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EUROPEAN
COMMISSION

Brussels, 13.12.2023
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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
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**on data pertaining to the budgetary impact of the 2023 annual update of remuneration
and pensions of the officials and other servants of the European Union and the
correction coefficients applied thereto**

1. OBJECTIVE OF THE REPORT

The objective of the present report is to fulfil the obligation of the Commission under Article 65(1) of the Staff Regulations and the Conditions of Employment of Other Servants of the European Union (SR) to provide data pertaining to the budgetary impact of remuneration and pensions of Union officials in the light of the 2023 updates of the remuneration and pensions of the officials and other servants of the EU and the correction coefficients applied thereto.

The 2023 updates of the remuneration and pensions of the officials and other servants of the EU are implemented in accordance with Annex XI to the SR and shall take place before the end of the year. They are based on statistical data prepared by the Statistical Office of the EU in agreement with the national statistical offices of the Member States that reflects the situation of the Member States as of 1 July 2023.

2. BACKGROUND INFORMATION

Regulation (EU, Euratom) No 1023/2013 of the European Parliament and of the Council of 22 October 2013 amended the mechanism for pay update, known as 'the method', by allowing for an automatic update of all salaries, pensions and allowances. To that effect, the relevant amounts and weightings ('correction coefficients') contained in the SR should be understood as reference amounts and weightings ('correction coefficients') which are subject to a regular and automatic update.

Furthermore, the Council and the European Parliament also agreed, as enounced in Article 65(4) of the SR, that no update of the remuneration and pensions of the EU staff serving in Belgium and Luxembourg shall be made in the years 2013 and 2014. In addition, as a result of the global approach to settle the disputes among EU Institutions regarding the 2011 and 2012 adjustments of remuneration and pensions, a limited adjustment of salaries and pensions for 2011 and 2012 of 0% and 0.8% respectively, was agreed.

In the period 2004-2023¹, EU staff endured a significant loss in terms of real purchasing power. During this period the EU staff lost around 13.9% of their purchasing power, due to the combined effect of the reforms of the SR in 2004 and in 2013 and cuts in salary adjustments. Over the same period civil servants in central governments of the Member States lost 4.8%.

The limited adjustment of salaries and pensions in 2011 and 2012 and the freeze of remuneration and pensions in 2013 and 2014, as agreed by the European Parliament and the Council, resulted in around € 3 billion savings over the 2014-2020 Multiannual Financial Framework (MFF) and around € 500 million per year in the long-term. In addition, specific measures with no direct budgetary effect, such as increased working hours and reduced annual leave with no salary compensation are worth around € 1.5 billion for the institutions.

3. LEGAL PROVISIONS ON THE UPDATE OF THE REMUNERATION AND PENSIONS OF THE OFFICIALS AND OTHER SERVANTS OF THE EU AND THE CORRECTION COEFFICIENTS APPLIED THERETO

3.1. Update of the remuneration and pensions of the officials and other servants of the EU (Article 65(1), 2nd paragraph, of the SR)

Article 65(1), 2nd paragraph, of the SR provides that certain amounts referred therein which fix basic salaries, different allowances and coefficients shall be updated annually in accordance with Annex XI. The Commission shall publish the updated amounts

¹ Eurostat calculates each year the loss/gain of purchasing power by the national civil servants and the EU officials. The data base starts in 2004 when the SR was significantly changed. The underlying principles of the statistical calculation of the annual salary adjustments/updates for the period 2004-2013 and 2014-2023 are essentially the same – although it should be noted that the underlying sample of EU Member States used to establish the global specific indicator has increased from 8 (for the period beginning 2004) to 11 (for the period 2014-2020) and then 10 (after withdrawal of UK). Prior to 2004 data for the whole EU15 was used. If the whole EU had been used since 2004 instead of the core sample of Member States specified in the Staff Regulations, a different time series evolution of the annual salary adjustments/updates would have been observed.

within two weeks after the update in the C series of the OJ of the EU for information purposes.

Furthermore, Article 65(3) of the SR stipulates that these amounts (referred to in Article 65(1), 2nd paragraph) shall be understood as amounts, the actual value of which at a given point in time, is subject to update without intervention of another legal act.

Article 65a of the SR provides that the rules for implementing Article 64 and 65 of the SR are set out in Annex XI.

In accordance with Article 3 of Annex XI to the SR, the update of the remuneration and pensions under Article 65 of the SR derives directly from changes in the purchasing power of salaries in national civil services (Specific Indicator) and the changes in the cost of living in Belgium and Luxembourg (Joint Index).

The Specific Indicator measures changes in the net remuneration, after taking national inflation into account, of national civil servants in Member States' central governments. Eurostat calculates this indicator on the basis of information supplied by the ten Member States referred to in Article 1(4) of Annex XI.

The United Kingdom left the EU with effect on 1 February 2020 and is now a 'third country'. The transition period introduced by the Withdrawal Agreement expired on 31 December 2020. Consequently, the UK is no longer included in the core sample of Member States under Article 1(4) of Annex XI for Specific Indicator calculation purposes (the remaining sample of ten Member States continues to represent at least 75% of the remaining EU27 Gross Domestic Product).

The Joint Index measures changes in the cost of living in Belgium and Luxembourg for EU officials according to the distribution of staff serving in these two Member States. Eurostat calculates this index on the basis of price information provided by the Belgian and Luxembourgish authorities and staff numbers information from internal databases of the EU institutions.

Furthermore, Article 10 of Annex XI to the SR sets a moderation clause i.e. the value of the Specific Indicator shall be subject to an upper limit of +2 % and a lower limit of -2 %. If the value of the Specific Indicator exceeds this limit, then the value of the limit shall instead be used to establish the annual update. The limit will then apply with effect from 1 July and the remainder of the annual update shall be applied with effect from 1 April of the following year.

Article 11 of Annex XI to the SR sets an exception clause applicable in case of a decrease in the Union real Gross Domestic Product (GDP) as forecasted by the Commission. Under Article 11 of Annex XI to the SR, the exception clause shall apply if the value of the Specific Indicator is positive, but there is a decrease in the Union GDP for the current year. In such a case, depending on the magnitude of the EU GDP decrease, part or the entirety of the Specific Indicator shall be used to calculate the annual update and the remainder shall be applied as of a later date in the following year or when the cumulative increase of the Union GDP measured from the year in which the exception clause applied becomes positive.

Finally, pursuant to Article 8 of Annex XI to the SR, where the cost of living in a specific place of employment as measured by the implicit indices² increased by more than 6 % or 10%, the intermediate or the annual update shall take effect at a date which is earlier than the default date of implementation (i.e. earlier than 1 July for the annual update and 1 January for the intermediate update). In such cases, depending on the magnitude of the increase of the cost of living the intermediate update shall take effect on 1 or 16 November, and the annual update shall take effect on 1 or 16 May.

3.2. Update of the correction coefficients applied to the remuneration and pensions of the officials and other servants of the EU within the EU (Article 64, 2nd paragraph, of the SR)

Under Article 64 of the SR an official's remuneration expressed in euros shall be weighted at a rate above, below or equal to 100 %, depending on living conditions in the various places of employment. No correction coefficient shall be applicable in Belgium

² The implicit index corresponds to the product of the Joint index for Brussels and Luxembourg, multiplied by the parity change in the place of employment concerned.

and Luxembourg, having regard to the special referential role of those places of employment as principal and original seats of most of the institutions.

Furthermore, the correction coefficients shall be created or withdrawn as well as annually updated in accordance with Annex XI. With respect to the update, all values shall be understood as reference values. The Commission shall publish the updated values within two weeks after the update in the C series of the OJ of the EU for information purposes.

Pursuant to Article 8 of Annex XI to the SR, for places with a high cost-of-living increase (as measured by the change in the implicit indices), the correction coefficient shall come into effect before 1 January in the case of the intermediate update of correction coefficients, or 1 July in the case of the annual update of correction coefficients. For the annual update where the cost of living measured by the implicit indices increased by more than 6 %, the annual update shall take effect on 16 May instead of 1 July, and on 1 May where the cost of living measured by the implicit indices increased by more than 10 %.

For the intermediate update, where the cost of living measured by the implicit indices increased by more than 6 %, the intermediate update shall take effect on 16 November instead of 1 January, and on 1 November where the cost of living measured by the implicit indices increased by more than 10 %.

In accordance with Article 3 of Annex XI to the SR, the update of the correction coefficients applicable to remuneration and pensions shall be determined on the basis of the ratios between the corresponding economic parities referred to in Article 1 of Annex XI and the exchange rates specified in Article 63 of the SR for the relevant countries.

The economic parities for remuneration establish the purchasing power equivalence of the remuneration paid in Brussels, as the reference city, with that paid in the other places of employment, except Luxembourg, for which no correction coefficient is applicable. Eurostat calculates those parities in agreement with the national statistical bodies of the Member States.

The economic parities for pensions establish the purchasing power equivalence of the pension paid in Belgium, as the reference country, with that paid in the other countries of residence. Eurostat calculates those parities in agreement with the national statistical bodies. Under Article 20 of Annex XIII to the SR, the weightings ('correction coefficients') apply only to the part of the pension corresponding to pension rights acquired before 1 May 2004. The minimum applicable correction coefficient to pensions shall be 100.

Under Article 17(3) of Annex VII to the SR, specific weightings ('correction coefficients') are applicable to certain transfers made by officials and other servants.

3.3. Update of the weightings ('correction coefficients') applicable to the remuneration of officials, temporary staff and contract staff of the EU serving in third countries (Article 13(1) of Annex X to the SR)

Articles 11, 12 and 13 of Annex X to the SR lay down provisions on payments of remuneration to officials and other servants serving in third countries. Remuneration shall be paid in euros in the EU and shall be subject to the weighting ('correction coefficient') applicable to the remuneration of officials employed in Belgium, however upon request of an official all or part of it may be paid in the currency of the country of employment. In that event, it is subject to the weighting ('correction coefficient') for this place of employment and is converted on the basis of the corresponding exchange rate.

In order to ensure as far as possible that officials, temporary and contract staff of the Union enjoy equivalent purchasing power irrespective of their place of employment, the weighting ('correction coefficient') shall be updated once a year according to the rules laid down in Annex XI to the SR. With respect to the update, all values shall be understood as reference values. The Commission shall publish the updated values within two weeks after the update in the C series of the OJ of the EU for information purposes.

To establish the purchasing power equivalence of the remuneration paid in Brussels with that paid in the other places of employment in third countries, Eurostat calculates the economic parities. The weighting ('correction coefficient') is the factor obtained by

dividing the economic parity by the exchange rate. The exchange rates used are established in accordance with the rules for the implementation of the general budget of the EU and correspond to the date of application of the weightings ('correction coefficients').

3.4. Intermediate update of the remuneration and pensions of the officials and other servants of the EU within the EU (Article 65(2) of the SR)

Article 65(2) of the SR provides that in the event of a substantial change in the cost of living, the amounts referred to in Article 65(1) and the weightings referred to in Article 64 thereof shall be updated in accordance with Annex XI. The Commission shall publish the updated amounts and weightings ('correction coefficients') within two weeks after the update in the C series of the OJ of the EU for information purposes.

In accordance with Article 4(1) of Annex XI to the SR, an intermediate update of remuneration and pensions, taking effect on 1 January, shall be effected in the event of a substantial change in the cost of living between June and December (by reference to the sensitivity threshold defined in Article 6 of Annex XI to the SR) and with due allowance being made for the forecast of the change in purchasing power during the current annual reference period. The intermediate updates shall be taken into account in the annual salary update.

Furthermore, under Article 6 of Annex XI to the SR, an intermediate update is to be made for all places (including Brussels and Luxembourg) if the sensitivity threshold has been reached or exceeded in Brussels and Luxembourg (as measured by the Joint Index between June and December). If that sensitivity threshold for Brussels and Luxembourg is not reached, an intermediate update is only to be made for those places where the sensitivity threshold has been reached or exceeded.

In accordance with Article 7 of Annex XI to the SR, the amount of the intermediate update shall be the Joint Index, multiplied, where appropriate, by half of the Specific Indicator forecast if this is negative.

The correction coefficients are the ratio between the relevant economic parity and the exchange rate provided for in Article 63 of the SR multiplied, if the sensitivity threshold is not reached in Belgium and Luxembourg, by the amount of the update.

3.5. Interim updates of the weightings ('correction coefficients') applicable to the remuneration of officials, temporary staff and contract staff of the EU serving in third countries (Article 13(2) of Annex X to the SR)

Further to the annual update of the remuneration of officials, temporary staff and contract staff of the EU serving in third countries pursuant to Article 13(1) of Annex X to the SR (*see point 3.3 above*), where in the case of a given country, the variation in the cost of living measured on the basis of the weighting ('correction coefficient') and the corresponding exchange rate is found to have exceeded 5 % since the last update, an interim update of the weighting ('correction coefficient') shall take place in accordance with the procedure laid down in Article 13(1) of Annex X to the SR.

To establish the purchasing power equivalence of the remuneration paid in Brussels with that paid in the other places of employment in third countries, Eurostat calculates the economic parities. The weighting ('correction coefficient') is the factor obtained by dividing the economic parity by the exchange rate. The exchange rates used are established in accordance with the rules for the implementation of the general budget of the EU and correspond to the date of application of the weightings ('correction coefficients').

4. 2023 UPDATES OF THE REMUNERATION AND PENSIONS OF THE OFFICIALS AND OTHER SERVANTS OF THE EU AND THE CORRECTION COEFFICIENTS APPLIED THERETO

The Commission takes note of the various updates of the remuneration and pensions of the officials and other servants of the EU, which are being implemented in accordance with Annex XI to the SR during the reference period of twelve months to 1 July 2023 and which take place before the end of 2023. These updates, as described in detail in points 4.1 to 4.5 of this chapter of the report, are based on statistical data prepared by the

Statistical Office of the EU (Eurostat) in agreement with the national statistical offices of the Member States that reflects the situation as at 1 July 2023 of the Member States³.

4.1. 2023 Intermediate update of the remuneration and pensions of the officials and other servants of the EU within the EU (Article 65(2) of the SR)

In accordance with Articles 65(2) of the SR and 4 and 6 of Annex XI to the SR, the remuneration and pensions in those places in which there has been a substantial change in the cost of living had to be updated.

Eurostat has calculated, in agreement with the national statistical bodies⁴, that the change in the cost of living for Belgium and Luxembourg, measured by the Joint Index, over the period from June 2022 to December 2022 was 3.7 %.

Changes in the cost of living outside Belgium and Luxembourg during the reference period were measured by the implicit indices calculated by Eurostat⁵. These indices were calculated by multiplying the Joint Index by the change in the economic parity.

The sensitivity threshold for a substantial change in the cost of living is the percentage corresponding to 6 % for a twelve-month period (3% for a six-month period).

Since the Joint Index for the reference period (June 2022 – December 2022) was 103.7 (i.e. 3.7 %), this variation exceeded the specified threshold (± 3.0 %). Consequently, the remuneration and pensions of the officials and other servants of the EU for all places of employment shall be updated following the annual update procedure.

Eurostat has also calculated that the forecast Global Specific Indicator (hereinafter ‘GSI’) for the reference period July 2022 – July 2023 was -3.8 %. Pursuant to Article 5 of Annex XI to the SR, if the forecast produces a negative percentage, half of it must be taken into account for the calculation of the intermediate update (-1.9 %).

According to Article 7 of Annex XI to the SR, the amount of the update is obtained by multiplying together the Joint Index and half of the Specific Indicator, if it is negative. The calculated general intermediate update of the remuneration and pensions in Belgium and Luxembourg was therefore 1.7 %.

The correction coefficients are the ratio between the relevant economic parity and the exchange rate multiplied, if the sensitivity threshold is reached for Brussels and Luxembourg, by the amount of the intermediate update.

In line with Article 8 of Annex XI, because the implicit indices measured in Lithuania and Poland were above the 6% threshold, the intermediate update took place with retroactive effect to 16 November 2022. According to the same provision, because the implicit index measured in Hungary was above the 10% threshold, the intermediate update took place with retroactive effect to 1 November 2022.

As a general intermediate update of the nominal remuneration and pension of European officials in Belgium and Luxembourg took place, all correction coefficients applicable to all intra-EU places of employment, pensions and transfers were updated together with the reference amounts laid down under Article 65(1) of the SR.

³ In particular, the following Eurostat reports are referred to:

- Eurostat Report of 27 October 2023 on the 2023 annual update of remuneration and pensions of EU officials in accordance with Articles 64 and 65 and Annexes XI to the Staff Regulations, applicable to officials and other servants of the European Union, adjusting with effect from 1 July 2023 the remuneration of active staff and the pensions of retired staff, and updating with effect from 1 July 2023 the correction coefficients applied to the remuneration of active staff serving in Intra-EU and Extra-EU duty stations, to the pensions of retired staff according to their country of residence, and for pension transfers.
- Eurostat Report of 16 May 2023 on the intermediate update of remuneration and pensions of EU officials in accordance with the Articles 64, 65 and Annex XI of the Staff Regulations applicable to officials and other servants of the European Union.
- Eurostat Reports of 15 May 2023 and 23 October 2023 on the interim update of weightings (correction coefficients) applicable to the remuneration of officials, temporary staff and contract staff of the European Union serving in Extra-EU Delegations in accordance with Article 64 and Annex X and Annex XI of the Staff Regulations applicable to officials and other servants of the European Union.

⁴ Eurostat Report of 16 May 2023 on the intermediate update of remuneration and pensions of EU officials in accordance with the Articles 64, 65 and Annex XI of the Staff Regulations applicable to officials and other servants of the European Union.

⁵ *Idem*

Hence, on 15 June 2023 the Commission published in the C series of the OJ the updated amounts referred to Article 65(1), 2nd paragraph, of the SR and the correction coefficients applicable from 1 January 2023 to the remuneration and pensions of the officials and other servants of the EU serving within the EU⁶, as shown in Annex IV of the present report.

4.2. 2023 Annual update of the remuneration and pensions of the officials and other servants of the EU (Article 65(1), 2nd paragraph, of the SR)

In accordance with Article 1 of Annex XI to the SR, Eurostat has drawn up a report on changes in the cost of living in Belgium and Luxembourg, changes in the purchasing power of remuneration in national civil services, and the economic parities from which the various weightings ('correction coefficients') derive⁷.

The average change in the purchasing power of national civil servants' remuneration in the reference period measured by the Specific Indicator is equal to -1.8 %.

The change in the cost of living in Belgium and Luxembourg in the reference period, as measured by the Joint Index calculated by Eurostat is equal to 4.6 %.

According to Article 3(2) of Annex XI to the SR, the amount of the update is obtained by multiplying together the Specific Indicator and the Joint Index calculated by Eurostat. The calculated update of the remuneration and pensions in Belgium and Luxembourg is therefore 2.7%. Under Article 3(5) of Annex XI to the SR, no weighting ('correction coefficient') is applicable in Belgium or Luxembourg.

In line with Article 4(2) of Annex XI to the SR, the intermediate update (1.7%) shall be taken into account in the annual salary update, i.e. a remainder 1% is to be implemented in the annual update.

The residual GSI (0.1%) is below the margins laid down in Article 10 of Annex XI to the SR (upper limit of +2 % and lower limit of -2 %). Therefore, the moderation clause is not triggered.

As the latest forecast evolution of GDP in real terms is positive (+1.4%)⁸, the exception clause under Article 11 of Annex XI to the SR does not apply.

Hence, by the end of 2023 the Commission is going to publish in the C series of the OJ the updated amounts referred to Article 65(1), 2nd paragraph, of the SR applicable from 1 July 2023 to the remuneration and pensions of officials and other servants of the European Union, as shown in Annex I of the present report.

4.3. Annual update of the correction coefficients applied to the remuneration and pensions of the officials and other servants of the EU within the EU (Article 64, 2nd paragraph)

In accordance with Article 1 of Annex XI to the SR, Eurostat has drawn up a report on changes in the cost of living in Belgium and Luxembourg, changes in the purchasing power of remuneration in national civil services, and the economic parities from which the various weightings ('correction coefficients') derive⁹.

Outside Belgium and Luxembourg, the update to remuneration and pensions is obtained by multiplying the adjustment in Belgium and Luxembourg by the change in weightings ('correction coefficients') and in the exchange rate.

The weightings ('correction coefficients') applicable to remuneration, pensions and transfers of part of remuneration have been calculated by Eurostat as follows.

⁶ OJ 208/04, 15 June 2023.

⁷ Eurostat Report of 27 October 2023 on the 2023 annual update of remuneration and pensions of EU officials in accordance with Articles 64 and 65 and Annexes XI and of the Staff Regulations, applicable to officials and other servants of the European Union, adjusting with effect from 1 July 2023 the remuneration of active staff and the pensions of retired staff, and updating with effect from 1 July 2023 the correction coefficients applied to the remuneration of active staff serving in Intra-EU and Extra-EU duty stations, to the pensions of retired staff according to their country of residence, and for pension transfers.

⁸ The Autumn Economic Forecast issued by DG ECFIN on 15 November 2023 predicts a modest recovery ahead after a challenging year. It now projects GDP growth in 2023 at 0.6% in both the EU and the euro area, which is forecast to improve to 1.3% in 2024. These figures confirm that the non-application of the exception clause under Article 11 of Annex XI is correct.

⁹ Eurostat Report of 27 October 2023 on the 2023 annual update of remuneration and pensions of EU officials (*see footnote 2 above*).

4.3.1. *Weightings ('correction coefficients') for staff outside Belgium and Luxembourg*

Eurostat has calculated, in agreement with the national statistical bodies the economic parities which establish the purchasing power equivalence of the remuneration paid in Brussels with that paid in the other places of employment as at 1 July 2023.

The weightings ('correction coefficients') applicable to the remuneration of officials and other servants employed in the Member States other than Belgium and Luxembourg are determined by the ratios between these economic parities and the exchange rates applicable as at 1 July 2023.

Pursuant to Article 8 of Annex XI to the SR, in case where the implicit index changed by more than 6% (and below 10%), the update shall take effect on 16 May. This is the case in, Zagreb, Budapest and Ljubljana.

Hence, by the end of 2023 the Commission is going to publish in the C series of the OJ the correction coefficients applicable from 16 May and 1 July 2023 to the remuneration and pensions of officials and other servants of the European Union as shown in Annex I of the present report.

4.3.2. *Weightings ('correction coefficients') for pensions outside Belgium and Luxembourg and weightings ('correction coefficients') for transfers*

Eurostat has calculated, in agreement with the national statistical bodies, the economic parities which establish the purchasing power equivalence of the pension paid in Belgium with that paid in the other countries of residence as at 1 July 2023.

The weightings ('correction coefficients') calculated for the pensions of individuals living outside Belgium and Luxembourg in the various countries are determined by the ratios between these economic parities and the exchange rates applicable as at 1 July 2023. Under Article 20 of Annex XIII to the SR, the weightings ('correction coefficients') apply only to the part of the pension corresponding to pension rights acquired before 1 May 2004.

Under Article 17 of Annex VII to the SR, these weightings ('correction coefficients') are directly applicable to transfers made by officials and other servants.

Pursuant to Article 8 of Annex XI to the SR, in case where the implicit index changed by more than 6 %, the update shall take effect on 16 May. This is the case in Bulgaria, Czechia, Germany, Estonia, Ireland, Croatia, Romania, Slovenia, Slovakia, Sweden. According to the same provision, in case where the implicit index changed by more than 10 %, the update shall take effect on 1 May. This is the case in Hungary.

Hence, by the end of 2023 the Commission is going to publish in the C series of the OJ the correction coefficients applicable from 1 May, 16 May and 1 July 2023 to the pensions paid outside Belgium and Luxembourg and the weightings ('correction coefficients') for transfers of remuneration by officials and other servants of the European Union as shown in Annex I of the present report.

4.4. **2023 Annual update of the weightings ('correction coefficients') applicable to the remuneration of officials, temporary staff and contract staff of the EU serving in third countries (Article 13(1) of Annex X to the SR)**

The statistics available to the Commission included a list of 143 places of employment. However economic parities were not presented where data was unavailable or unreliable due to local instability or other reasons.

The correction coefficients for all extra-EU places of employment were calculated with effect as of 1 July 2023. The annual update sets out the weightings ('correction coefficients') derived from the parities communicated by Eurostat for 1 July 2023.

Hence, by the end of 2023 the Commission is going to publish in the C series of the OJ the weightings ('correction coefficient's) applicable from 1 July 2023 to the remuneration of officials, temporary staff and contract staff of the EU serving in third countries, as shown in Annex II of the present report.

4.5. 2023 Interim updates of the weightings ('correction coefficients') applicable to the remuneration of officials, temporary staff and contract staff of the EU serving in third countries (Article 13(2) of Annex X to the SR)

4.5.1. For the period August 2022 – January 2023

The statistics available to the Commission¹⁰ showed that for certain third countries the variation in the cost of living measured on the basis of the weighting ('correction coefficient') and the corresponding exchange rate had exceeded 5 % since weightings ('correction coefficients') applicable to remuneration of officials, temporary staff and contract staff of the European Union serving in third countries and payable in the currency of their country of employment had been last laid down, i.e. since 1st July 2022.

In accordance with Article 13, 2nd paragraph, of Annex X to the SR, in such case an interim update of the weighting ('correction coefficient') had to take place, in accordance with the procedure laid down in Annex XI to the SR.

As detailed under Chapter 4.1 above, an intermediate update took place with retroactive effect to 1 January 2023. As a result of the update of the amounts referred to under Article 65 of the SR, all weightings ('correction coefficients') applicable to remuneration of officials, temporary staff and contract staff of the European Union serving in third countries and payable in the currency of their country of employment have been updated, regardless of the 5% threshold laid down under Article 13 of Annex X to the SR.

The interim update set out the weightings ('correction coefficients') derived from the parities communicated by Eurostat for 1 August, 1 September, 1 October, 1 November, 1 December 2022 and 1 January 2023, respectively.

Hence, on 15 June 2023, the Commission published in the C series of the OJ six monthly tables showing which countries are affected, respective weightings ('correction coefficients') and the applicable dates for each one¹¹, as shown in Annex V of the present report.

4.5.2. For the period February 2023 – June 2023

The statistics available to the Commission¹² show that for certain third countries the variation in the cost of living measured on the basis of the weighting ('correction coefficient') and the corresponding exchange rate had exceeded 5% since weightings ('correction coefficients') applicable to remuneration of officials, temporary staff and contract staff of the EU serving in third countries and payable in the currency of their country of employment had been last laid down.

In accordance with Article 13, 2nd paragraph, of Annex X to the SR, in such case an interim update of the weighting ('correction coefficient') had to take place, in accordance with the procedure laid down in Annex XI to the SR.

The interim update set out the weightings ('correction coefficients') derived from the parities communicated by Eurostat for 1 February, 1 March, 1 April, 1 May and 1 June 2023, respectively.

Hence, by the end of 2023 the Commission is going to publish in the C series of the OJ five monthly tables showing which countries are affected, respective weightings ('correction coefficients') and the applicable dates for each one, as shown in Annex III of the present report.

¹⁰ Eurostat Report of 15 May 2023 on the interim update of weightings (correction coefficients) applicable to the remuneration of officials, temporary staff and contract staff of the European Union serving in Extra-EU Delegations in accordance with Article 64 and Annex X and Annex XI of the Staff Regulations applicable to officials and other servants of the European Union.

¹¹ OJ C 208/05, 15 June 2023.

¹² Eurostat Report of 23 October 2023 on the interim update of weightings (correction coefficients) applicable to the remuneration of officials, temporary staff and contract staff of the European Union serving in Extra-EU Delegations in accordance with Article 64 and Annex X and Annex XI of the Staff Regulations applicable to officials and other servants of the European Union.

5. **BUDGETARY IMPACT OF THE 2023 UPDATES OF THE REMUNERATION AND PENSIONS OF THE OFFICIALS AND OTHER SERVANTS OF THE EU AND THE CORRECTION COEFFICIENTS APPLIED THERETO**

This section provides a detailed estimate of the budgetary impact of the updates affecting EU staff remuneration and pensions in 2023.

5.1. **2023 Intermediate update of the remuneration and pensions of the officials and other servants of the EU (Article 65(2) SR)**

The update of the amounts referred to in Article 65(1), 2nd paragraph, of the SR has a financial impact on all budgetary lines related to staff expenditure in all institutions and agencies subject to the SR.

In EUR million						
	Heading VII			Other headings (I to VI)		
	<i>Year 2023</i>	<i>Year 2024</i>	<i>Subsequent years</i>	<i>Year 2023</i>	<i>Year 2024</i>	<i>Subsequent years</i>
Estimated impact on expenditures	+ 136.5	+ 136.5	+ 136.5	+ 41.0	+ 41.0	+ 41.0
Estimated impact on revenues	+ 22.0	+ 22.0	+ 22.0	+ 6.2	+ 6.2	+ 6.2

5.2. **2023 Intermediate update of the correction coefficients applied to the remuneration and pensions of the officials and other servants of the EU within the EU (Article 64, 2nd paragraph & Article 20(1) of Annex XIII)**

The update with effect on 1 January 2023 of the correction coefficients applied to the remuneration and pensions of EU staff in the Member States outside Brussels and Luxembourg has a financial impact on several budgetary lines related to staff expenditure.

In EUR million						
	Heading VII			Other headings (I to VI)		
	<i>Year 2023</i>	<i>Year 2024</i>	<i>Subsequent years</i>	<i>Year 2023</i>	<i>Year 2024</i>	<i>Subsequent years</i>
Estimated impact on expenditures	-1.5	-1.5	-1.5	+ 2.4	+ 2.4	+ 2.4

5.3. **2023 Annual update of the of the remuneration and pensions of the officials and other servants of the EU (Article 65(1), 2nd paragraph, of the SR)**

The annual update of the amounts referred to in Article 65(1), 2nd paragraph, of the SR has a financial impact on all budgetary lines related to staff expenditure in all institutions and agencies subject to the SR.

In EUR million						
	Heading VII			Other headings (I to VI)		
	<i>Year 2023</i>	<i>Year 2024</i>	<i>Subsequent years</i>	<i>Year 2023</i>	<i>Year 2024</i>	<i>Subsequent years</i>
Estimated impact on expenditures	+ 40.9	+ 81.9	+ 81.9	+ 12.4	+ 24.7	+ 24.7
Estimated impact on revenues	+ 6.7	+ 13.1	+ 13.1	+ 1.9	+ 3.8	+3.8

5.4. **2023 Annual update of the correction coefficients applied to the remuneration and pensions of the officials and other servants of the EU within the EU (Article 64, 2nd paragraph & Article 20(1) of Annex XIII)**

The annual update with effect on 1 July 2023 of the correction coefficients applied to the remuneration and pensions of EU staff in the Member States outside Brussels and Luxembourg has a financial impact on several budgetary lines related to staff expenditure.

In EUR million						
	Heading VII			Other headings (I to VI)		
	<i>Year 2023</i>	<i>Year 2024</i>	<i>Subsequent years</i>	<i>Year 2023</i>	<i>Year 2024</i>	<i>Subsequent years</i>
Estimated impact on expenditures	+8.7	+17.4	+17.4	+ 15.6	+31.3	+ 31.3

5.5. **2023 Annual update of the weightings ('correction coefficients') applicable to the remuneration of officials, temporary staff and contract staff of the EU serving in third countries (Article 13(1) of Annex X to the SR)**

The annual update with effect on 1 July 2023 of the weightings ('correction coefficients') applied to the remuneration of EU staff affected in third countries has a financial impact on several budgetary lines related to staff expenditure within Heading VII.

In EUR million			
	Heading VII		
	<i>Year 2023</i>	<i>Year 2024</i>	<i>Subsequent years</i>
Estimated impact on expenditures	- 0.05	- 0.1	- 0.1

5.6. **2023 Interim updates of the weightings ('correction coefficients') applicable to the remuneration of officials, temporary staff and contract staff of the EU serving in third countries (Article 13(2) of Annex X to the SR)**

5.6.1. *For the period August 2022 – January 2023*

The interim update with effect on 1 August 2022, 1 September 2022, 1 October 2022, 1 November 2022, 1 December 2022 and 1 January 2023 of certain weightings ('correction coefficients') applied to the remuneration of EU staff affected in third countries has a financial impact on several budgetary lines related to staff expenditure within Heading VII.

In EUR million			
	Heading VII		
	<i>Year 2022</i>	<i>Year 2023</i>	<i>Subsequent years</i>
Estimated impact on expenditures	+0.01	+0.02	+0.02

5.6.2. *For the period February 2023 – June 2023*

The interim update with effect on 1 February 2023, 1 March 2023, 1 April 2023, 1 May 2023 and 1 June 2023 of certain weightings ('correction coefficients') applied to the remuneration of EU staff affected in third countries has a financial impact on several budgetary lines related to staff expenditure within Heading VII.

In EUR million			
	Heading VII		
	<i>Year 2023</i>	<i>Year 2024</i>	<i>Subsequent years</i>
	+ 0.04	+ 0.04	+0.04

Annexes:

- (1) Draft Publication in the C series of the Official Journal of the EU – 2023 Update of the remuneration and pensions of the officials and other servants of the EU and the correction coefficients applicable thereto
- (2) Draft Publication in the C series of the Official Journal of the EU – 2023 Update of the weightings (‘correction coefficients’) applicable to the remuneration of officials, temporary staff and contract staff of the EU serving in third countries
- (3) Draft Publication in the C series of the Official Journal of the EU – 2023 Interim update of the weightings (‘correction coefficients’) applicable to the remuneration of officials, temporary staff and contract staff of the EU serving in third countries
- (4) Publication in the C series of the Official Journal of the EU – 2023 Intermediate update of the remuneration and pensions of the officials and other servants of the European Union and the correction coefficients applied thereto¹³
- (5) Publication in the C series of the Official Journal of the EU – 2023 Intermediate update of weightings (correction coefficients) applicable to the remuneration of officials, temporary staff and contract staff of the European Union serving in Extra-EU Delegations¹⁴

¹³ OJ C 208/04, 15 June 2023.

¹⁴ OJ C 208/05, 15 June 2023.