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Luxembourg, 30 Nov 2022

## 2022: a +4.5% residual annual update

As an exceptionally turbulent year is heading towards its end, our Method of adjusting pay and pensions has enabled us, to a reasonable extent, to cope with high inflation.

An [intermediate update](#) was for the first time triggered halfway through the July 2021 – July 2022 reference period.

It is now time to calculate the update for the whole year, then the residual amount after deducting the intermediate update.

### *A fair automatic Method for us to defend*

The **2014 Reform** of the Staff Regulations brought significant improvements to [Annex XI](#), namely

(a) the update is no longer submitted for a decision to the Council; it is calculated by Eurostat and rubber-stamped by the Commission;

(b) the 2014 Method does not allow for subjective interpretations; the possibility of triggering [a moderation or an exception clause](#) (Articles 10 and 11) or an [intermediate update](#) (Articles 4 to 7) depends purely on fixed mathematical parameters applied by Eurostat.

No more vague general clauses, no bad surprises [the way things happened with the pay adjustment for 2011 and 2012](#).

### **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).

1. Every annual update necessarily involves a combination of two variables: The **GSI** and the **JBLI**.
2. So, taking the reference period from 1 July 2021 to 30 June 2022 alone, the purchasing power of national civil servants as recorded in the GSI suffered a huge **loss**: In fact, **inflation** in their respective countries exceeded their nominal salary increase. As a result, the **GSI** was **-3.9 %**.
3. **JBLI** – But inflation was also considerable in Belgium and Luxembourg. The cost of living of EU staff working in Brussels and Luxembourg –shared according to a ratio of 80.5 to 19.5 – was calculated at **+8.6 %**.

4. Combining the above two figures would give an **annual update** of:

$$\frac{96.1 \times 108.6}{100} - 100 = +4.4 \%$$

5. **HOWEVER**, this is not all. This year's calculation of the annual adjustment is particularly complex, because it involves two more aspects.

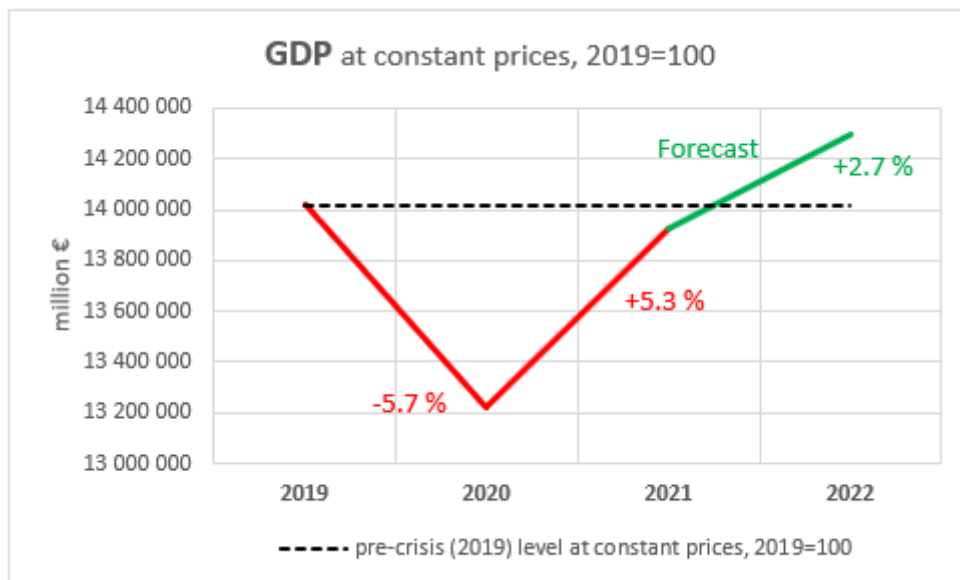
6. **JBLI** – High inflation (exceeding 6%) for Belgium and Luxembourg forecasted over the 2<sup>nd</sup> semester 2021 triggered an **intermediate update**, which was calculated at +2.4%, and paid in June.

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

It must now “be taken into account in the **annual** salary update”, in other words, it must be deducted, resulting in the **residual update** as follows :

$$\frac{97.2 \times 104.9}{100} - 100 = +2.0 \%$$

7. **GSI** – The steep recession of the EU economy, which occurred in **2020** due to the public health crisis, **triggered the exception clause**. As a result, the +2.5% gained in purchasing power by national civil servants was not reflected in our salaries but was suspended until the GDP of the Union reaches its pre-crisis level.
8. It is now established that **GDP** has recovered its loss and is currently growing above its pre-crisis level.



9. Therefore, it is time for lifting the application of the exception clause and bringing back the suspended 2020 **GSI** of +2.5%. Parallel evolution of remuneration is back on track.
10. +2.5 % is indeed a component of the **GSI** added to this year's **GSI** of -3.9%. The overall **total residual update** to be paid in December, with effect from 1<sup>st</sup> July 2022, will be:

<b>+2.0 %</b>	<b>+ 2.5%</b>	<b>= + 4.5 %</b>
2022 residual update	lifting 2020 GSI suspension (exception clause)	2022 total residual update

### 11. Pension contribution rate (PCR): No change

This year's assessment of the PSEO showed a +0.4% PCR variation (changes due to the amended financial assumptions and to the updated PSEO population). However, last year's **applied** rate was 10.1%. Therefore, the difference between the 2022 **calculated** assessment of 10.3% and the 2021 **applied** rate falls below 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%**.

## 2022: An important year in the history of the EU method of salary adjustment



50 years anniversary

9<sup>th</sup> report since 1.1.2014 reform of the EU Staff Regulations

1<sup>st</sup> report since 2022 report on functioning of the method (Commission recommendation: no change to the Method)

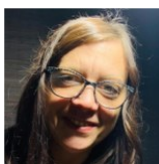
Exceptionally high consumer price inflation by comparison to recent years; first general intermediate update since 2014; need to amend MFF

GDP recovery in constant prices to pre-pandemic level, but uncertainty about future

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We are proud of the leading role that our union family **Union Syndicale Fédérale** has played in shaping and defending the Method. Join us in this long and noble tradition!

The **EPSU-CJ** Executive Committee



Sandra Heigedorn-Schneider



Guy Nickols



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