Union Syndicale Fédérale Consilium

Brussels, 14 June 2024

Intermediate update of 3 %

For the third time in its history, **the 'Method' of updating our salaries and pensions, devised by Union Syndicale** and introduced as a result of battles fought over more than 40 years by the staff of the institutions, in particular those of the Council, has resulted in an intermediate update this year.

The Method ensures that our salaries and pensions increase in line with those of national civil servants. It is based on calculations by Eurostat that combine changes in the purchasing power of national civil servants in what is termed a 'basket' of 10 Member States (11 before Brexit) and the evolution of prices in Brussels and Luxembourg.

This update usually 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. Every spring, therefore, Eurostat examines the changes in prices between July and December of the previous year both in Brussels and Luxembourg and in the other places of employment. If inflation reaches or 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 Brussels-Luxembourg index increases by 3% or more, an update is made to the remuneration table, as well as to all allowances, grants and weightings.

Eurostat found that, in the period from July to December 2023, the HICP (harmonised index of consumer prices) for Belgium increased by 5.2 %, while the CIP (consumer price index) for Luxembourg rose by 0.5 %. After applying the weightings that correspond to our consumption patterns under the various headings of these indices, and after factoring in staff numbers in Brussels and Luxembourg, Eurostat arrived at a joint index of 3.0 %.

Article 5 of Annex XI provides that if the forecast for changes to national civil servants' purchasing power is negative, half of that forecast is to be taken into account in the intermediate update. It is currently expected that national civil servants in the 'basket' of 10 Member States will benefit from an increase in their purchasing power of more than 3 % between July 2022 and June 2023. This is partly a result of adjustments made to catch up with the sharp price rises in most countries, which in June 2023 had not yet been offset by an increase in salaries.

Since the forecasts concerning purchasing power are positive, i.e. there is no negative growth, the inflation rate is the only factor determining the intermediate update, thus giving a figure of **3 %**.

<u>How will the intermediate update be applied?</u>

In the same way as annual updates**, the 3.0 % increase will be applied to the salary scale and to pensions, allowances and grants** (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 3.0 % increase in net salary.

<u>What will happen in December?</u>

Before the end of November, Eurostat will, just as it does every year, draw up a report on changes in the purchasing power of national civil servants and on price changes in Brussels and Luxembourg over the entire period from July 2023 to June 2024.

While the intermediate update reflects only changes in prices over a six-month period, the December update will combine changes in prices over a one-year period and the changes in real terms in the purchasing power of national civil servants over the same period. As inflationary pressure is easing, it is too early to predict the level of the annual update, but it is important to note that the 3 % update that we will already have received mid-year will, of course, be deducted from the Method's annual result.

As noted above, the current forecasts for the evolution of the purchasing power of national civil servants are positive (around + 3 %). If they turn out to be correct, this year we could recover some of the purchasing power that we have lost in recent years. We lost 1.8 % of our purchasing power in 2023, and we would have lost 3.9 % in 2022 if we had not recovered the 2.5 % frozen since 2020, which limited the loss to 1.4 %, totalling a 3.2 % loss in purchasing power over two years.

A possible highly positive update over the whole of 2024 would therefore offset the previous loss in purchasing power. It would also **show that the Method, which came into being thanks to Union Syndicale, works correctly and protects our salaries and pensions**.

Executive Committee

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