



EUROPEAN COMMISSION
EUROSTAT

Directorate C: Macro-economic statistics

Unit C.3: Statistics for administrative purposes

Eurostat Report
on the Intermediate Update of weightings (correction coefficients) applicable to the remuneration of officials, temporary staff and contract staff of the European Union serving in Extra-EU Delegations

In accordance with Article 64, Annex X and Annex XI of the Staff Regulations applicable to officials and other servants of the European Union

Reference period:
The six months between 1 August 2018 and 1 January 2019 inclusive

EXECUTIVE SUMMARY

In accordance with the Articles 64, Annex X and Annex XI of the Staff Regulations applicable to officials and other servants of the European Union; this report presents the information required for the intermediate update of the weightings (correction coefficients) applicable to the remuneration of EU officials, temporary staff and contract staff of the European Union serving in Extra-EU Delegations which is payable in local currency.

This is the eleventh Intermediate Report covering Extra-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 2018, was published in the Official Journal on 14th December 2018 (OJ C451 Volume 61).

The previous Intermediate Report covered the six months between February and July 2018 inclusive.

This intermediate report covers the six months period between August 2018 and January 2019 inclusive and, inter alia, it includes:

1) CCMMAAAA (MM=month, AAAA=year; for example CC082018). These six tables show the economic parity, exchange rate and weighting (correction coefficient) established for each location for the month in question.

In accordance with Article 13 of Annex X to the Staff Regulations, an intermediate update to the weightings (correction coefficients) should be made whenever the variation in the economic parity has exceeded 5% since the previously established value (July 2018 or subsequently). Tables are included showing the locations for which this is the case:

2) CHGMMAAAA (MM=month, AAAA=year; for example CHG082018)

A summary file is also included:

3) PMO 5 per cent rule period July 2018 or subsequent to January 2019

All figures and calculations contained in this report are based on data (place-to-place price surveys and time-to-time price indices) supplied under the 2009 Memorandum of Understanding signed with the United Nations International Civil Service Commission (UN ICSC) and the International Service for Remuneration and Pensions of the Coordinated Organisations (ISRP)¹, complemented where necessary with information compiled directly by Eurostat.

The detailed methodology for the calculation of Extra-EU correction coefficients is set out in a procedural manual, the latest version of which (doc.A6465/14/60rev3) was adopted by the Article 64&65 Working Group in April 2017, and is available for download from the Eurostat free data website:

<http://ec.europa.eu/eurostat/web/civil-servants-remuneration/correction-coefficients>

¹ The North Atlantic Treaty Organisation (NATO), Organisation for Economic Cooperation and Development (OECD), Council of Europe (CoE), European Space Agency (ESA), European Centre for Medium-range Weather Forecasts (ECMWF); European organisation for exploitation of Meteorological Satellites (EUMETSAT).

The correction coefficient (CC) is defined as the economic parity divided by the exchange rate. CCs operate as a percentage adjustment to salaries. As salaries are first expressed in Euros, then converted to local currency using exchange rates, before being multiplied by CCs, it is clear that the exchange rate effect cancels out. If a CC changes solely due to a change in the exchange rate (ie. there is no change in the economic parity) then local purchasing power will not be impacted.

CCs are aggregated from detailed price ratios up to global value using latest available consumption expenditure weights. A classification of 80 basic headings is used.

The report covers 145 Extra-EU duty stations. The list of duty stations is unchanged by comparison to the list used for the previous Annual Update.

No values are presented for 10 locations (Afghanistan; Bosnia and Herzegovina (Banja Luka); Indonesia (Banda Aceh); Iran; Iraq; Libya; Somalia; Syria; Venezuela; Yemen) mainly due to security constraints affecting the statistical reliability of the information, or due to uncertainty regarding the volatility of the reported inflation.

At January 2019 there were twenty one duty stations with CCs greater than 100. During the six months between August 2018 and January 2019 inclusive, CC for four duty stations (Japan; Jordan; Turkmenistan; Zimbabwe) have increased above 100 and CC for three duty stations (Democratic Republic of the Congo; Israel; West Bank - Gaza Strip) have decreased below 100. The changes for four of these seven duty stations did not trigger the 5% rule (Japan; Jordan; Israel; West Bank – Gaza Strip).

For the period August 2018 – January 2019 changes exceeding 5% are identified for 37 duty stations (some more than once), of which 7 duty stations have CC values above 100 (Angola; Central African Republic; Congo; Democratic Republic of Congo; Liberia; South-Sudan; Turkmenistan; Zimbabwe).

Attention is drawn to the following specific elements:

- No results of new UN P2P surveys were introduced for the calculation of CCs between August 2018 and January 2019.
- Updated ISRP PPPs at July 2018 were introduced to calculate CCs for the following 7 duty stations: Australia; Canada; Japan; South Korea; Mexico; New Zealand; United States (Washington).
- Updated ECP PPPs at July 2018 were introduced to calculate CCs for the following 5 duty stations: Iceland; Norway; Switzerland (Bern, Geneva); Turkey.
- Pending the availability of detailed consumer price indices, updated ECP PPPs at July 2018 were not introduced this time to calculate CCs for the following 6 Balkan duty stations: Albania; Bosnia and Herzegovina (Sarajevo & Banja Luka); Former Yugoslav Republic of Macedonia; Montenegro; Serbia. However, new UN expenditure weights were introduced for the 6 Balkans duty stations for the period under scrutiny, which means weights for all duty stations have now been updated.
- Democratic Republic of the Congo: The parity value continues to be expressed in CDF in order to better reflect the impact of local price movements. According to Central Bank, the general inflation index has increased from 237.63 in June 2018 to 240.88 in December 2018 (+1.3%). Over the same

period the Joint Belgium Luxembourg Index has increased by +0.8% (see separate Intra-EU report for details). The smoothing mechanism continues to gradually implement the results of the most recent UN price survey which indicated a significantly lower parity. Consequently the CC has decreased from 145.1 in July 2018 to 94.0 in January 2019 (-35.2%).

- Angola: The currency (Kwanza) has depreciated further against the Euro and US Dollar (decrease approximately 23.5%) and in consequence the CC has decreased from 120.4 in July 2018 to 103.2 in January 2019.
- Turkmenistan: The smoothing mechanism continues to gradually implement the results of the previous price survey which indicated a significantly higher parity. Consequently, the CC has increased from 83.8 in July 2018 to 107.6 in January 2019 (+28.4%).
- Zimbabwe: The general inflation index increased from 99.7 in June 2018 to 129.7 in November 2018 (the last published data).
- USA-New York: Pending the organisation of a comprehensive new price survey in New York, the parity continues to be based on the results of the price survey conducted in 2009.
- New Caledonia: The referendum in November 2018 rejected independence, however further referendums are possible in 2022 and 2025. The parity continues to be based on the results of the price survey conducted in 2009.
- Macedonia: Following ratification of the 2018 “Prespa” agreement, the name change from Former Yugoslav Republic of Macedonia (FYROM) to Republic of North Macedonia will be implemented for the next intermediate results package.
- Swaziland: The name change to eSwatini will be implemented for the next intermediate results package.
- Kazakhstan: the name change of the capital city from Astana to Nur-Sultan will be implemented for the next intermediate results package.

For any further information concerning this report, please contact Eurostat in Luxembourg:

European Commission
Eurostat, Unit C3
BECH – A2/024,
L-2920 Luxembourg
Tel.: (352) 4301-35129
Email: estat-c3-rem-extra-eu@ec.europa.eu

APPENDICES

- “CC082018” Economic parity, exchange rate, weighting (correction coefficient) for August 2018
- “CC092018” Economic parity, exchange rate, weighting (correction coefficient) for September 2018
- “CC102018” Economic parity, exchange rate, weighting (correction coefficient) for October 2018
- “CC112018” Economic parity, exchange rate, weighting (correction coefficient) for November 2018
- “CC122018” Economic parity, exchange rate, weighting (correction coefficient) for December 2018
- “CC012019” Economic parity, exchange rate, weighting (correction coefficient) for January 2019
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- “CHG082018” Variation in economic parity exceeds 5%, comparing August 2018 and previous value (July 2018 or subsequent).
- “CHG092018” Variation in economic parity exceeds 5%, comparing September 2018 and previous value (July 2018 or subsequent).
- “CHG102018” Variation in economic parity exceeds 5%, comparing October 2018 and previous value (July 2018 or subsequent).
- “CHG112018” Variation in economic parity exceeds 5%, comparing November 2018 and previous value (July 2018 or subsequent).
- “CHG122018” Variation in economic parity exceeds 5%, comparing December 2018 and previous value (July 2018 or subsequent).
- “CHG012019” Variation in economic parity exceeds 5%, comparing January 2019 and previous value (July 2018 or subsequent).

“PMO 5 per cent Rule period July 2018 or subsequent to January 2019”

Summary table showing the time series of PPP and CC values for which the 5% rule generates a change; duty stations with $CC > 100$ are highlighted in bold.