Union Syndicale Fédérale
EPSU CJ

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EN

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2023 Intermediate update

For the second time in its history, the 'Method' for updating our salaries and pensions, which was devised by Union Syndicale Fédérale and enacted as a result of battles fought over more than 40 years by the staff of the institutions, has resulted this year in an intermediate update.

It is worth remembering that the Method ensures that our salaries and pensions increase in line with those of national civil servants, on the basis of calculations carried out by Eurostat, combining movements in the purchasing power of national civil servants in a 'basket' of ten Member States and the evolution of the cost of living in Brussels and Luxembourg.

An update normally takes place once a year, in December, and is applied retroactively to 1 July of the year in question.

However, in the event of high inflation, Articles 4 to 7 of Annex XI to the Staff Regulations provide for an ***intermediate*** update, and, every spring, Eurostat examines the variations in prices which occurred between July and December of the previous year, both in Brussels and Luxembourg and in the other places of employment. If inflation exceeds 3% in certain places of employment over the six-month period in question, the correction coefficients for those places of employment are updated. If the Joint BELU Index (JBLI) has increased by more than 3%, an update is made to the salary scale as well as to all allowances and weightings.

This year's figures

1. Eurostat used national statistics on inflation for Belgium and for Luxembourg over the period from 1 July to 31 December 2022. After applying on them weightings reflecting the consumption habits of EU staff *in Brussels,* these gave a variation of 104.5 for Belgium and 100.4 for Luxembourg. By applying a ratio of staff numbers of roughly 80 for Brussels to 20 for Luxembourg, the resulting **Joint BELU Index** was calculated at **103.7** (**+3.7%**).

2. Furthermore, Article 5 of Annex XI provides that, if the forecast of **changes to national civil servants' purchasing power** is negative, half of that forecast is to be taken into account in the intermediate update.

A forecast of the *annual* update

It is currently expected that **national civil servants** in the ten Member States in the 'basket' will have suffered **a loss in purchasing power of 3.8%** between July 2022 and July 2023. Indeed, the sharp price rises that have occurred in most countries have largely exceeded the nominal increases in salaries (net remuneration in DE -4.6%, FR -3.9%, IT 8.5%, PL 8.0%, SV 3.9%). Relatively significant increases in nominal salaries are expected in certain countries, but these will only be taken into account if they take effect until the end of June.

It should also be noted that these are only initial forecasts. Every year, Member States provide Eurostat with their forecasts and then, in the autumn, they provide their definitive figures, which are subject to meticulous examination by Eurostat; there are often significant differences between the forecasts made in the spring and the final figures.

However, regardless of the accuracy of the forecasts concerning purchasing power, **half (-1.9%)** must be taken into account in the ***intermediate*** update. The combined result of **1.** and **2.** above is

$$\frac{98.1 \times 103.7}{100} = 101.7$$

Why only 1.7% when inflation in Belgium is significantly higher?

Our Method does not apply the rates of inflation recorded in Belgium or Luxembourg directly but adapts them to the pattern of consumption of Brussels-based EU staff; this is regularly surveyed by means of 'Family Budget Surveys' conducted by Eurostat.

Our updates are below inflation whenever national civil servants suffer losses in their purchasing power. This is what is happening for two successive years. On the other hand, despite stopgap measures, such as pay supplements accorded to staff earning less than the Luxembourg Minimum Social Wage, many colleagues (notably contract staff, AST/SC officials) find themselves in a difficult situation because their lower salaries do not allow them to cope with the cost of living, notably the cost of rents, a made-in-Luxembourg problem. The intermediate update will provide a modicum of relief, but it will not be sufficient.

How will the intermediate update be applied?

In the same way as annual updates, the 1.7% increase will be applied to the salary scale and to pensions and allowances (expatriation allowance, foreign residence allowance, allowance for dependent children, education allowance, travel expenses, etc.), as well as to our tax scale. It will therefore mean a 1.7% increase in net salary.

What will happen in December?

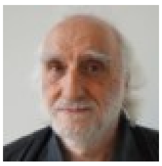
Before the end of November, Eurostat will, just like every year, draw up a report on changes in the purchasing power of national civil servants and on price variations in Brussels and Luxembourg over the period July 2022 to July 2023.

While the interim update combines changes in prices over a six-month period and half of the forecasts in terms of annual evolution in the purchasing power of national civil servants, the December update will combine variations in prices and the evolution in real terms in purchasing power of national officials over a one-year period. As inflation slows down, it is too early to try to predict the likely level of the annual update, but it is important to note that the 1.7% update that we will already have received in midyear will, of course, be deducted from the Method's annual result.

The **EPSU-CJ** Executive Committee


Sandra Hagedorn-Schneider


Guy Nickols


Vassilis Sklias


Jimmy Stryhn Meyer


Helga Waage