EPSU CJ
European Public Service Union
Court of Justice
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EN

07 Dec 2017

Annual update of salaries and pensions: +1.5%

Pension contribution rate unchanged at 9.8%

One good thing about **the 2014 Method** is that it avoids the traps laid by the Council, with the consequences that we experienced in recent years. An annual '**update**', based on statistical data elaborated by EUROSTAT, no longer takes the form of a Regulation, but is simply published by the Commission in the C series of the *Official Journal of the EU* for information purposes.

This year, the update –which will take effect from 1 July 2017 and will carry the payment of arrears before the end of the year– is +**1.5%**.

This figure is broken down as follows:

1. **global specific indicator** (*Changes in the purchasing power of salaries of national civil servants in central government*) calculated for a sample of 11 Member States, which represents at least 75% of the EU-GDP: +**0.4%**.

This positive result is due to **German** civil servants: An increase in the civil servants' salaries (Federal Administration) which took effect in March 2016 was formally decided only in July 2016 and accounted for in the reference period from 1 July 2016 to 1 July 2017. Added to a further increase, which took effect on February 2017, it had a +0.52% effect on the total.

France (+0.24) and Poland (+0.11) had a positive contribution, as opposed to the Netherlands (-0.13) and the UK (-0.20).

2. **Joint Belgium-Luxembourg Index** (*Changes in the cost of living in Belgium and Luxembourg*): **+1.1%**

   Inflation in Belgium: +1.1%
   Inflation in Luxembourg: +1.3%

   These indices are weighted by using the staff ratio 81.6% for Belgium, 18.4% for Luxembourg, which ends up with a weighted average of +1.1%.

So, while the real cost of living in Luxembourg is deliberately unaccounted for (see Agora N° 72, p. 12), the **'joint index'** contains a 'symbolic' dose of Luxembourg, which has a neglectable influence on the weighted average.

A 'correction coefficient for Luxembourg' being the *leitmotiv* of another trade union, a 'joint index' was devised in the 2014 Reform as a smokescreen to give to the poorly informed the superficial impression that 'Luxembourg was indeed accounted for'.

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Following years of stagnation, this year's figures are slightly favourable to staff and pensioners (a pay rise above inflation). However, this positive development is following a period of either incomplete adjustments (2011 and 2012) or barely a freeze of our salaries in 2013 and 2014 (see Agora n° 75, p. 4). We are therefore far from catching up the income lost, despite the normal functioning of the method since 2015.