Europäisches Patentamt
European Patent Office
Office européen des brevets

Zentraler Personalausschuss
Central Staff Committee
Le Comité Central du Personnel

Munich 12.11.2020
sc20171cp – 0.2.1- 4.2.2

Salary "adjustment" procedure for 2020
Loss of purchasing power for all staff:

Instead of an adjustment of about 3.8% in July 2020, we get 0.5% in January 2021 (in NL and DE). This is equivalent to a pay cut of about one step.

Each year the salaries at International Organisations (IOs) are adjusted according to a salary adjustment procedure (SAP). The same applied so far at the EPO with a procedure respecting two fundamental principles: equality of purchasing power among the places of employment and parallelism with the evolution of the salaries of civil servants in member states. Based on the flawed Financial Study of 2019 by Oliver Wyman & Mercer[1], Mr Campinos has decided to push a "sustainability clause" – in form of a capping mechanism - on the SAP at the EPO, and to ignore the warnings of the Staff Representation that this capping mechanism would abolish both principles and apply arbitrarily. The results for the year 2020 are disastrous: salaries will be adjusted on 1 January 2021 less than inflation meaning that staff (and pensioners) will lose purchasing power.

Mr Campinos' promise…
In his communiqué of 09-04-2020, Mr Campinos stated that (emphasis added):

> "*There is **no desire to cut staff purchasing power** or impose unnecessary savings. There is a desire, however, to make sure that we have a stable and predictable method that generates savings, **ensures salaries continue to grow**, even above eurozone inflation and even in times of financial crisis, and, above all, make sure we can do so for many years into the future*."

… vs. the facts
The results of the new method ***before* capping** and ***after* capping** reveal an impressive reduction of the salary "adjustment" as of 01-07-2020.

Country	Calculated adjustment	Capped adjustment	Difference
AT	2,73%	**0,36%**	**-2,37%**
BE	1,80%	**0,24%**	**-1,56%**
DE	3,78%	**0,50%**	**-3,28%**
NL	3,81%	**0,50%**	**-3,30%**

[1] See the selected analysis by Ernst & Young of the 2019 Financial Study and its background.

Overall, our salary adjustments are reduced by **-86%** because of the capping mechanism. Contrary to the President's words "***not to cut staff purchasing power***" and *"**to ensure salaries continuing to grow**"*, the results also show clearly **a huge loss of purchasing power** in The Hague, Vienna, Berlin and Munich.

Country	Inflation (HICP[2])	Capped adjustment	Difference
AT	1,10%	**0,36%**	**-0,74%**
BE	0,20%	**0,24%**	**+0,04%**
DE	0,80%	**0,50%**	**-0,30%**
NL	1,70%	**0,50%**	**-1,20%**

Whichever reference one takes (cost of living evolution measured by parities or by reference to national inflation) the results in the above tables show the arbitrariness of the method introduced under the governance of Mr Campinos.

Losses are higher where the evolution of the cost of living is higher, which is contrary to what a salary adjustment method should result in. One could illustrate it even better with reference to some pensioner scales, like the Turkish scale which should have been adapted by 14,86% but will be adapted by 1,97%. This means a loss of purchasing power of 12,89% in one year, due to arbitrariness. The same applies for Luxemburg (-15,67% this year), which scale should have been corrected as in the Coordinated Organisations but will not be. One can expect lots of unhappy staff and pensioners every year as this arbitrariness will hit randomly year after year.

The operating surplus of the EPO is predicted to reach **€310million** by the end of 2020. This achievement was made possible thanks to the dedication of staff who worked hard despite the on-going pandemic.

EPO staff should have been thanked for their efforts, since business continuity could be maintained and even +6% published European patents than planned have been produced. Staff certainly does not deserve a massive cut in purchasing power. The benchmark with other IOs for 2020 shows that **EPO staff will have the worst salary "adjustment" in 2020**. The administration has tried to argue away any criticism of the capping method by claiming that the carry-over mechanism is a fix-all solution. However, as will be laid-out in a future publication, the cash pay-out associated with the carry-over is just a cheap attempt to pacify our discontent, and we will not be fooled by such a transparent effort to throw sand in our eyes.

For 2021, the administration already anticipates that there will be no adjustment **at all** due to the application of the exception clause, another limiting mechanism in the salary adjustment procedure of the EPO which is very likely to kick in next year due to the drop in Gross Domestic Product this year.

EPO staff (and pensioners) no longer have a salary adjustment procedure worth the name, but rather an arbitrary mechanism for cutting their purchasing power. This is unheard-of in other International Organisations. Massive appeals will have to be lodged against this year's adjustment and again next year.

---

[2] HICP = Harmonised Index of Consumer Prices