	HOTELS, CAFES AND RESTAURANTS	78.2	105.6	78.2	107.2	101.5
12	MISCELLANEOUS GOODS AND SERVICES	85.3	103.2	85.3	104.0	100.8
TOTAL WITHOUT RENTS		938.0	104.1	938.0	105.3	101.1
RENTS		62.0	102.0	62.0	102.4	100.4
TOTAL		1000.0	104.0	1000.0	105.1	101.1

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: +1.1% (101.1), as shown in the table below.

Belgian HICP index, 2015=100

SHE weights

Rents from HICP		SHE WEIGHTS	INDICES 01/06/2017	INDICES 01/12/2017	VARIATION
1	FOOD AND NON-ALCOHOLIC BEVERAGES	128.2	102.7	103.8	101.0
2	ALCOHOLIC BEVERAGES AND TOBACCO	20.3	110.3	108.9	98.8
3	CLOTHING AND FOOTWEAR	54.3	104.8	105.2	100.3
4	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	297.6	102.6	103.8	101.2
5	FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	74.7	101.8	102.2	100.4
6	HEALTH	19.2	102.6	103.0	100.4
7	TRANSPORT	127.2	100.7	102.7	102.0
8	COMMUNICATIONS	21.5	106.7	105.9	99.2
9	RECREATION AND CULTURE	91.7	101.9	102.2	100.2
10	EDUCATION	14.7	120.2	122.1	101.7
11	HOTELS, CAFES AND RESTAURANTS	100.6	104.5	106.9	102.3
12	MISCELLANEOUS GOODS AND SERVICES	50.0	103.0	103.6	100.6
TOTAL WITHOUT RENTS		762.9	103.4	104.7	101.3
RENTS		237.1	102.0	102.4	100.4
TOTAL		1000.0	103.1	104.2	101.1

3) LUXEMBOURG CPI

The following table presents the published CPI values for June 2017 and December 2017, base 2005 = 100, and the final figure in the right-hand column shows the variation for the period, +0.2% (100.2).

Luxembourg CPI index, 2015=100

CPI weights

Rents from CPI		WEIGHTS from CPI 2017	INDICES 01/06/2017	WEIGHTS from CPI 2017	INDICES 01/12/2017	VARIATION
1	FOOD AND NON-ALCOHOLIC BEVERAGES	121.7	104.2	121.7	104.8	100.6
2	ALCOHOLIC BEVERAGES AND TOBACCO	37.3	103.4	37.3	103.4	99.9
3	CLOTHING AND FOOTWEAR	58.2	104.9	58.2	105.5	100.6
4	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	151.7	99.5	151.7	101.0	101.5
5	FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	84.4	102.3	84.4	102.5	100.2
6	HEALTH	29.8	101.9	29.8	101.4	99.5
7	TRANSPORT	161.8	100.5	161.8	102.0	101.4
8	COMMUNICATIONS	29.0	98.7	29.0	96.3	97.5
9	RECREATION AND CULTURE	79.0	103.1	79.0	102.9	99.8
10	EDUCATION	18.4	103.9	18.4	105.4	101.4
11	HOTELS, CAFES AND RESTAURANTS	71.2	103.2	71.2	104.2	101.0
12	MISCELLANEOUS GOODS AND SERVICES	157.5	103.6	157.5	101.4	97.9
TOTAL WITHOUT RENTS		935.4	102.2	935.4	102.4	100.2
RENTS		64.6	102.0	64.6	102.7	100.6
TOTAL		1000.0	102.2	1000.0	102.4	100.2

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: +0.7%

(100.7), as shown in the table below.

Luxembourg CPI index, 2015=100

SHE weights

Rents from CPI	SHE WEIGHTS	INDICES 01/06/2017	INDICES 01/12/2017	VARIATION
1 FOOD AND NON-ALCOHOLIC BEVERAGES	128.2	103.9	104.5	100.6
2 ALCOHOLIC BEVERAGES AND TOBACCO	20.3	102.8	102.8	100.1
3 CLOTHING AND FOOTWEAR	54.3	104.9	105.5	100.5
4 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	297.6	100.8	101.8	101.0
5 FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	74.7	102.5	102.9	100.4
6 HEALTH	19.2	101.9	101.4	99.5
7 TRANSPORT	127.2	101.0	103.0	102.0
8 COMMUNICATIONS	21.5	99.4	97.1	97.7
9 RECREATION AND CULTURE	91.7	101.8	101.5	99.7
10 EDUCATION	14.7	103.9	105.4	101.4
11 HOTELS, CAFES AND RESTAURANTS	100.6	103.0	103.8	100.8
12 MISCELLANEOUS GOODS AND SERVICES	50.0	102.8	103.1	100.3
TOTAL WITHOUT RENTS	762.9	102.1	102.8	100.8
RENTS	237.1	102.0	102.7	100.6
TOTAL	1000.0	102.1	102.8	100.7

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 2017 (ie. December 2016)

Duty station	No.	%
Brussels	37,012	81.1
Luxembourg	8,614	18.9
Total	45,626	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 2017).

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 different⁷.

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 2017 (IE 1 JANUARY 2018)

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 2017 (ie. 1 January 2018). Exchange rates for 1 July 2017 are used, for consistency

⁷ Family budget surveys were conducted during 2016 and 2017 in 24 duty stations. The resulting expenditure weight structures have not yet been validated and integrated for the calculation of aggregate purchasing power parities. Other things being equal, this is expected for the July 2018 parity exercise to be included in the next annual report,

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. The highest value is for DK-Copenhagen (134.8). The lowest value is for BG-Sofia (53.6).

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 2017 (ie. 1 January 2018). Exchange rates for 1 July 2017 are again used.

Nine countries have a CC greater than 100; the remaining seventeen have a coefficient equal to or below 100. Belgium = Luxembourg = 100. The highest value is for Denmark (134.7). The lowest value is for Bulgaria (52.0).

TABLE 3.A STAFF

			01-Jan-18		
			Final		
			PPP	Ex. Rate	CC
1	BE	Brussels	1	1	100.0
2	BG	Sofia	1.049	1.956	53.6
3	CZ	Prague	20.54	26.30	78.1
4	DK	Copenhagen	9.856	7.437	132.5
5	DE	Berlin	0.975	1	97.5
6		Bonn	0.939	1	93.9
7		Karlsruhe	0.947	1	94.7
8		Munich	1.075	1	107.5
9	EE	Tallinn	0.794	1	79.4
10	IE	Dublin	1.182	1	118.2
11	EL	Athens	0.777	1	77.7
12	ES	Madrid	0.879	1	87.9
13	FR	Paris	1.142	1	114.2
14	HR	Zagreb	5.502	7.413	74.2
15	IT	Rome	0.963	1	96.3
16		Varese	0.901	1	90.1
17	CY	Nicosia	0.733	1	73.3
18	LV	Riga	0.739	1	73.9
19	LT	Vilnius	0.746	1	74.6
20	LU	Luxembourg	1	1	100.0
21	HU	Budapest	230.3	310.1	74.3
22	MT	Valletta	0.855	1	85.5
23	NL	The Hague	1.081	1	108.1
24	AT	Vienna	1.070	1	107.0
25	PL	Warsaw	3.040	4.249	71.5
26	PT	Lisbon	0.817	1	81.7
27	RO	Bucharest	2.946	4.574	64.4
28	SI	Ljubljana	0.810	1	81.0
29	SK	Bratislava	0.763	1	76.3
30	FI	Helsinki	1.192	1	119.2
31	SE	Stockholm	12.35	9.722	127.1
32	UK	London	1.186	0.8799	134.8
33		Culham	0.8929	0.8799	101.5

TABLE 3.B

PENSIONERS

			01-Jan-18		
			Final		
			PPP	Ex. Rate	CC
1	BE	Belgium	1	1	100.0
2	BG	Bulgaria	1.016	1.956	52.0
3	CZ	Czech Rep.	18.83	26.30	71.6
4	DK	Denmark	10.02	7.437	134.7
5	DE	Germany	1.003	1	100.3
6	EE	Estonia	0.817	1	81.7
7	IE	Ireland	1.226	1	122.6
8	EL	Greece	0.775	1	77.5
9	ES	Spain	0.888	1	88.8
10	FR	France	1.079	1	107.9
11	HR	Croatia	4.956	7.413	66.9
12	IT	Italy	0.984	1	98.4
13	CY	Cyprus	0.781	1	78.1
14	LV	Latvia	0.688	1	68.8
15	LT	Lithuania	0.682	1	68.2
16	LU	Luxembourg	1	1	100.0
17	HU	Hungary	194.7	310.1	62.8
18	MT	Malta	0.879	1	87.9
19	NL	Netherlands	1.092	1	109.2
20	AT	Austria	1.093	1	109.3
21	PL	Poland	2.579	4.249	60.7
22	PT	Portugal	0.823	1	82.3
23	RO	Romania	2.610	4.574	57.1
24	SI	Slovenia	0.781	1	78.1
25	SK	Slovak Rep.	0.682	1	68.2
26	FI	Finland	1.200	1	120.0
27	SE	Sweden	11.48	9.722	118.1
28	UK	United Kingdom	1.067	0.8799	121.2

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

The following table compares calculated correction coefficients at 1 January 2018 (ie. December 2017) 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.

ANNUAL ADJUSTMENT :
- January 2018
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	56.5	33.7	52.0	Sofia	56.5	44.2	53.6
CZ	73.0	67.0	71.6	Prague	72.3	99.1	78.1
DK	125.5	162.6	134.7	Copenhagen	120.5	172.7	132.5
DE	95.1	118.8	100.3	Berlin	93.6	112.9	97.5
EE	77.4	98.2	81.7	Tallinn	77.5	86.5	79.4
IE	108.8	174.5	122.6	Dublin	102.3	203.7	118.2
EL	78.8	73.7	77.5	Athens	79.2	72.8	77.7
ES	84.2	108.2	88.8	Madrid	83.3	107.2	87.9
FR	101.7	130.3	107.9	Paris	99.5	176.4	114.2
HR	72.4	48.1	66.9	Zagreb	73.2	79.7	74.2
IT	95.9	106.2	98.4	Rome	93.2	109.6	96.3
CY	79.8	72.4	78.1	Nicosia	81.0	50.7	73.3
LV	71.6	60.6	68.8	Riga	71.4	82.8	73.9
LT	71.3	53.0	68.2	Vilnius	71.7	85.0	74.6
HU	66.4	50.5	62.8	Budapest	66.8	102.7	74.3
MT	83.6	103.8	87.9	Valletta	84.1	91.4	85.5
NL	101.4	137.6	109.2	The Hague	100.2	138.2	108.1
AT	101.1	139.0	109.3	Vienna	100.1	130.1	107.0
PL	66.0	40.9	60.7	Warsaw	65.9	93.0	71.5
PT	82.0	83.9	82.3	Lisbon	81.1	84.1	81.7
RO	60.6	43.8	57.1	Bucharest	60.6	78.1	64.4
SI	81.2	67.7	78.1	Ljubljana	80.7	81.9	81.0
SK	73.0	51.9	68.2	Bratislava	72.9	88.2	76.3
FI	112.8	141.7	120.0	Helsinki	110.5	148.4	119.2
SE	114.0	129.5	118.1	Stockholm	112.2	185.1	127.1
UK	101.3	192.5	121.2	London	100.0	311.5	134.8

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 2017 (ie. June 2017) and 1 January 2018 (ie. December 2017), 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 -2.7% (for EL-Greece) and +1.3% (for PL-Warsaw). The PPP change for twenty locations is negative, and for the remaining eleven 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 2017 (ie. June 2017) and 1st January 2018 (ie. December 2017), and the associated implicit price index (which also takes Joint Index into account).

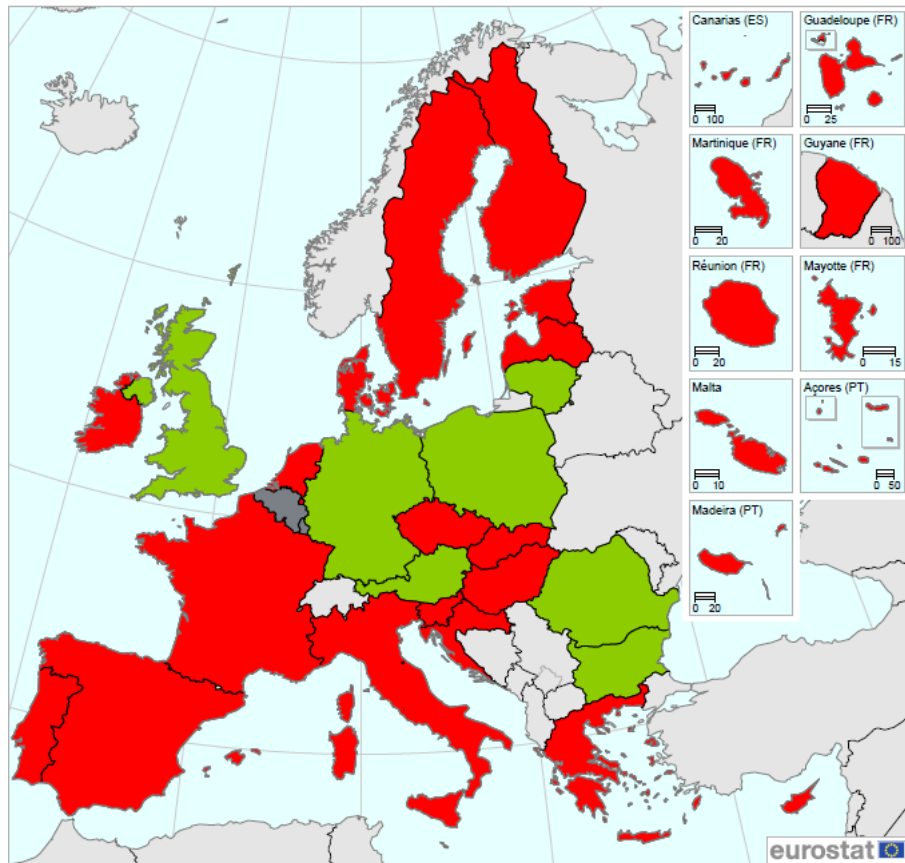
The simple average change in the PPPs is -0.6%. This masks a variation between -2.6% (for Greece) and +0.8% (for Romania and UK). The PPP change for twenty countries is negative, and for the remaining six countries it is zero or positive. Belgium = Luxembourg = zero.

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

TABLE 5.A STAFF

			Final			
			01-Jul-17	01-Jan-18		
			PPP	PPP	Change	Implicit
1	BE	Brussels	1	1	0	1.0
2	BG	Sofia	1.044	1.049	0.5	1.5
3	CZ	Prague	20.60	20.54	-0.3	0.7
4	DK	Copenhagen	9.956	9.856	-1.0	0.0
5	DE	Berlin	0.975	0.975	0.1	1.1
6		Bonn	0.939	0.939	0.1	1.1
7		Karlsruhe	0.946	0.947	0.1	1.1
8		Munich	1.075	1.075	0.1	1.1
9	EE	Tallinn	0.803	0.794	-1.1	-0.1
10	IE	Dublin	1.198	1.182	-1.3	-0.3
11	EL	Athens	0.799	0.777	-2.7	-1.7
12	ES	Madrid	0.887	0.879	-0.8	0.2
13	FR	Paris	1.148	1.142	-0.5	0.5
14	HR	Zagreb	5.554	5.502	-0.9	0.1
15	IT	Rome	0.973	0.963	-1.1	-0.1
16		Varese	0.909	0.901	-0.9	0.1
17	CY	Nicosia	0.744	0.733	-1.4	-0.4
18	LV	Riga	0.749	0.739	-1.3	-0.3
19	LT	Vilnius	0.743	0.746	0.4	1.5
20	LU	Luxembourg	1	1	0	1.0
21	HU	Budapest	231.1	230.3	-0.3	0.7
22	MT	Valletta	0.865	0.855	-1.1	-0.1
23	NL	The Hague	1.083	1.081	-0.2	0.8
24	AT	Vienna	1.063	1.070	0.7	1.7
25	PL	Warsaw	3.000	3.040	1.3	2.4
26	PT	Lisbon	0.824	0.817	-0.8	0.2
27	RO	Bucharest	2.923	2.946	0.8	1.8
28	SI	Ljubljana	0.815	0.810	-0.6	0.4
29	SK	Bratislava	0.773	0.763	-1.4	-0.4
30	FI	Helsinki	1.199	1.192	-0.6	0.5
31	SE	Stockholm	12.44	12.35	-0.7	0.3
32	UK	London	1.175	1.186	1.0	2.0
33		Culham	0.8845	0.8929	0.9	2.0

Implicit Index - STF
2017m06-2017m12



Administrative Boundaries: © EuroGeographics © UN-FAO © Turkstat
Cartography: Eurostat — IMAGE, 15-03-18

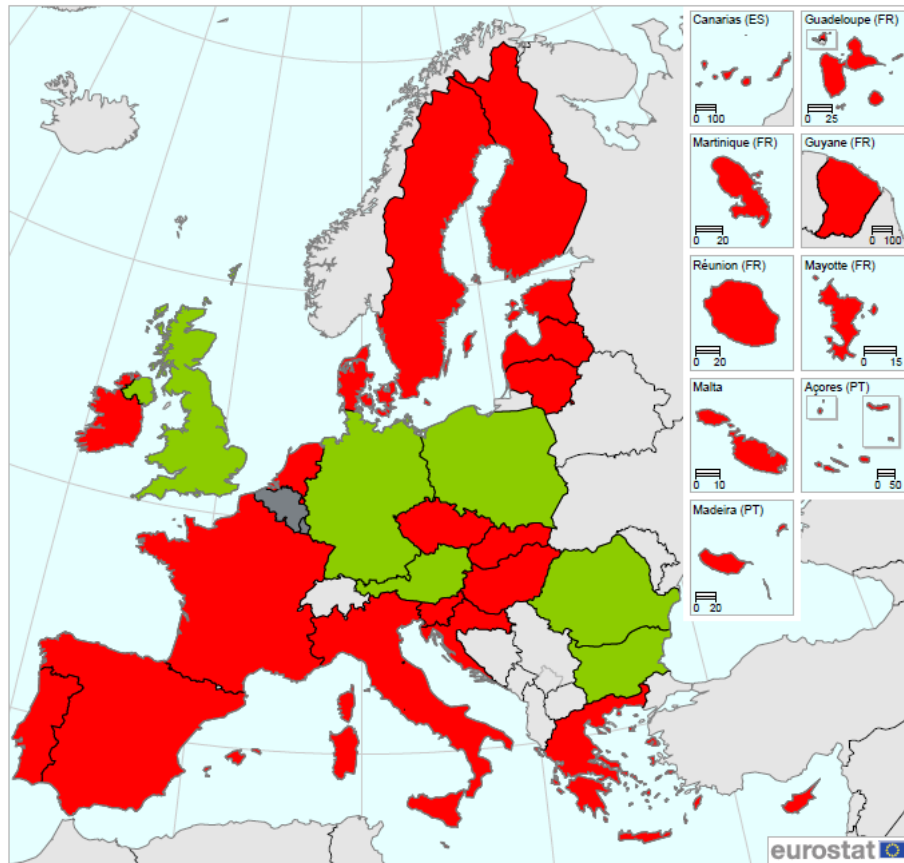
Legend:
■ < 1.0
■ > 1.0
■ Data not available

0 200 400 600 800 km

TABLE 5.B PENSIONERS

			Final			
			01-Jul-17	01-Jan-18		
			PPP	PPP	Change	Implicit
1	BE	Belgium	1	1	0	1.0
2	BG	Bulgaria	1.010	1.016	0.6	1.6
3	CZ	Czech Rep.	18.90	18.83	-0.4	0.6
4	DK	Denmark	10.13	10.02	-1.1	-0.1
5	DE	Germany	1.000	1.003	0.3	1.3
6	EE	Estonia	0.824	0.817	-0.8	0.2
7	IE	Ireland	1.240	1.226	-1.1	-0.1
8	EL	Greece	0.796	0.775	-2.6	-1.6
9	ES	Spain	0.894	0.888	-0.6	0.4
10	FR	France	1.086	1.079	-0.6	0.4
11	HR	Croatia	5.000	4.956	-0.9	0.1
12	IT	Italy	0.991	0.984	-0.7	0.3
13	CY	Cyprus	0.794	0.781	-1.7	-0.7
14	LV	Latvia	0.698	0.688	-1.3	-0.3
15	LT	Lithuania	0.683	0.682	-0.1	1.0
16	LU	Luxembourg	1	1	0	1.0
17	HU	Hungary	195.8	194.7	-0.6	0.4
18	MT	Malta	0.891	0.879	-1.3	-0.3
19	NL	Netherlands	1.096	1.092	-0.3	0.7
20	AT	Austria	1.087	1.093	0.5	1.5
21	PL	Poland	2.578	2.579	0	1.1
22	PT	Portugal	0.829	0.823	-0.8	0.2
23	RO	Romania	2.589	2.610	0.8	1.9
24	SI	Slovenia	0.787	0.781	-0.7	0.3
25	SK	Slovak Rep.	0.690	0.682	-1.2	-0.2
26	FI	Finland	1.206	1.200	-0.5	0.5
27	SE	Sweden	11.57	11.48	-0.8	0.2
28	UK	United Kingdom	1.058	1.067	0.8	1.8

Implicit index - PEN
2017m06-2017m12



Legend:

- < 1.0
- > 1.0
- Data not available

Administrative Boundaries: © EuroGeographics © UN-FAO © Turkstat
Cartography: Eurostat — IMAGE, 15-03-18

0 200 400 600 800 km

6). REASONS FOR THE CHANGES IN THE AGGREGATE PPPS

Changes in the PPPs for 1 January 2018 (ie. December 2017), by comparison to those for 1 July 2017 (ie. June 2017), 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)⁸. 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.

⁸ 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 2017 (ie. 1 January 2018) 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).

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

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

Thus, for the December 2017 exercise,

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

$$= \text{???.?} \times [\mathbf{101.0} \times (100 - \frac{1}{2} (100 - \mathbf{99.4}))] / 100$$

$$= \text{???.?} \times [\mathbf{101.0} \times \mathbf{99.7}] / 100$$

$$= \text{???.?} \times \mathbf{100.7} / 100$$

However, 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-2018	Finalised CC at 1-Jan-2018	Value in force at 1-July-2017
For Intra-EU Staff			
n/a	-	-	-
For Pensioners			
n/a	-	-	-