



ORGANISATION DU TRAITÉ DE L'ATLANTIQUE NORD
NORTH ATLANTIC TREATY ORGANIZATION

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To: Permanent Representatives

From: Secretary General

1966 ANNUAL REVIEW OF REMUNERATION FOR STAFF
OF THE CO-ORDINATED ORGANIZATIONS SERVING IN FRANCE
AND OUTSIDE FRANCE

43rd Report of the Co-ordinating Committee of
Government Budget Experts

Reference: CCG(67)1

I attach hereto a copy of the 43rd Report of the Co-ordinating Committee of Government Budget Experts which recommends that a cost-of-living allowance be granted, on the basis stated therein, to staff of the Co-ordinated Organizations serving in France, Germany, Denmark, Greece, Norway, the Netherlands, United Kingdom, Sweden and Turkey, with effect from 1st January 1967.

2. Members of the Council will be invited to approve this Report at the meeting on 22nd March 1967.

(Signed) Manlio BROSIO

NATO RESTRICTED

CO-ORDINATED ORGANISATIONS

RESTRICTED

Paris, 31st January, 1967

CCG(67)1

Or..Fr.

CO-ORDINATING COMMITTEE
OF GOVERNMENT BUDGET EXPERTS43rd REPORT1966 ANNUAL REVIEW OF REMUNERATION
FOR STAFF OF THE CO-ORDINATED ORGANISATIONS
SERVING IN FRANCE AND OUTSIDE FRANCEI INTRODUCTION

11. Under the annual adjustment procedure laid down in Annex V of its 19th Report (CCG(62)37, with regard to France (1), and in Annex IX of the Interim Report of the Restricted Group (CGU/RG(62)2) for the other countries (1), the Co-ordinating Committee, at its 78th, 79th and 80th Sessions on 12th December, 1966, 9th and 30th January, 1967, held the annual review of the remuneration of staff serving in France and outside France; it established the present recommendations for the adjustment of emoluments, which it submits to the Councils of the Co-ordinated Organisations for approval, with effect from 1st January, 1967.

2. By the terms of Article 6 of the adjustment procedure, "no claim for adjustment shall be submitted the variation in the international (2) price index during the reference period is less than three points". Consequently, the recommendations of the Co-ordinating Committee concern only international staff serving

(1) This procedure was confirmed for France and the United Kingdom, by the 31st Report (CCG(65)2), and for the other countries by the 35th Report (CCG(65)6).

(2) However, in accordance with Article 2 of the adjustment procedure and the footnote on page 37 of Annex IX to document CCG/RG(62)2, it is the national index which is relevant for Denmark, Greece and Malta.

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in the following countries (1): France, Federal Republic of Germany, Denmark, Greece, Netherlands, Norway, the United Kingdom, Sweden and Turkey. No recommendation is made for staff serving in Italy and Malta, the consumer price indices in those countries having risen only by 1.6 points and 2.4 points respectively during the reference period.

3. The reference period taken into consideration for this annual review, in accordance with Article 2 of the adjustment procedure, is the normal 12-month period from 1st October 1965, to 30th September 1966. In the case of France and Greece, however, the reference period is extended to cover 21 months (1st January 1965 - 30th September 1966), in accordance with Articles 2 and 6 of the adjustment procedure and in accordance with the Co-ordinating Committee's recommendations in its 36th Report [CCG(66)1 Final, para.6(iv)] and 38th Report [CCG(66)3 and Final Addendum], respectively.

4. In the case of Greece, in fact, no cost of living allowance was granted at the 1965 annual review as the price index had increased by only 2.7 points over the exceptional reference period of 9 months [1st January - 30th September 1965, 35th Report CCG(65)6, para.20b]. As regards France, at the 1965 annual review it appeared that the international index had gone up by 2.9 points during the same exceptional 9-month reference period [31st Report, CCG(65)2, para.35c], whereas the minimum rise of the index required for any readjustment of salaries is three points. Nevertheless, on the proposal of the Secretaries-General and in view of special circumstances, which are set out in paragraph 4. of the 36th Report [CCG(66)1, Final], the Co-ordinating Committee agreed, for reasons of equity only, to recommend the Councils to grant staff serving in France an exceptional cost-of-living allowance of 2 per cent with effect from 1st January 1966, in anticipation of the 1966 annual review and subject to the stipulation that this allowance should be absorbed in the cost-of-living allowance possibly to be granted in the framework of the 1966 annual review [ib.para.6(ii)].

II SECRETARIES-GENERAL'S PROPOSALS /CCG/W(66)15 - CCG/W(66)16/ AND ADDENDUM

5. In accordance with Article 1 of the adjustment procedure, the Secretaries-General's proposals are based on the trend over the reference period of "the international price index and of remuneration".

(1) As regards the remuneration of international staff serving in Belgium, studies are at present being made with a view to an exceptional adjustment which would include the Annual Review and would also take effect from 1st January 1967.

The international index has reached (in points) the following level at the end of the reference period :

Countries	International price index
France	+ 7.1
F.R. of Germany	+ 3.5
Denmark	+ 6.6 (1)
Greece	+ 7.7 (1)
Norway	+ 3.5
Netherlands	+ 4.6
United Kingdom	+ 4.1
Sweden	+ 6.7
Turkey	+ 4.2

(1) National index

6. Under the provisions of Article 5(a) of the adjustment procedure, the items of remuneration specified in Article 4 are to be increased on 1st January 1967 by the granting of a cost-of-living allowance equivalent to 70 per cent of the increase in the relevant index. In addition, the Secretaries-General are allowed under Article 5 of the procedure to make proposals to the Co-ordinating Committee within the limits of the remainder, i.e. 30 per cent of the increase, "relating to the extent to which remuneration should be adjusted in addition to the adjustment of 70 per cent, to take account of all the relevant factors"; in every case the Secretaries-General have requested that remuneration should be fully adjusted in proportion to the rise in the cost of living, taking into account also (i) the trends of the indices of salaries and civil servants' remuneration, (ii) other factors mentioned in their proposals.

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7. The Secretaries-General have accordingly proposed that the Co-ordinating Committee should recommend the Councils of the Co-ordinated Organisations to grant the following cost-of-living allowances:

5%	for international staff serving in France	(1)
3.5%	" " "	Germany
6.5%	" " "	Denmark
7.5%	" " "	Greece
3.5%	" " "	Norway
4.5%	" " "	the Netherlands
4 %	" " "	the United Kingdom
6.5%	" " "	Sweden
4 %	" " "	Turkey

III. RECOMMENDATIONS BY THE CO-ORDINATING COMMITTEE

a) Recommendations for international staff serving in DENMARK, GREECE, NORWAY, the NETHERLANDS, SWEDEN and TURKEY.

8. The Co-ordinating Committee has reached a unanimous agreement concerning the Secretaries-General's proposals for Denmark, Greece, Norway, the Netherlands, Sweden and Turkey.

b) Recommendations for international staff serving in FRANCE, F.R. of GERMANY, and UNITED KINGDOM.

9. The Co-ordinating Committee was not in a position to accept the Secretaries-General's proposals concerning France, the F.R. of Germany and the United Kingdom. Taking into account that, on one hand, some delegations were in favour of the granting of the allowances proposed by the Secretaries-General but that, on the other hand, the host country delegation and other delegations were in a position to accept only an allowance equivalent to the 70 per cent of the rise in the price index, unanimous agreement has been reached in the Co-ordinating Committee only on the basis of a compromise solution for France and the F.R. of Germany and on the basis of the 70 per cent allowance for the United Kingdom.

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(1) 7 per cent if the exceptional 2 per cent allowance granted on 1st January 1966 is taken into account (See para. 4 of the present Report).

10. (i) Position of the French Delegation

The Delegate for France explained the reasons for his initial position by indicating that his authorities were in a position to accept only the 3 per cent allowance, equivalent to the 70 per cent of the rise in the cost of living index, due to the fact that the international index had shown a greater increase than the national index and that, consequently, without wishing to question the validity of the index itself and the accuracy of the calculation he was nevertheless obliged to take into account the different movements of the two indices.

The Delegate for France subsequently agreed to a compromise proposal of 4 per cent, pointing out that the adjustment so granted to staff of Co-ordinated Organisations for the total reference period (1st January, 1965 - 30th September 1966) corresponds to the increase in salaries by which civil servants in France have benefited during the same period; the Delegate for France noticed indeed that this increase is not 8% as indicated in the Secretaries-General's document CCG/W(66)157 but 6%. The increase in national salaries includes moreover, besides the adjustment awarded as a consequence of the improved standard of living, an actual increase which, under the procedure in force in the Co-ordinated Organisations should only be taken into consideration at a general review of emoluments. In any case, while the 70 per cent allowance was recognised as a rule of principle, it had always been understood that the granting of the additional 30 per cent remained entirely at the appreciation of the Governments.

The position of the French delegation has been supported since the beginning by the Delegates of the F.R. of Germany, Italy, the Netherlands, and the United Kingdom.

11. (ii) Position of the German Delegation

The Delegate for the Federal Republic of Germany stated initially that his authorities would only be able to agree to a 2.5% allowance equivalent to 70 per cent of the rise in the cost of living, owing to the budgetary difficulties which his country was experiencing and which had become even more acute. He emphasized that he fully supported the statements of the Delegate for France and

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notably this one according to which the additional 30 per cent was entirely a matter of appreciation. Following observations regarding the markedly higher increase granted as from 1st January 1965, on remuneration of officials of the Communities serving in the Federal Republic of Germany, it was stated that when the adjustments in question were made the reference period and items taken into consideration were not the same as those for staff of the Co-ordinated Organisations thus different results should not be ruled out a priori. It was within the framework of a general review that other factors might be taken into consideration, whereas in the case of the Communities part of the increase granted each year corresponded to what has been agreed in respect of an improvement in the standard of living. In any case, the statutes of the staff of the Communities and those of the Co-ordinated Organisations were not the same,

The Delegate for the F.R. of Germany thus accepted a compromise proposal of 3 per cent. The position of the German delegation has been supported since the beginning by the Delegates of France, Italy and the United Kingdom.

12. (iii) Position of the United Kingdom Delegation

The Delegate for the United Kingdom referred to the serious balance of payments difficulties at present facing his Government and pointed out that as from January 1967, the de facto wage freeze would be followed by a period of severe restraint. In these circumstances he could not agree to more than an allowance equivalent to 70% of the rise in the cost of living index.

The position of the host country in favour of the allowance of 3 per cent was from the beginning supported by the Delegations of France, the Federal-Republic of Germany, Italy and the Netherlands.

13: At the end of the discussion the other Delegations accepted the three host countries' positions.

14. c) In conclusion, the Co-ordinating Committee:

- recommends to the Councils that staff of the Co-ordinated Organisations serving in the above-mentioned countries should receive, with effect from 1st January 1967, a cost-of-living allowance possibly additional to that granted on 1st January 1966 and applying to the items of remunerations specified in Article 4 of the adjustment procedure,

as determined on 1st January 1965 ^{31st and 35th}
Reports of the Co-ordinating Committee CCG(65)2 and CCG(65)6⁷
on the following bases:

6%	for international staff serving in	France	(1)
3%	"	"	"
6.5%	"	"	"
7.5%	"	"	"
3.5%	"	"	"
4.5%	"	"	"
3%	"	"	"
6.5%	"	"	"
4%	"	"	"

15. The Co-ordinating Committee also recommends the
Councils ~~to note that:~~

- (i) the reference periods to be taken into consideration for the 1967 annual review of remuneration of international staff serving in Italy ^{and Malta} will be 1st October 1965 to 30th September 1967 and 1st January 1965 to 30th September 1967, respectively;
- (ii) while accepting the recommendations for international staff serving in his country, the Norwegian Delegate recalled that a net total take home pay of 65,000 Norwegian Kroner could not be exceeded for Norwegian nationals,
- (iii) In accordance with the interpretation given by the Co-ordinating Committee 177th Session held on 29th June 1966: CCG/AD.1000/ to its 34th Report /CCG(65)5/, the remuneration of auxiliary staff serving the Co-ordinated Organizations in France as well as in the other countries are readjusted on the new salary scales, as it has been agreed upon that the normal rate of salary paid to auxiliary staff would be the salary of the first step in the corresponding established staff grade" /CC(65)5 9 3/.

H. Massberg
Chairman.

(1) Inclusive of the exceptional 2% cost of living allowance granted on 1st January 1966 - see paragraph 4 of the present report.