EN

Union Syndicale Fédérale
EPSU CJ
Sharing experience
Building solidarity

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2020: Will the coronavirus attack our pay?

The **financial outlook**, following the crisis caused by the coronavirus pandemic, looks rather grim.

For the first time in the history of the Union, the next **update** of remuneration and pensions, to be calculated over the period from 1 July 2019 to 30 June 2020, is likely to be **negative**.

This is in accordance with a **Method** (Annex XI to the Staff Regulations) which, since the 2014 Reform, leaves no room for manoeuvre to the institutions.

The lack of discretion protects us from arbitrary attacks by Member States, like the ones we experienced between 2009 and 2013; in return, the figures calculated by **Eurostat** are undisputable and leave us no room for contestation.

The 2014 Reform introduced **two safeguards** (the provisions set out ➢**here**) which are automatically triggered in case the Union economy goes wrong, one excluding the other:

Article 10 – **Moderation clause** **or** *Article 11* – **Exception clause**

Without indulging in forecasts of the evolution of the economic variables involved, we will be sketching out here the functioning of the mechanism under three different hypotheses.

GLOSSARY

(Global) **Specific Indicator** – Changes in the purchasing power of salaries of national civil servants in central government (calculated on a sample of 11 Member States), after deducting the respective country's inflation.

GDP – Gross Domestic Product.

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

Article 11 – **Exception clause**

Two cumulative conditions:

If there is a **decrease** in the real Union **GDP** for the current year as forecast by the Commission ↘	***very likely***
and	
and the **specific indicator** is positive >0	*possible*

❶ In the event that **both of these conditions are met** ✓ ⇨

a. The positive **specific indicator >0%** will be applied according to the following timetable:

Union GDP	*part applied on 1-July-2020*	*second part applied on 1-April-2021*
[– 0,1 %; – 1 %]	33 %	67 %
[– 1 %; – 3 %]	0 %	100 %
below – 3 %	0 %	—

«In this case, depending on the magnitude of the **recession**, some or all of the percentage of change in purchasing power is applied on April 1 of the following year. If the percentage of the GDP recession exceeds -3%, the positive percentage of purchasing power is applied only when the EU's GDP has at least recovered its pre-recession level» (*L. Schubert*, Vox N° 102).

b. The Belgium-Luxembourg Joint Index will apply as normal, as of 1 July 2020 ✓
c. The application of the moderation clause (Article 10) will be excluded ✗

❷ In the case where **one of the two conditions is not met** ✗ ⇨

a. **The exception clause will not apply** ✗
b. We should therefore go on to check whether the conditions for applying the **moderation clause** are met.

Article 10 – **Moderation clause**

If the value of the specific indicator **is below the lower limit of -2%**,

if, in other words, national civil servants lose more than 2% of their purchasing power,

unlikely

⇨ this -2% will be included in the calculation of the update taking effect on 1 July 2020.

The remainder will be deducted on 1 April 2021.

The inflation / deflation rate (Belgium-Luxembourg Joint Index) will, in any event, be applied on 1 July 2020 ✓

The extent of our loss will be linked to the loss of purchasing power of Member States' civil servants.

❸ If **0% > Specific Indicator > -2%**

⇨ Neither Article 10 nor Article 11 shall apply ✗
The adjustment of remuneration may still be negative.

At the Court of Justice, for our colleagues at the bottom of the salary scale, the **pay supplement** negotiated by EPSU CJ will be of significant help!