Union
Syndicale
Fédérale
EPSU CJ

Sharing experience
Building solidarity

EN

21 Sep 2022

The Method: a trade union achievement to defend

1. Since 1972, our **Method for adjusting pay and pensions** has gone through a long and turbulent history. It was our trade union family (now Union Syndicale Fédérale) that initiated it and has always negotiated and defended it, including through strike action.

2. This is *not* indexation on the evolution of the cost of living. The cost of living (inflation) is, of course, included in the calculation of the annual adjustments, in the form of a joint Belgium-Luxembourg index devised in the 2014 reform.

3. However, the particularity of our system of adjusting – since 2014 called 'updating' – remuneration lies in **the principle of parallelism** (see Annex). From one year to the next, its application may be favourable (positive) or unfavourable (negative). In the latter case, the loss of purchasing power of national civil servants is deducted from our inflation: it is the combination of these two quantities that gives our annual (or intermediate) update.

4. Since we defend the principle of parallelism, we can but accept any loss of purchasing power which might result from it.

5. But this acceptance does not reflect a passive attitude on our part, because in return **we will be ready to stand up against any breach of the rules**, such as the one the Member States have made in the past:
   - In 2011 and 2012, the Council, having considered that there was a "*serious and sudden deterioration of the economic and social situation within the Union*", triggered the exception clause, against the opinion of the Commission and the European Parliament.
   - For 2013 and 2014, the European Council decided to freeze the salary adjustments, see Article 63(4) of the Staff Regulations.

   These arbitrary losses of purchasing power, made in **breach of the principle of parallelism**, were **definitive** and non-recoverable.

6. In this respect, the **2014 reform of the Staff Regulations** has brought a huge improvement. The exception clause, which in 2011 and 2012 gave rise to subjective interpretations by the Council, has been replaced by two new **moderation and exception clauses**, which are strictly parameterised and applied exclusively by the Commission, i.e. by Eurostat.

7. It was this new **exception clause** that was **triggered in 2020**, following the health crisis, which caused a brutal 5.9% recession. The +2.5% gain in purchasing power of national civil servants was not transferred to us. But it was not lost permanently either. It was **suspended**, to be

reintegrated in the calculation of our update once GDP returns to its pre-crisis level (according to forecasts, in the 2022 annual update).

8. In this way, after a temporary suspension (in this case of 2 years), the parallel evolution of remuneration will resume its normal course.

9. The health crisis has been followed by high inflation, over 6% year-on-year, which has in turn triggered an **intermediate update**. This has resulted in:

+3.5% inflation –1.1% loss of purchasing power for national civil servants, calculated over the 2nd semester 2021

$$\boxed{\frac{98.9 \times 103.5}{100} - 100 = +2.4\%}$$

10. **The 2022 annual update** will take place according to the timetable set out in the Staff Regulations. The calculations will be made over the whole period from June 2021 to June 2022, and then the intermediate payment of +2.4% will be deducted from the annual calculation, to establish the residual amount to be paid in December 2022.

11. The high inflation, which has led to two considerable updates in the 2022 budget year alone, has caused a stir among Member States. The Council's Budget Committee asked the Commission to look into ways of departing from of the Method. However, the Staff Regulations in force leave no room for such a possibility.

12. Staff will have to remain vigilant and empower their trade union representatives to stand up against any attacks.

Annex: Extracts from Commission reports

The **EPSU-CJ** Executive Committee


Sandra Hagedorn-Schneider


Guy Nickols


Vassilis Sklias


Jimmy Stryhn Meyer


Helga Waage

Become a member!

Annex

[Extracts]

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on data pertaining to the budgetary impact of the 2021 annual update of remuneration and pensions of the officials and other servants of the European Union and the correction coefficients applied thereto
COM/2021/729 final, point **2.**

"*EU staff* endured a significant loss in terms of real purchasing power in the period 2004-2021, when national civil servants in the Member States gained purchasing power. During this period, the EU staff lost around 10.3 % of their purchasing power, *due to the combined effect* of

- the reforms of the Staff Regulations in 2004 and in 2013,
- cuts in salary adjustments and
- the implementation of the exception clause in 2020.

Over the same period, civil servants in central governments of the Member States gained 0.9 %.

The combined effect of

- the non-application of the method for salary adjustment in 2011 and 2012 and
- the freeze of remuneration and pensions in 2013 and 2014

resulted in around € 3 billion savings over the 2014-2020 Multiannual Financial Framework (MFF) and around € 500 million per year in the long-term. Overall, the last review of the Staff Regulations generated around € 4.3 billion administrative savings over the MFF. In addition, specific measures with no direct budgetary effect, such as increased working hours and reduced annual leave with no salary compensation are worth around € 1.5 billion for the institutions."

REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL on the application of Annex XI to the Staff Regulations and Article 66a thereof
COM/2022/180 final

"**3.1. Principle of parallelism**

The principle of parallel development of purchasing power means that the purchasing power of EU staff members follows, both upwards and downwards, the evolution of the average purchasing power of civil servants in national central governments."

"3.2.5. Specific derogation from the general principle of parallelism

To take account of the particularly difficult economic and social context in the Union at the time, as part of the 2014 reform it was also decided

- that the update of remuneration and pensions of all staff of the Union institutions, other bodies and agencies through the Method would be suspended in 2013 and 2014, and
- that the potential advantages for officials and other servants of the European Union derived from the application of the Method would be balanced by the reintroduction as of 1 January 2014 of a solidarity levy deducted from EU staff salaries at an increased rate."

"**3.3.** [...] **The Joint Index** measures changes in the cost of living in Belgium and Luxembourg for EU staff according to the distribution of staff serving in these two Member States."

"**4.1.** […] **Correction coefficients** put into practice the general principle of equal treatment, which corresponds to the equality of purchasing power between all staff of the EU institutions, bodies and agencies regardless of their place of employment."