Union
Syndicale
Fédérale
Consilium

Brussels, 14 December 2021

2021 Update
1,9 %: That was no windfall

Joint index (= change in prices in Belgium and Luxembourg):	+2.1%
Specific indicator (= change in national public servants' purchasing power):	- 0.2%
2021 Update:	**+1,9%**

As you now know, the December payslip that you are receiving about now shows an increase of 1.9%, effective from 1 July. It would be useful to give a reminder of how our pay has changed in recent years, on what bases those changes were calculated and particularly to explain a bit more about the Method that **Union Syndicale** and the mobilisation of staff managed to impose on the Council almost fifty years ago and maintain in force.

The Method in force

The present Method, which has been in force since 2013-14, is based on the main features of previous Methods. Its basic principle remains the same: to guarantee the parallel development of our purchasing power and that of officials in national central administrations, both for staff in post in Brussels and Luxembourg and for staff in post elsewhere, by means of correction coefficients (or weightings).

The major innovation with respect to previous Methods is that it is automatic. While previously pay adjustment was effected by means of a Regulation adopted by the Council on the basis of a Commission proposal, without the Council's being able to alter that proposal, the Method applicable now is fully automatic, even as regards the moderation and exception clauses.

Since its adoption in 2013 this Method has produced the following results:

	2013	2014	2015	2016	2017	2018	2019	2020	2021
SI(*)	-1,7% (*)	+1,3% (*)	+1,2%	+1,9%	+0,4%	-0,4%	+0,5%	+2,5%	-0,2%
Index(**)	+1,5% (*)	+0,9% (*)	+1,2%	+1,4%	+1,1%	+2,1%	+1,5%	+0,7%	+2,1%

(*) Estimates not vouched for by Eurostat

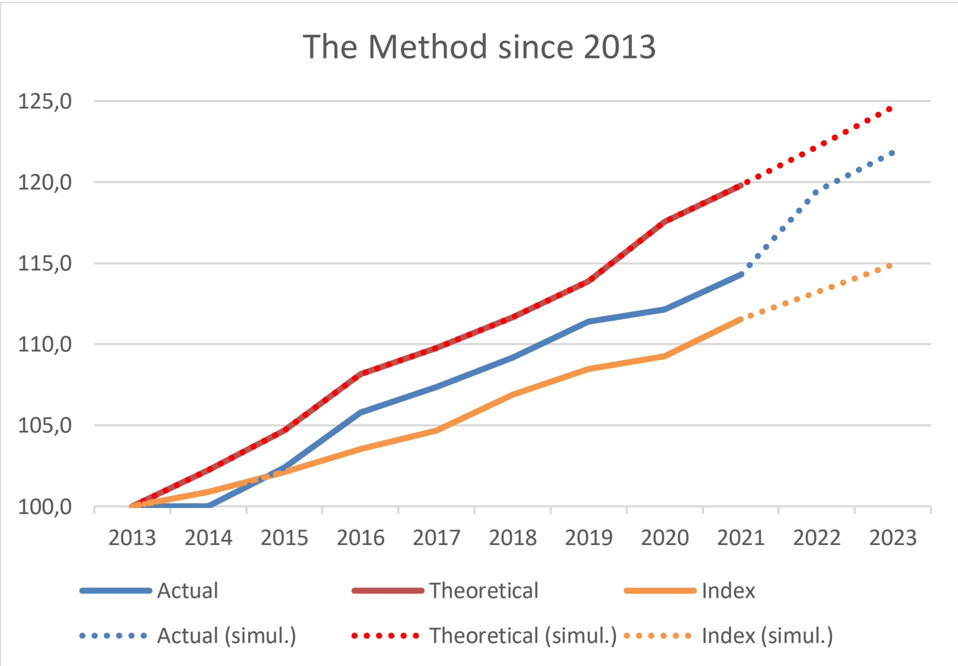
(*) The **Specific indicator (SI)** measures changes in the purchasing power of national civil servants.
(**) The **Index** (at present the Belgium-Luxembourg joint index) measures changes in prices.
By combining the two figures, the Method determines how our pay must be adjusted to ensure parallel development.

Method	-0,2%	+2,2%	+2,4%	+3,3%	+1,5%	+1,7%	+2%	+3,2%	+1,9%
Cumulative	-0,2%	2,0%	4,4%	7,9%	9,5%	11,4%	13,6%	17,2%	19,5%

For 2013 and 2014 the European Council decided on a pay freeze. In 2020 the fall in the Union's GDP led to the application of the exception clause. Consequently the actual update did not correspond to application of the Method

Actual update	0%	0%	+2,4%	+3,3%	+1,5%	+1,7%	+2%	+0,7%	+1,9%
Cumulative	0,0%	0,0%	2,4%	5,8%	7,4%	9,2%	11,4%	12,2%	14,3%

The pay freeze in 2013 and 2014 has had a lasting effect on our pay. Since then, our salaries, allowances and pensions have shown and will continue to show a loss of 2%. On the other hand, the 2.5% suspended in 2020 on account of the fall in GDP was only a temporary loss: as soon as the Union's GDP has come back up to its 2019 level (probably in 2022) the 2.5% suspended will be given back to us and parallel development will be re-established, as is shown in this simulation, which uses as a fictitious example a Specific Indicator of +0.5% and inflation of +1.5% for 2022 and 2023.



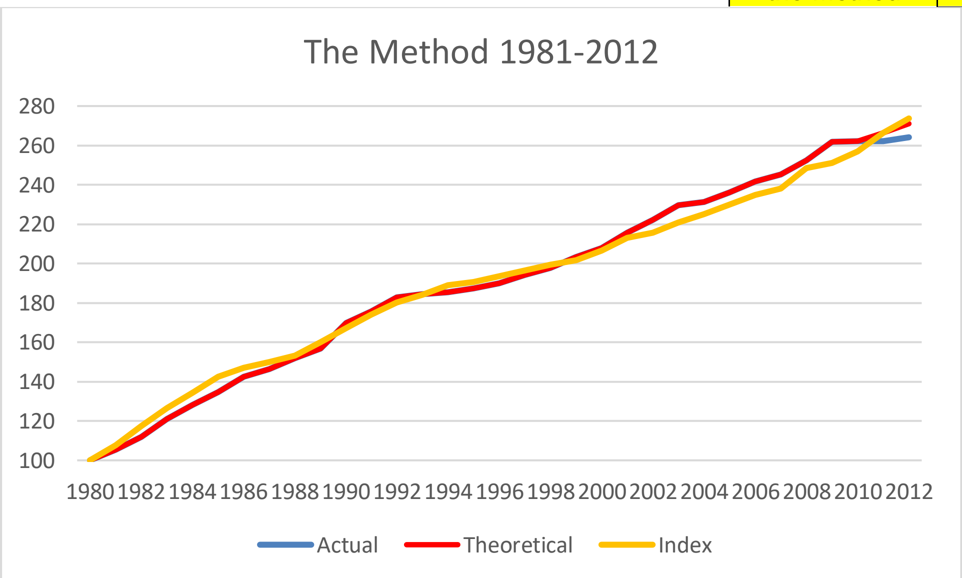
It can also be seen that since 2013 our pay has gone up faster than inflation (the difference between the blue and the orange lines). So we have gained 3.4% in purchasing power and, when we have regained the 2.5% suspended, the increase in purchasing power will amount to 6%, the same increase as has been given to national civil servants in the countries in the basket, except for the 2% lost because of the 2013-14 pay freeze.

One must not, however, forget that that is only the change in purchasing power relating to the salary scale. In general, as a result of the 2004 and 2014 reforms, the whole European public service lost a lot of purchasing power: recruitment was carried out at a lower pay level (in particular contract agents and AST/SC functional group), the blocking of careers, the reduction of pension rights and so on. According to a recent Commission report (14596/21) we have thereby lost 10.3% in purchasing power since 2004 and on its own the 2014 reform made it possible to reduce administrative expenditure over the period 2014 to 2020 by three billion euros, by application to the salary scale, and by 1.3 billion euros by means of other measures.

Previous Methods

The present Method is the sixth Method, following those of 1972, 1976, 1981, 1991 and 2004. Each time the Method was modified staff had to mobilise, driven by **Union Syndicale**, to force the Member States to adopt a Method when they would have preferred only to adapt our pay out of the kindness of their hearts and other trade unions would have preferred annual negotiations to a Method accepted every time (since 1981) for ten years at a time. Under the 1972 and 1976 Methods adaptation was often non-linear: an equal amount for each one of us and a percentage of salary. For that reason it is hard to give a precise percentage for each year's adjustment. On the other hand, since 1981 the adjustment percentage has been applied to every amount involved.

Year		1980	1981	1982	1983	1984	1985	1986	1987	1988	1989
Adjustment			5,5%	6,2%	8,1%	5,7%	5,1%	5,8%	2,9%	3,7%	3,3%
Cumulative		*100,0*	*105,5*	*112,0*	*121,1*	*128,0*	*134,5*	*142,4*	*146,5*	*151,9*	*156,9*
1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
8,2%	3,4%	4,1%	0,9%	0,5%	1,1%	1,4%	2,2%	1,9%	2,7%	2,3%	3,7%
169,8	*175,6*	*182,8*	*184,4*	*185,3*	*187,4*	*190,0*	*194,2*	*197,8*	*203,2*	*207,9*	*215,6*
2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	
3,0%	3,4%	0,7%	2,2%	2,3%	1,4%	3,0%	3,7%	0,1%	0,0%	0,8%	
222,0	*229,6*	*231,2*	*236,3*	*241,7*	*245,1*	*252,4*	*261,8*	*262,0*	*262,0*	*264,1*	
							According to the Method		1,7%	1,7%	
									266,5	*271,0*	



As can be seen, the third, fourth and fifth Methods worked satisfactorily. The red line ("Theoretical"), which corresponds to parallel development with national civil servants, is very close to the orange line, which shows changes in the cost of living in Brussels.

In 2011 and 2012 the Council invoked the exception clause (see below) and refused to adjust our pay. Development parallel with national civil servants was interrupted for the first time in forty years: we lost 2.9% (the blue line, upper right) in addition to the 2% lost as a result of the pay freezes of 2013 and 2014 (see above).

Exception and Moderation

Since 1981 the Method has included an exception clause: "In the event of a serious deterioration in the economic and social situation, the Commission will, on the basis of objective data, submit appropriate proposals on which the Council will act". In 1991 and 2004 that clause was made more specific, as follows: "In the event of a serious and sudden deterioration in the economic and social situation within the European Union, assessed in the light of objective data provided for that purpose by the Commission, the Commission shall submit appropriate proposals to the European Parliament and to the Council".

To those who designed the Method, that form of words made any application of the exception clause highly unlikely, as a deterioration in the economic and social situation was rarely both serious and sudden at the same time. In addition, in such an event, the Member States would not have failed to restrict changes in the pay of national civil servants, and, through the normal operation of the Method, we would have been affected by the measures taken at national level.

In 2009 the Council wanted to reduce the adjustment of 3.7% to 1.9%, invoking the exception clause. As none of the procedures laid down for the activation of that clause had been complied with, the Court of Justice annulled that decision and our pay was adjusted retroactively. In 2011 and 2012, on the other hand, the Council complied with the procedures to the letter and, even when the exception clause was not objectively justified, the Court of Justice approved its application and we lost 2.9%.

When the present Method was being negotiated, the Commission looked for a mechanism that would prevent the Member States' interference in the adjustment of our pay, and it incorporated an exception clause the conditions for the application of which and the effects of which would be fixed from the start. It also added a moderation clause that met the same requirement.

Application of the exception clause (Article 11) is triggered if two conditions are met: the Union's GDP is dropping and the purchasing power of national civil servants is going up. Depending on the extent of the drop in GDP, the annual update, retroactive to 1 July, does not take account, fully or in part, of any positive change in national civil servants' purchasing power. The balance is the subject of a second update, either on 1 April the following year or, if, as was the case in 2020, the drop in GDP is greater than 3%, as soon as GDP has come back up to its previous level. In every case, however, the update retroactive to 1 July takes full account of the "inflation" factor, which at least safeguards our purchasing power.

The moderation clause (Article 10) comes into effect when the change in national civil servants' purchasing power is very rapid (more than 2% up or down). In that event, the annual update takes account only of inflation and 2% (or -2%) of the change in purchasing power, the balance being carried forward to the following 1 April. Here too, however, the "inflation" factor is always fully taken into account on 1 July

In 2020 the moderation clause would have been applicable if the drop in the Union's GDP had not led to application of the exception clause.

To sum up, since 1980 national civil servants have gained about 4.5% in purchasing power and we have temporarily lost 2.5% because of the exception clause. Our purchasing power will therefore have remained more or less the same but we will have permanently lost between 4.5% and 5% compared to national civil servants as a result of the Council's decisions on the years 2011 to 2014.

Before the Method

The relative levels of European public service pay and pensions compared to those of national public administrations were fixed at the beginning of the 1950s for the ECSC. Those levels had to be competitive with those of executives in the industry concerned and with those of the diplomatic services of the six Member States at the time. Following the creation of the EEC and Euratom in 1958, administrations drew up the "Staff Regulations of Officials and Other Servants of the European Communities" on the basis of the six Member States' laws, in particular those of France and Germany, and they entered into force in 1962.

Those Regulations carried forward the level of pay of ECSC staff in order to "*secure for the Communities the services of staff of the highest standard of independence, ability, efficiency and integrity, recruited on the broadest possible geographical basis from among nations of Member States of the Communities*" (second recital). Article 65 already provided that "The remuneration of the officials and other servants of the European Union shall be updated every year [...]. The Councils shall annually carry out a review of the level of officials' pay [...]. As part of that review, the Councils shall consider whether it is appropriate, under the Communities' economic and social policy, to adjust that pay. In particular, account shall be taken of any increases in civil service pay and of the necessities of recruiting".

However, each time it was only under staff pressure, following social action and annual strikes, that the Member States considered it "appropriate" to adjust our pay. During that period, when both public and private sector salaries were increasing sharply, we lost about 25% of our purchasing power compared to that of national civil servants. Exasperated by the annual strikes, the Council finally agreed to adopt a Method for the adjustment of pay and pensions in exchange for social peace. Since then, as can be seen from the graphs above, our pay and pensions have faithfully followed any changes in the purchasing power of national civil servants, which to a great extent corresponds to inflation.

And after the Method?

Article 15 of Annex XI to the Staff Regulations provides that:

"1. The provisions of this Annex shall apply from 1 January 2014 to 31 December 2023.

2. Before 31 March 2022 the Commission shall submit a report to the European Parliament and the Council. [...]. *On the basis of that report, if appropriate, the Commission shall submit a proposal to amend this Annex as well as Article 66a of the Staff Regulations* [...].

3. As long as the European Parliament and the Council have not adopted a Regulation on the basis of a Commission proposal, this Annex and Article 66a of the Staff Regulations shall continue to apply [...].

Even if a new Method were adopted, Article 11(5) (the exception clause) provides that "*If relevant, the legal consequences resulting from the application of* [the clauses of moderation and exception] *shall continue to have full effect even after the date of expiry of this Annex as referred to in Article 15.*"

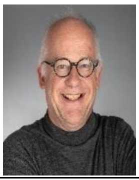
If the 2.5% suspended in 2020 under the exception clause were not recovered in 2023, they would not in any case be lost even if the new Method did not provide for their recovery.

As regards the possibility of a new Method, one should be adopted in 2023 or 2024, provided there is a Commission proposal and an agreement between the Council and the Parliament. In 2013 many Member States very much wanted to reduce our pay or at least slow down its growth. The Permanent Representatives Committee's "compromise" position would have cost us more than 40% of our purchasing power over 20 years, which would have reduced the attractiveness of the European public service to zero. The Parliament's and the Commission's resistance and the Council staff's actions (10 days of strikes, some of them during a European summit) defeated that desire to destroy the public service and the Council agreed to a sixth Method.

It is highly probable that those Member States will again want to reduce our pay. However, will the Parliament elected in 2019, with a very different composition from that of its predecessor, resist as vigorously? And if no agreement is reached before the 2024 elections, what will the composition of the future Parliament and that of the next Commission be?

It is highly likely that staff will have only themselves to rely on and will again have to mobilise to defend the Method acquired by our predecessors in 1972 and preserved since then thanks to the determination and combativity of **Union Syndicale** and all of the staff, particularly those at the Council.

The Executive Committee

Bernd	Frances	Michael	Mohamed	William	Felix	Gunther	Isabelle	Tariq
								

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