Union
Syndicale
Fédérale
Consilium

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The Method in 2021: lost ground still not made up

Joint index (= change in prices, Belgium/Luxembourg):	+2.1 %
Specific indicator (= change in purchasing power of national civil servants):	-0.2 %
2021 update:	**+1.9 %**

Since 2015, salary and pensions updates had once again been ensuring that our pay developed in parallel with that of civil servants in the Member States. Past data has shown us that this parallel development has been broadly in line with inflation in the long term.

In 2020, however, this parallel development was postponed: owing to the crisis caused by COVID-19, the exception clause applied, entirely automatically, for the first time. It was expected at the time that EU GDP would decrease by -8.3 % in 2020 and, as a result, the part of the update corresponding to changes in the purchasing power of national civil servants (+2.5 %) was postponed and our salaries and pensions were only updated on the basis of the change in prices in Belgium and Luxembourg (+0.7 %).

Before we explain the details of the 2021 remuneration and pensions update, it is worth noting that the Method was secured following a number of protracted strikes in the 1980s and '90s. Union Syndicale was at the forefront of the fight to secure an automatic method for the adjustment of salaries, whereas the Council and other trade unions argued in favour of an adjustment that would be negotiated on an annual basis.

How does the Method work now?

On the basis of data provided by the Member States and checked by Eurostat, Eurostat draws up a report detailing developments in the purchasing power of civil servants in a 'basket' of 10 Member States (= **specific indicator**) and inflation in Belgium and Luxembourg, based on national price indices but taking into account our spending pattern and a staff distribution of around 80 % in Belgium and 20 % in Luxembourg. It should be noted that until 2020 the basket comprised 11 Member States, with the United Kingdom.

Once Eurostat has published its report, the Commission takes note of it, informs the other institutions and asks the PMO to modify its IT program accordingly. The new salary scale is then published for information purposes in the C series of the Official Journal around mid-December, at which point we receive our payslips with the new amounts.

The exception clause? (for more information, see our November 2020 flyer)
If, according to the Commission's forecasts, the Union's GDP is declining, and the purchasing power of national civil servants has increased, there are three possible scenarios in which the exception clause applies. As the projected decrease in 2020 was greater than -3 %, the application of the specific indicator was suspended until the Union's GDP returned to its previous level. Article 11(2) of Annex XI to the Staff Regulations, however, provides that the final GDP trend figures be compared, the following year, with the forecasts used. It turns out that the fall in GDP in 2020 was lower than expected (-5.9 % instead of -8.3 %), but as the final figure remains above 3 %, there is no retroactive correction.
And since GDP has not yet returned to its 2019 level, the 2.5 % carried forward in 2020 will not yet be recovered this year. The 2021 update will therefore correspond to the changes between June 2019 and June 2020, and it is only in 2022 at the earliest that we will recover the 2.5 %, so that our pay once again develops in parallel with the salaries of national civil servants.

Trends in the purchasing power of national civil servants (specific indicator)

Over this period, our colleagues in the 10 Member States in the basket experienced changes in their purchasing power ranging from -3.3 % (LU) to +3.8 % (PL). On a GDP-weighted average, the overall result is a decrease of -0.2 %, mainly due to decreases in France and Italy – two countries, weighted heavily in the basket, where wages stagnated (Italy) or increased much less than inflation (France). The +1.9 % update, with retroactive effect from 1 July 2020, should already be incorporated into our pay in December.

Change in prices in Belgium and Luxembourg (BE-LUX joint index)

The change in prices from June 2020 to June 2021 was +2.1 %, taking into account our spending pattern and a weighting of around 80 %/20 % between Belgium and Luxembourg. The price increase we have seen since August (more than 2 % over three months) will only be taken into account for the 2022 update.

Unchanged pension contribution rate: 10.1 %
Each year, Eurostat calculates the pension contribution rate needed to ensure that the total contributions for one year (1/3 from our salaries and 2/3 from Member States) are sufficient to finance future pension benefits corresponding to the entitlements we accumulated during the year. That rate is theoretically 9.9 %. In accordance with Article 83a(4) of the Staff Regulations, since the difference as against the current rate of 10.1 % is less than 0.25 percentage points, the pension contribution rate remains fixed at 10.1 %.

Union Syndicale hopes that this update, although it is modest, and the five months backdated along with it around the middle of December, will help to make the end-of-year holiday as pleasant for you as can be, in the current circumstances.

The Executive Committee

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