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# Addendum to October 2010 Eurostat Report on the annual adjustment of remuneration and pensions of EU officials in accordance with Articles 64 and 65 of the Staff Regulations and Annex XI thereto

## Follow-up to the Court of Justice Judgment of 24 November 2010 in Case C-40/10 and the correction of the French salary data in the year to July 2009

**Reference Period:**
**July 2009 – July 2010**

COM(2010)797 final

## 1. CONTEXT

The Court of Justice of the European Union in the 24 November 2010 judgment (Case C-40/10) annulled the Council Regulation (EU, Euratom) No 1296/2009 of 23 December 2009 adjusting the remuneration and pensions by 1.85%. In order to comply with the judgment, the Council is bound to adopt the Commission Proposal on the 2009 salary and pension adjustment (COM (2009) 629) with effect from 1 July 2009. Thus, the remuneration and pensions of EU officials and other servants should be adjusted by 3.7%

In June 2010 France, due to an error in the former calculation, communicated a corrected value of the Specific Indicator for the reference period 1 July 2008 – 1 July 2009. As, in order to comply with the Court's judgment, this correction could not be taken into account in the 2009 annual adjustment, it needs to be accounted for in the 2010 annual adjustment.

Therefore, the 2010 adjustment of salaries of EU officials must take into account two specific elements:

– the judgment of the Court of Justice

– the correction of errors in the French basic data.

Eurostat has drawn up the present Addendum to the Eurostat report of October 2010 to set out the impact of the inclusion of the French correction in the 2010 annual adjustment of the remuneration and pensions of EU officials and other servants.

This addendum to the Eurostat report provides the information needed by the Commission to formulate an amended proposal for a Council Regulation adjusting the remuneration and pensions of officials and other servants of the European Union and the correction coefficients applied thereto with effect from 1 July 2010.

For any further information concerning this Addendum, please contact Eurostat in Luxembourg:

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## 2. APPLIED METHODOLOGY

Following the adoption of the 3.7% annual adjustment for 2009 in accordance with the Court ruling, in order to incorporate the impact of the revision of the French data for 2009 in the 2010 exercise, the 2010 FR Specific Indicator - and consequently the 2010 global Specific Indicator (SI) – needs to be adjusted. The adjusted global SI will be used for the calculation of the pension contribution rate in 2011.

### 2.1. Adjustment factor deriving from the revision of the French 2009 basic data:

| Corrected nominal SI | | Original nominal SI | | Factor |
|---|---|---|---|---|
| **101.8** | **/** | **103.2** | **=** | **0.986** |

### 2.2. Adjustment of the 2010 nominal SI for France:

| Original nominal SI | | Factor | | Adjusted nominal SI |
|---|---|---|---|---|
| **101.7** | **x** | **0.986** | **=** | **100.3** |

### 2.3. Adjustment of the 2010 Global SI:

**Adjusted change in the net remuneration of central government civil servants**
**July 2009 - July 2010**

| Country | Weight [1] | EU25=100 / EU8=100 | Nominal net specific indicator | Consumer price indices | Real net specific indicator | Effect on the total |
|---|---|---|---|---|---|---|
| | (%) | (%) | (%) | (%) | (%) | |
| **BE** | 2.5 | 3.3 | 0.9 | 2.7 | **-1.8** | -0.1 |
| **DE** | 18.9 | 24.8 | -4.1 | 0.8 | **-4.9** | -1.2 |
| **ES** | 9.6 | 12.6 | -1.3 | 1.5 | **-2.8** | -0.3 |
| **FR** (*) | 13.9 | 18.2 | 0.3 | 1.7 | **-1.4** | -0.3 |
| **IT** | 12.3 | 16.1 | 0.6 | 1.5 | **-0.9** | -0.1 |
| **LU** | 0.3 | 0.4 | 1.9 | 2.3 | **-0.4** | 0.0 |
| **NL** | 4.3 | 5.6 | 0.7 | 0.2 | **0.5** | 0.0 |
| **UK** | 14.4 | 18.9 | 1.9 | 3.2 | **-1.3** | -0.2 |
| **Total** | **76.2** | **100.0** | **-0.6** | **1.7** | **-2.2** | **-2.2** |

[1] Basis: GDP expressed in PPP, 2009
* Adjusted values of the French specific indicator taking into account the effect of the error in French 2009 salary data

## 3. SALARY ADJUSTMENT RESULTING FROM THE INCLUSION OF THE CORRECTION OF THE FRENCH BASIC DATA

The French figures for national officials' salaries were revised in June 2010, within the 6-month period foreseen in the manual for possible retroactive correction of salaries to take place.

For 2010, the Commission's proposed salary increase (0.4%) was based on correct French figures. The 2010 underlying figures have been validated and accepted as correct by the Member States concerned. Revision of the measured increase for the reference period 1 July 2009 – 1 July 2010 from 0.4% to 0.1% would entail imputing correct and previously validated basic data.

Therefore, as explained above, the French Specific Indicator and the global Specific Indicator (SI) need to be adjusted in order to account for the impact of the French revision on the 2010 salary adjustment exercise.

The amount of the annual adjustment is obtained by multiplying the adjusted Global Specific Indicator (SI) of -2.2% and the change in the Brussels International Index (BII) of 2.4%. These expressed in index form are 97.8 and 102.4 respectively.

**Salary change**

$$\frac{102.4 \times 97.8}{100} - 100 = 0.1\%$$

This corresponds to adjusting the 2010 net salary increase at an aggregate level by a factor which provides an ex-post correction to the 2009 adjustment for the FR effect of 0.997.

$$100.4 \times 0.997 = 100.1 \text{ or } 0.1\%$$