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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 2015 – 1 January 2016**

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## EXECUTIVE SUMMARY

This is the third 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 2015, was published in the Official Journal on 15<sup>th</sup> December 2015.

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 pensioners<sup>1</sup>.

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.January<sup>2</sup>.

For the period 1.July 2015 – 1.July 2016 the forecast global specific indicator (average change in real net remuneration in the sample of 11 countries) is 101.2 (+1.2%). As this is not negative, it does not have to be taken into account for any intermediate update. Details are provided in **Appendix One**.

For the period June 2015 – December 2015 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 and the pensions of retired staff outside Belgium and Luxembourg in order to maintain equality of purchasing power at December 2015 are provided in **Appendix Three**.

The implicit index is the product of the Joint Index and the changes in the economic parities with Brussels for staff, which 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<sup>st</sup> January 2016. 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.

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<sup>1</sup> 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).

<sup>2</sup> 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 manuals<sup>3</sup>. For any information concerning this report, please contact Eurostat in Luxembourg:

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<sup>3</sup> Document A6465/14/26rev methodology for the calculation of Specific Indicators; document A6465/14/58rev methodology for the calculation of the Joint Index; document A6465/14/59rev methodology for the calculation of Intra-EU correction coefficients, versions as adopted by the A646&65 working group meeting in Luxembourg in March 2015.

## 1. INTRODUCTION

This is the third 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 2015 annual update of remuneration and pensions was prepared and transmitted in October 2015<sup>4</sup>, and a minor corrigendum was issued in November 2015<sup>5</sup>. In accordance with the adoption procedure in the Staff Regulations, the definitive update applicable with effect from July 2015 was published in the Official Journal on 15<sup>th</sup> December<sup>6</sup>.

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 2016

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 2016. The value of the forecast was finalised shortly thereafter to be +1.2% (101.2). Further information can be found in [Appendix One](#).

As this forecast is not negative, it does not have to be taken into account for the intermediate update.

## 3. THE JOINT INDEX, JUNE-DECEMBER 2015

The June 2015-December 2015 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 2016, and gives an index of 100.7 (i.e. +0.7% 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](#).

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<sup>4</sup> See document Ares(2015)4498187 dated 22.10. 2015.

<sup>5</sup> See document Ares(2015)5327426 dated 24.11.2015.

<sup>6</sup> See communication 2015/C 415/03 for Intra-EU staff and pensioners, and communication 2015/C 415/12 for Extra-EU staff.

#### **4. PPP FOR INTRA-EU STAFF AT DECEMBER 2015**

The aggregate PPP for Intra-EU staff at December 2015 (i.e. 1 January 2016) for each duty station was computed according to the agreed methodology. In other words, the individual basic heading PPPs established for June 2015 (i.e. 1 July 2015) 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 2015 results). The results were presented at the Articles 64&65 Working Group meeting in March 2016.

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

When comparing the December 2015 PPP values to the June 2015 values, the simple average change in the duty station PPPs is -0.9%. This masks a variation between -3.4% (for EE-Tallinn) and +0.6% (for RO-Bucharest). The PPP change for twenty-six locations is negative, and for the remaining five 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 2015**

The aggregate PPP for pensioners at December 2015 (i.e. 1 January 2016) 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 2015 (i.e. 1 January 2016) 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 2015 (i.e. 1 July 2015) 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 2015 results). The results were presented at the Articles 64&65 Working Group meeting in March 2016.

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

When comparing the December 2015 PPP values to the June 2015 values, the simple average change in the country PPPs is -1.0%. This masks a variation between -2.8% (for Cyprus) and +0.4% (for Austria and Romania). The PPP change for twenty-two countries is negative, and for the remaining four 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 2015 – July 2016, 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 +1.2%.

101.2
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As this is not negative it does not have to be taken into account for the intermediate update.

Over the period June 2015 to December 2015, the Joint Index (cost of living for EU officials) was +0.7%.

<b>100.7</b>
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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 power<sup>7</sup>, is therefore +0.0%.

For 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.

<b>100.0</b>
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No intermediate update is therefore required at 1<sup>st</sup> January 2016 for any location.

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

<b>100.0</b>
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No intermediate update is therefore required at 1<sup>st</sup> January 2016 for any location.

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

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<sup>7</sup> 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 2015 and 1.July 2016. 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 2015 to June 2016 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 2014 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 2016. 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 2016 is 101.2 (+1.2%).

As this figure is not negative, it does not have to be taken into account for the intermediate update.



2) RESULTS TABLE (VALUES AFTER 21&22.3.2016 MEETING OF ARTICLES 64&65 WORKING GROUP)

The following figures reflect the values presented to, and confirmed by, Member State delegates at the March 2016 meeting, or shortly thereafter:

Specific Indicator (1)  
*Forecast of* real changes in the remuneration of national civil servants  
in the twelve-month period to 1st July 2016: 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	
	(%)	(%)	(%)			(%)
BE	1.0	1.4	-0.4	2.6	3.1	-0.01
DE	1.2	0.3	0.9	20.0	23.7	0.21
ES	5.0	-0.8	5.8	8.3	9.8	0.57
FR	0.5	0.2	0.3	13.9	16.5	0.05
IT	0.0	-0.2	0.2	11.5	13.6	0.03
LU	0.0	-1.3	1.3	0.3	0.4	0.00
NL	6.4	0.2	6.2	4.3	5.1	0.31
AT	1.3	1.0	0.3	2.2	2.6	0.01
PL	0.0	1.7	-1.7	5.1	6.0	-0.10
SE	2.5	1.1	1.4	2.3	2.7	0.04
UK	1.0	0.3	0.7	13.9	16.5	0.11
Global	1.5	0.3	1.2	84.4	100.0	1.23

(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=ESTAT=2016M02, UK=ESTAT=2016M01)

(4) GDP 2014 (ESA 2010) in PPS at current prices (website enquiry 06.04.2016)

### 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. As an indicator of the quality of such forecasts, the following table indicates the degree to which the forecast for the preceding annual exercise (ie. reference period July 2014-July 2015) varied from the eventual definitive value for that annual exercise.

#### Quality of previous forecasts: 2015

	BE	DE	ES	FR	IT	LU	NL	AT	PL	SE	UK	gsi
F/C	0.1	3.0	1.5	0.7	0.5	2.6	1.0	1.3	1.3	2.3	-0.1	1.5
Actual	-0.4	2.9	1.2	0.3	0.4	1.2	0.7	0.7	1.7	1.9	0.5	1.2
DIFF	+0.5	+0.1	+0.3	+0.4	+0.1	+1.4	+0.3	+0.6	-0.4	+0.4	-0.6	+0.3

*Real change net remun. 2014.07 – 2015.07*

- *F/C per intermediate report, [Ares\(2015\)1660037](#)*
- *Actual per supplementary report A6465/15/06*

## 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 2014, ie. applicable at July 2015). 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 2015-December 2015, with the final figure in the right-hand column showing the variation for the period, +0.7%.

#### Joint BELU Index SHE weights 2009

	2015m12/2015m6	
	WEIGHTS	VARIATION
1 FOOD AND NON-ALCOHOLIC BEVERAGES	128.2	99.9
2 ALCOHOLIC BEVERAGES AND TOBACCO	20.3	102.8
3 CLOTHING AND FOOTWEAR	54.3	100.3
4 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	297.6	100.0
5 FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	74.7	100.5
6 HEALTH	19.2	100.1
7 TRANSPORT	127.2	99.6
8 COMMUNICATIONS	21.5	100.6
9 RECREATION AND CULTURE	91.7	101.5
10 EDUCATION	14.7	124.0
11 HOTELS, CAFES AND RESTAURANTS	100.6	100.8
12 MISCELLANEOUS GOODS AND SERVICES	50.0	100.5
TOTAL WITHOUT RENTS	762.9	100.7
RENTS	237.1	100.4
<b>TOTAL</b>	<b>1000.0</b>	<b>100.7</b>

### 2) BELGIUM HICP

The following table presents the published HICP values for June 2015 and December 2015, base 2005 = 100, and the final figure in the right-hand column shows the variation for the period, +0.1%.

#### Belgian HICP index, 2005=100

##### HICP weights

	WEIGHTS		INDICES		VARIATION
	from HICP 2015	01/06/2015	from HICP 2015	01/12/2015	
1 FOOD AND NON-ALCOHOLIC BEVERAGES	159.9	100.8	159.9	100.2	99.4
2 ALCOHOLIC BEVERAGES AND TOBACCO	47.6	100.4	47.6	102.3	101.9
3 CLOTHING AND FOOTWEAR	57.3	104.1	57.3	104.2	100.1
4 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	146.5	100.3	146.5	100.2	99.9
5 FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	78.3	100.3	78.3	101.0	100.7
6 HEALTH	71.6	100.0	71.6	100.2	100.1
7 TRANSPORT	142.1	101.7	142.1	99.0	97.3
8 COMMUNICATIONS	34.2	99.6	34.2	100.2	100.6
9 RECREATION AND CULTURE	91.9	99.8	91.9	101.8	102.0
10 EDUCATION	5.5	93.3	5.5	120.2	128.8
11 HOTELS, CAFES AND RESTAURANTS	72.7	100.0	72.7	100.9	100.9
12 MISCELLANEOUS GOODS AND SERVICES	92.5	100.0	92.5	100.5	100.5
TOTAL WITHOUT RENTS	954.9	100.6	954.9	100.8	100.1
RENTS	45.1	100.0	45.1	100.4	100.4
<b>TOTAL</b>	<b>1000.0</b>	<b>100.6</b>	<b>1000.0</b>	<b>100.7</b>	<b>100.1</b>

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.

### 3) LUXEMBOURG CPI

The following table presents the published CPI values for June 2015 and December 2015, base 2005 = 100, and the final figure in the right-hand column shows the variation for the period, -0.7%.

#### Luxembourg CPI index, 2005=100

##### CPI weights

##### Rents from CPI

	WEIGHTS from CPI 2015	INDICES 01/06/2015	WEIGHTS from CPI 2015	INDICES 01/12/2015	VARIATION
1 FOOD AND NON-ALCOHOLIC BEVERAGES	100.2	126.3	100.2	126.7	100.3
2 ALCOHOLIC BEVERAGES AND TOBACCO	40.4	136.3	40.4	136.2	100.0
3 CLOTHING AND FOOTWEAR	56.7	109.9	56.7	111.1	101.1
4 HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	159.5	133.1	159.5	130.0	97.7
5 FURNISHINGS, HOUSEHOLD EQUIPMENT AND MAINTENANCE OF HOUSE	76.7	119.7	76.7	120.0	100.3
6 HEALTH	26.1	118.6	26.1	118.7	100.0
7 TRANSPORT	180.5	117.8	180.5	115.1	97.7
8 COMMUNICATIONS	29.6	91.8	29.6	91.4	99.5
9 RECREATION AND CULTURE	86.2	117.9	86.2	115.6	98.1
10 EDUCATION	34.4	130.0	34.4	132.7	102.1
11 HOTELS, CAFES AND RESTAURANTS	70.0	135.0	70.0	135.7	100.5
12 MISCELLANEOUS GOODS AND SERVICES	156.8	124.6	156.8	125.2	100.5
TOTAL WITHOUT RENTS	936.1	122.7	936.1	121.7	99.2
RENTS	63.9	120.5	63.9	120.8	100.3
<b>TOTAL</b>	<b>1000.0</b>	<b>122.5</b>	<b>1000.0</b>	<b>121.6</b>	<b>99.3</b>

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.

### 4) STAFF RATIO BRUSSELS : LUXEMBOURG

In accordance with the agreed methodology, the staff weights available for the base period are used. The information is obtained from Commission internal services.

#### Number of permanent officials and other servants in active service at July 2015 (ie. December 2014)

Duty station	No.	%
Brussels	27,934	82.2
Luxembourg	6,062	17.8
<b>Total</b>	<b>33,996</b>	<b>100.0</b>

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<sup>st</sup> July 2015).

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<sup>st</sup> July overall parity.

#### **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 2002. A new pensioners survey was launched during 2013: the results are still being processed.

### **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 2015 (ie. 1<sup>st</sup> January 2016). Exchange rates for 1<sup>st</sup> July 2015 are used, for consistency with the annual update.

Ten 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 2015 (ie. 1<sup>st</sup> January 2016). Exchange rates for 1<sup>st</sup> July 2015 are again used.

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

**TABLE 3.A STAFF**

			<b>01-Jan-16</b>		
			<b>Final</b>		
			<b>PPP</b>	<b>Ex. Rate</b>	<b>CC</b>
1	BE	Brussels	1.000	1	100.0
2	BG	Sofia	1.016	1.956	52.0
3	CZ	Prague	19.85	27.25	72.8
4	DK	Copenhagen	9.723	7.460	130.3
5	DE	Berlin	0.963	1	96.3
6		Bonn	0.931	1	93.1
7		Karlsruhe	0.936	1	93.6
8		Munich	1.057	1	105.7
9	EE	Tallinn	0.753	1	75.3
10	IE	Dublin	1.138	1	113.8
11	EL	Athens	0.780	1	78.0
12	ES	Madrid	0.886	1	88.6
13	FR	Paris	1.136	1	113.6
14	HR	Zagreb	5.559	7.5887	73.2
15	IT	Rome	0.986	1	98.6
16		Varese	0.916	1	91.6
17	CY	Nicosia	0.749	1	74.9
18	LV	Riga	0.721	1	72.1
19	LT	Vilnius	0.691	1	69.1
20	LU	Luxembourg	1.000	1	100.0
21	HU	Budapest	216.0	314.4	68.7
22	MT	Valletta	0.834	1	83.4
23	NL	The Hague	1.071	1	107.1
24	AT	Vienna	1.062	1	106.2
25	PL	Warsaw	3.014	4.189	71.9
26	PT	Lisbon	0.784	1	78.4
27	RO	Bucharest	2.926	4.489	65.2
28	SI	Ljubljana	0.807	1	80.7
29	SK	Bratislava	0.749	1	74.9
30	FI	Helsinki	1.192	1	119.2
31	SE	Stockholm	11.81	9.245	127.8
32	UK	London	1.183	0.7085	166.9
33		Culham	0.9035	0.7085	127.5

TABLE 3.B

## PENSIONERS

			01-Jan-16		
			Final		
			PPP	Ex. Rate	CC
1	BE	Brussels	1.000	1	100.0
2	BG	Sofia	1.034	1.956	52.9
3	CZ	Prague	18.33	27.25	67.3
4	DK	Copenhagen	9.568	7.460	128.3
5	DE	Berlin	0.963	1	96.3
6	EE	Tallinn	0.776	1	77.6
7	IE	Dublin	1.056	1	105.6
8	EL	Athens	0.773	1	77.3
9	ES	Madrid	0.879	1	87.9
10	FR	Paris	1.041	1	104.1
11	HR	Zagreb	5.176	7.5887	68.2
12	IT	Rome	0.961	1	96.1
13	CY	Nicosia	0.808	1	80.8
14	LV	Riga	0.699	1	69.9
15	LT	Vilnius	0.661	1	66.1
16	LU	Luxembourg	1.000	1	100.0
17	HU	Budapest	192.867	314.38	61.3
18	MT	Valletta	0.841	1	84.1
19	NL	The Hague	1.028	1	102.8
20	AT	Vienna	1.028	1	102.8
21	PL	Warsaw	2.6	4.2	63.2
22	PT	Lisbon	0.793	1	79.3
23	RO	Bucharest	2.631	4	58.6
24	SI	Ljubljana	0.769	1	76.9
25	SK	Bratislava	0.685	1.000	68.5
26	FI	Helsinki	1.131	1	113.1
27	SE	Stockholm	10.783	9.245	116.6
28	UK	London	0.950	0.7085	134.1



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

The following table compares calculated correction coefficients at 1<sup>st</sup> January 2016 (ie. December 2015) 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 2016**  
**pensioner CCs compared to staff CCs**

Correction coefficients for pensioners				Correction coefficients for staff			
Country	without rent	rents	Total	Capital	without rent	rents	Total
<b>BE</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>Brussels</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
BG	56.5	27.0	52.9	Sofia	55.9	39.7	52.0
CZ	68.6	57.0	67.3	Prague	67.7	91.3	72.8
DK	123.9	157.4	128.3	Copenhagen	120.2	163.3	130.3
DE	94.0	112.3	96.3	Berlin	94.2	104.1	96.3
EE	76.9	86.1	77.6	Tallinn	76.3	72.2	75.3
IE	103.5	118.4	105.6	Dublin	101.5	178.3	113.8
EL	78.8	67.8	77.3	Athens	78.5	76.7	78.0
ES	85.7	103.3	87.9	Madrid	84.4	105.9	88.6
FR	98.9	141.4	104.1	Paris	98.9	175.6	113.6
HR	68.0	68.3	68.2	Zagreb	71.6	81.8	73.2
IT	98.1	82.9	96.1	Rome	94.9	114.4	98.6
CY	86.0	40.4	80.8	Nicosia	83.3	50.5	74.9
LV	70.4	69.7	69.9	Riga	69.6	81.1	72.1
LT	68.4	47.9	66.1	Vilnius	66.7	77.4	69.1
<b>LU</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>Luxembourg</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>
HU	59.6	79.2	61.3	Budapest	61.9	94.4	68.7
MT	80.0	130.7	84.1	Vallette	84.5	79.7	83.4
NL	104.6	78.9	102.8	The Hague	99.6	135.4	107.1
AT	100.0	120.9	102.8	Vienna	100.1	126.7	106.2
PL	66.3	39.4	63.2	Warsaw	66.3	93.5	71.9
PT	81.5	65.7	79.3	Lisbon	79.9	73.4	78.4
RO	61.6	35.3	58.6	Bucharest	61.1	80.4	65.2
SI	78.7	64.9	76.9	Ljubljana	81.2	79.0	80.7
SK	66.6	88.0	68.5	Bratislava	71.1	88.7	74.9
FI	106.6	156.7	113.1	Helsinki	110.3	149.0	119.2
SE	114.6	129.9	116.6	Stockholm	115.0	175.9	127.8
UK	124.2	201.9	134.1	London	122.4	396.0	166.9

## **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<sup>st</sup> July 2015 (ie. June 2015) and 1<sup>st</sup> January 2016 (ie. December 2015), and the associated implicit price index (which also takes the Joint Index into account).

The simple average change in the PPPs is -0.9%. This masks a variation between -3.4% (for EE-Tallinn) and +0.6% (for RO-Bucharest). The PPP 'evolution' for twenty-six locations is negative, and for the remaining five 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<sup>st</sup> July 2015 (ie. June 2015) and 1<sup>st</sup> January 2016 (ie. December 2015), and the associated implicit price index (which also takes Joint Index into account).

The simple average change in the PPPs is -1.0%. This masks a variation between -2.8% (for CY) and +0.4% (for AT and RO). The PPP 'evolution' for 22 countries is negative, and for the remaining 4 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

			Difference *			Implicit index (%)
			(%)			
			PPP	Ex. Rate	CC	
1	BE	Brussels	0.0	0.0	0.0	0.7
2	BG	Sofia	-0.3	0.0	-0.2	0.4
3	CZ	Prague	-0.8	0.0	-0.8	-0.1
4	DK	Copenhagen	-1.1	0.0	-1.1	-0.5
5	DE	Berlin	-0.4	0.0	-0.3	0.3
6		Bonn	-0.4	0.0	-0.3	0.3
7		Karlsruhe	-0.3	0.0	-0.2	0.4
8		Munich	-0.3	0.0	-0.3	0.4
9	EE	Tallinn	-3.4	0.0	-3.5	-2.7
10	IE	Dublin	-2.3	0.0	-2.4	-1.6
11	EL	Athens	-2.4	0.0	-2.4	-1.7
12	ES	Madrid	-1.8	0.0	-1.8	-1.1
13	FR	Paris	-0.8	0.0	-0.9	-0.2
14	HR	Zagreb	-1.8	0.0	-1.9	-1.1
15	IT	Rome	-0.8	0.0	-0.8	-0.1
16		Varese	-0.7	0.0	-0.7	0.0
17	CY	Nicosia	-3.0	0.0	-3.1	-2.4
18	LV	Riga	-2.7	0.0	-2.8	-2.0
19	LT	Vilnius	0.1	0.0	0.1	0.8
20	LU	Luxembourg	0.0	0.0	0.0	0.7
21	HU	Budapest	-0.3	0.0	-0.4	0.4
22	MT	Valletta	-1.3	0.0	-1.3	-0.6
23	NL	The Hague	-0.6	0.0	-0.6	0.1
24	AT	Vienna	0.3	0.0	0.3	1.0
25	PL	Warsaw	0.3	0.0	0.1	1.0
26	PT	Lisbon	-1.0	0.0	-1.0	-0.3
27	RO	Bucharest	0.6	0.0	0.6	1.3
28	SI	Ljubljana	-0.6	0.0	-0.6	0.1
29	SK	Bratislava	-2.0	0.0	-2.0	-1.3
30	FI	Helsinki	-0.4	0.0	-0.4	0.3
31	SE	Stockholm	-0.1	0.0	-0.1	0.6
32	UK	London	0.0	0.0	0.0	0.7
33		Culham	-0.1	0.0	-0.2	0.6

\* Percentage difference between 01-Jan-16 and 01-July-15 values

TABLE 5.B

## PENSIONERS

			Difference *			Implicit index (%)
			(%)			
			PPP	Ex. Rate	CC	
1	BE	Brussels	0.0	0.0	0.0	0.7
2	BG	Sofia	-0.8	0.0	-0.8	-0.1
3	CZ	Prague	-1.0	0.0	-1.0	-0.3
4	DK	Copenhagen	-0.6	0.0	-0.5	0.1
5	DE	Berlin	0.3	0.0	0.3	1.0
6	EE	Tallinn	-2.1	0.0	-2.1	-1.4
7	IE	Dublin	-2.1	0.0	-2.0	-1.4
8	EL	Athens	-1.8	0.0	-1.8	-1.1
9	ES	Madrid	-1.4	0.0	-1.3	-0.7
10	FR	Paris	-0.6	0.0	-0.6	0.1
11	HR	Zagreb	-2.2	0.0	-2.3	-1.5
12	IT	Rome	-0.6	0.0	-0.6	0.1
13	CY	Nicosia	-2.8	0.0	-2.8	-2.1
14	LV	Riga	-2.7	0.0	-2.6	-2.1
15	LT	Vilnius	-0.8	0.0	-0.8	-0.1
16	LU	Luxembourg	0.0	0.0	0.0	0.7
17	HU	Budapest	-1.4	0.0	-1.4	-0.7
18	MT	Valletta	-1.9	0.0	-2.0	-1.3
19	NL	The Hague	-1.3	0.0	-1.3	-0.6
20	AT	Vienna	0.3	0.0	0.4	1.0
21	PL	Warsaw	-0.6	0.0	-0.6	0.1
22	PT	Lisbon	-0.8	0.0	-0.8	-0.1
23	RO	Bucharest	0.4	0.0	0.3	1.1
24	SI	Ljubljana	-1.4	0.0	-1.4	-0.7
25	SK	Bratislava	-2.0	0.0	-2.0	-1.3
26	FI	Helsinki	-0.1	0.0	-0.2	0.6
27	SE	Stockholm	0.1	0.0	0.1	0.8
28	UK	London	-0.4	0.0	-0.4	0.3

\* Percentage difference between 01-Jan-16 and 01-July-15 values

## **6). REASONS FOR THE CHANGES IN THE AGGREGATE PPPS**

Changes in the PPPs for 1<sup>st</sup> January 2016 (ie. December 2015), by comparison to those for 1<sup>st</sup> July 2015 (ie. June 2015), 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). For this reason alone, there may be a difference in 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.

## 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.

Instead, the intermediate update has to be applied only to selected duty stations (for staff) or selected countries (for pensioners). This is achieved by multiplying those correction coefficients established for intermediate update purposes at 1<sup>st</sup> 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 2015 exercise,

$$= CC \times [ BELU ]$$

$$= ??? \times [ 100.0 ] / 100$$

Consequently, there is no general intermediate update calculation.

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-2016	Finalised CC at 1-Jan-2016	Value in force at 1-July-2015
<b>For Intra-EU Staff</b>			
n/a	-	-	-
<b>For Pensioners</b>			
n/a	-	-	-