

2021-22: Salaries updated by 1.9%

The 2014 Method and the sanitary crisis

From 2015 on, the new Method set out in [Annex XI](#) to the Staff Regulations has ensured parallel development of our purchasing power with the civil servants of a sample of 11, now 10, Member States.

Last year (2019-20), this evolution was disrupted by the Covid sanitary crisis, which triggered an unprecedented **recession** of the EU economy as a whole. This recession over calendar year **2020**, fell below the -3% limit set by the [Exception clause \(Article 11\)](#).

In application of the Exception clause, the **+2.5%** gain in purchasing power of national civil servants was *not* reflected on us. We only received a **+0.7%** update resulting from inflation.

Unlike past instances of non-applying the Method from 2011 to 2014, the 2020 application of the Exception clause was undisputed. Had the 2014 Reform of the Staff Regulations not changed the rules on this point, it would have been left to the Member States' discretion to draw the consequences of a "*serious and sudden deterioration in the economic and social situation within the Union*", [the way they did for the pay adjustment for 2011 and 2012](#).

Luckily, in its 2014 version, the **Method** ([Annex XI](#) to the Staff Regulations) leaves no room for subjective interpretations on behalf of the institutions.

Establishing [moderation and exception clauses](#), which are entirely automatic and applied by the Commission itself according to fixed parameters, was one of the few good things in the 2014 reform of the Staff Regulations.

GLOSSARY

Global [Specific Indicator](#) (**GSI**) – Changes in the purchasing power of salaries of national civil servants in central government (calculated on a sample of 10 Member States), after deducting the respective country's inflation.

GDP – Gross Domestic Product.

[Joint Index](#) (**JBLI**) – Changes in the cost of living in **Belgium** and **Luxembourg**, rate of inflation (or deflation).

PSEO – Pension Scheme of European Officials

This year's figures – Returning to economic growth

1. This year, there is no reason for applying the [moderation or exception clauses](#).
2. For the reference period (1 July 2020 – 30 June 2021), the **GSI** was negative (**-0.2%**). The negative trend was mitigated notably by PL, where civil servants had a net increase of 3.8%.

3. The –[economically disputable](#) concept of– **JBLI** is based on the ratio between active staff in Brussels and Luxembourg, which is

80.9 : 19.1

The **JBLI** (inflation) results in **+2.1%**.

4. ⇒ ***This year's update*** – By combining the above figures, pay and pension will be adjusted, with effect from 1 July 2021, as follows:

$$\frac{99.8 \times 102.1}{100} - 100 = +1.9\%$$

5. ***What is to come next?***

The **2020 recession** has now been calculated at **-5.9%**. In the previous reference period (2020-21), following the **GDP** drop by **-5.9%**, the payment of the **GSI** of **+2.5% was suspended, but was not lost for ever**. It will be added to a future update once the cumulative increase of the Union GDP reaches the same level as before the crisis (*i.e.* 2019).

According to [DG ECFIN estimates](#) (7 July 2021), **GDP** for the EU as a whole in real terms will increase by **+4.8%** for calendar year **2021**, while growth of **+4.5%** is foreseen for **2022**. Therefore, it seems likely that the suspended component will be paid alongside the 2022 annual adjustment.

6. ***Pension contribution rate (PCR): No change***

To ensure the balance of the scheme, our contributions must steadily cover $\frac{1}{3}$ of our future pension costs. The various financial and demographic assumptions are constantly monitored according to the rules set out in [Annex XII](#) to the Staff Regulations.

This year's assessment of the PSEO showed a -0.1% PCR variation (due to the updated PSEO population). However, this variation being lower than the $\pm 0.25\%$ required to trigger an update of the PCR (see [Article 83a](#) of the Staff Regulations),

⇒ our **PCR** will remain unchanged at **10.1%**.

7. ***The Luxembourg [minimum social wage \(SSM\)](#)*** – Following an agreement with our trade union, the Court of justice grants a [pay supplement](#) to staff whose basic salary is below the Luxembourg minimum social wage, which is subject to indexation every time the [sliding wage scale](#) rises by 2.5%. The [latest indexation](#) occurred on 1 October 2021.

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