



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 03.06.1997
COM(97) 269 final

Proposal for a

COUNCIL REGULATION (ECSC, EC, EURATOM)

adjusting the weighting applicable in Greece to the remuneration and pensions of officials
and other servants of the European Communities

(presented by the Commission)

EXPLANATORY MEMORANDUM

1. Preamble

Article 4 of Annex XI to the Staff Regulations states that interim adjustments of remuneration pursuant to Article 65 are to take effect on 1 January and are to be made in the event of a substantial change in the cost of living, due allowance being made for the forecast of the change in purchasing power during the current annual reference period.

Article 6 of Annex XI stipulates that adjustments are to be made for all places of employment (including Brussels) if the sensitivity threshold is reached in Brussels. If this threshold is not reached, adjustments are to be made only for those places where the threshold has been exceeded.

Article 5 of Annex XI provides that the Statistical Office of the European Communities (Eurostat) is to calculate the joint index and economic parities and is to make a forecast of changes in purchasing power on the basis of the information supplied by the Member States.

2. Changes in the cost of living in Brussels

The joint index measuring the cost of living in Brussels rose by 0,9% between 1 July 1996 and 31 December 1996.

3. Economic parities

The economic parities which establish the equivalence of purchasing power on 1 January 1997 between Brussels (the reference city) and the other places of employment are shown in the table below (column 3).

The implicit index measuring the change in the cost of living over the reference period (column 4) is obtained indirectly by multiplying the joint index for Brussels (0,9%) by the change in the economic parity of the place of employment in question (Article 3(6) of Annex XI).

4. Specific indicator

The specific indicator reflects changes in purchasing power over the annual reference period. It is forecast by Eurostat on the basis of the data supplied by national experts at the annual meeting of the "Working Party on Article 65", which met this year on 10.3.97. The forecast specific indicator is 0,2%.

5. Calculation of the adjustment

As required by Article 7 of Annex XI, the amount of the adjustment is the joint index for Brussels (0,9%) multiplied, where appropriate, by half the forecast specific indicator if this forecast is negative. The adjustment is therefore 0,9% ($100,9\% \times 100,0\% = 100,9\%$). This figure is used to adjust the weightings for those places where the threshold has been exceeded.

6. Sensitivity threshold

If exceeded, the sensitivity threshold triggers an adjustment. Article 6 of Annex XI sets this threshold at 0,4% (55% of the average change in the cost of living in the Community over the period in question), subject to upper and lower limits of 5% and 2.75% respectively. Therefore, the value of the threshold is set at 2.75%.

Since this threshold has not been reached in Belgium, only the weightings for the countries/places of employment where inflation exceeds this threshold, i.e. Greece, need to be adjusted.

7. Adjustment of weightings

The substantial increase in the cost of living in Greece, which has meant a deterioration in purchasing power over the period concerned, necessitates an adjustment of the relevant weighting. Otherwise the principle of equivalent purchasing power for all officials (as laid down in Article 64 of the Staff Regulations) would be seriously compromised.

As required by Article 7 of Annex XI, the weighting for the place concerned will be the amount of the adjustment multiplied by the relationship between the relevant economic parity and the exchange rate.

8. **Effective date**

The effective date for the adjustments obtained under the method will be 1 January 1997, except in countries with high rates of inflation, where the date will be earlier so as to obtain a loss of purchasing power which matches the 2.75% threshold (see column 6 of the table). This year no earlier payments are required.

9. **Conclusion**

The attached proposal sets the new weightings applicable as from 1 January 1997 in the following countries/places :

Greece	89,2.
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**TABLE OF ECONOMIC PARITIES AND
CALCULATION OF WEIGHTINGS
ON 1.1.97**

Adjustment = Brussels joint index x Effect of forecast specific indicator = 0,9 %
100,9% x 100% = 100,9%

Country/Place of employment (1)	Former parity at 1.7.96 (BFR 1 in nat. currency) (2)	New parity at 1.1.97 (BFR 1 in nat. currency) (3)	Brussels joint index and implicit indices (4)	Rate for remuneration 1.7.96 (BFR 1 in nat. currency) (5)	Weighting for places where implicit index > 2.75 % (6)	Effective date (7)
Belgium	1	1	0,9	1		
Denmark	0,23493	0,23484	0,9	0,18733		
Germany (a)	0,054169	0,053845	0,3	0,048596		
Bonn	0,048967	0,048771	0,5	0,048596		
Karlsruhe	0,048101	0,047898	0,5	0,048596		
Munich	0,053657	0,053425	0,5	0,048596		
Greece	6,6570	6,8037	3,1	7,6970	89,2	1.1.97
Spain	3,7318	3,7447	1,2	4,0891		
France	0,19132	0,19036	0,4	0,16443		
Ireland	0,018532	0,018417	0,3	0,020113		
Italy (b)	47,517	48,188	2,3	48,998		
Varese	45,406	45,472	1,0	48,998		
Netherlands	0,057138	0,057094	0,8	0,054487		
Austria	0,39219	0,39333	1,2	0,34202		
Portugal	4,2001	4,1843	0,5	5,0010		
Finland	0,17305	0,17195	0,3	0,14789		
Sweden	0,24924	0,24642	-0,2	0,21188		
UK (c)	0,023872	0,023937	1,2	0,020710		
Culham	0,018950	0,019013	1,2	0,02071		

(1) (a) Germany except Bonn, Munich and Karlsruhe

(1) (b) Italy except Varese

(1) (c) United Kingdom except Culham

(3) Exchange rate for the implementation of the EC general budget at 1.07.96 (Art.63 of Staff Regulations)

(4) Implicit index = Brussels joint index x parity 1.01.97 / parity 1.07.96

(6) Interim weighting = Adjustment x PPP/Exchange rate (for places where the implicit index exceeds 2.75%)

adjusting the weighting applicable in Greece to the remuneration and pensions of officials and other servants of the European Communities

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing a Single Council and a Single Commission of the European Communities,

Having regard to the Staff Regulations of Officials and the Conditions of Employment of Other Servants of the European Communities laid down by Council Regulation (EEC, Euratom, ECSC) No 259/68,¹ as last amended by Regulation (Euratom, ECSC, EC) No 2485/96² and in particular Articles 63, 64, 65, 65a and 82 of the Staff Regulations, Annex XI to the Staff Regulations and the first paragraph of Article 20 and Article 64 of the Conditions of Employment,

Having regard to the proposal from the Commission,

Whereas in the second half of 1996 the cost of living increased substantially in Greece, Member State where officials and other servants of the European Communities are employed; whereas, therefore, the weighting applicable to the remuneration and pensions of these officials and other servants pursuant to Regulation (Euratom, ECSC, EC) No 2485/96 should be adjusted with effect from 1 January 1997,

¹ OJ No L 56, 4.3.1968, p. 1.

² OJ L338, 28.12.1996, p.1.

HAS ADOPTED THIS REGULATION:

Article 1

1. With effect from 1 January 1997, the weightings applicable to the remuneration of officials and other servants employed in the countries/places referred to below shall be as follows:

Greece	89,2
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2. The weightings applicable to pensions shall be determined in accordance with Article 82(1) of the Staff Regulations.

Articles 3 to 10 of Regulation (ECSC, EEC, Euratom) No 2175/88³ shall continue to apply.

Article 2

This Regulation shall enter into force on the day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

**For the Council
The President**

³ OJ No L 191, 22.7.1988, p. 1.

FINANCIAL STATEMENT

ESTIMATE OF THE BUDGETARY IMPLICATIONS FOR 1997 OF THE ADJUSTMENT OF THE WEIGHTING APPLICABLE IN GREECE TO THE REMUNERATION AND PENSIONS OF OFFICIALS AND OTHER SERVANTS

Administrative budget

Unit: thousand ecus

Institution	Budgetary implications
Commission	50
Parliament	20
Total	70

Rate: ECU = BFR 40,2459 at 1.4.1997

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