

Report of 8th Meeting in the Intersecretariat Working Group on Price Statistics Ottawa 9 October 2007, the Delta Hotel

Participants

Carsten Boldsen Hansen (UNECE, chair), Valentina Stoevska (ILO), Mick Silver (IMF), Kim Zieschang (IMF, in the afternoon), Keith Hayes (Eurostat), Bert Balk (Erasmus University, Statistics Netherlands), David Fenwick (ONS), Pam Davis (ONS), Paul Armknecht (IMF), Tarek Harchaoui (Statistics Canada), John Astin (UK, in the morning), Walter Lane (BLS).

David Roberts (OECD), Yuri Dikhanov (World Bank) Peter Hill (UK), Erwin Diewert (University of British Columbia) and Keith Woolford (ABS) did not attend the meeting.

1. Approval of the agenda and administrative matters

The agenda was approved, and Tarek Harchaoui was welcomed as a new invited expert.

2. The revision of the CPI Manual

ILO reported about the status of work on revision of the electronic version of the CPI Manual. Errors/mistakes have been identified and corrected for almost all chapters. The ILO webpage contains the original version, errata and the latest corrected version. The revision follows the two-stage procedure agreed at the IWGPS meeting in May 2006. In the first stage, errors and mistakes should be identified and corrected. The second stage should include major and/or substantial changes.

For the planning of future revision work, ILO will produce a table, which, chapter by chapter, indicates current status, if major or substantial changes should be undertaken, outstanding issues, authors/contributors, and possible deadlines for activities. The table should be circulated to the IWGPS.

ILO also provided a short overview of the results of the joint UNECE/ILO survey on the CPI Manual. Questionnaires were sent out in June 2007; as per October around 90 answers have been received from 80 national statistical offices and 10 users. The main results of the survey will be presented at the Ottawa Group meeting in October 2007 and to the joint UNECE/ILO CPI meeting in May 2008 in Geneva. Some of the results might also apply for the PPI Manual. UNECE and ILO in cooperation will produce a report that summarizes the results of the survey. Some of the comments received are relevant for the Supplementary CPI Handbook and will be passed on to the team working on the Handbook. Subject to approval by the IWGPS an electronic version of the report should be published on Internet.

3. The revision of the PPI Manual

IMF reported about the status of work. Many of the editorial changes included in the CPI Manual were included in the original text of the PPI Manual chapters, which are available from the IMF webpage. There are some changes outstanding that have not been updated; IMF plans to address these when resources are available.

4. The new XMPI Manual

IMF informed the meeting about the ongoing work on the XMPI Manual. Chapters that are new compared to the PPI Manual will discuss unit value indices and terms of trade indices, and chapters 18 and 20 will be extended to include the non-resident and resident approaches. The editing is expected to be finalized by mid 2008.

5. The Supplementary Handbook: Practical Guide to Compiling Consumer Price Indices

The Supplementary Handbook is targeted at developing countries and will focus on practical and implementation issues relevant to the compilation of the CPI in developing countries. Initial work began in early 2007 and is being managed by ONS with funding from the UK's Department for International Development (DFID).

Drafts are to be circulated to a number of NSOs in developing countries, mainly in Africa, to obtain feedback. A near-ready to print draft of the Handbook should be available by the end of 2007/08 when the DFID funding ends although experience from drafting the ILO manual suggests that the task of final editing could extend into the next financial year. If a sufficiently good draft is available in due time, the Handbook will be presented at the joint CPI meeting in May 2008 to promulgate its purpose and contents. UNECE has offered to print the Handbook, which will be made available free of charge. ILO may be in position to arrange for translation and printing of the French version of the Handbook. The latter was very much welcome as it would facilitate good access to those who will want to use the handbook. The publication aims to be about 200 A4 pages.

It is the intention to include with the Handbook a CD-Rom containing spreadsheets with numerical examples of how to implement various compilation methods and how to calculate indices for particular difficult types of goods or services, and if possible, an electronic copy of the CPI Manual. An electronic version of the Handbook will be made available on Internet. No funds were currently available for additional training material and for the holding of training events where the handbook would be the central tool but this could be looked at later and the manuals would any case be naturally incorporated in the training programmes. Dissemination and use of the handbook would be discussed at a later date.

Drafting has begun on all but 4 chapters, 2 chapters has been signed off by the author and co-author and submitted to ONS for editing, and 15 more chapters are close to be finalized between the authors. There are a few specific outstanding issues, such as the treatment of second hand goods, where the drafting of the ILO manual may need to be reviewed. ONS are keeping a record of these and will submit them to the ILO/IWGPs. It was suggested that consideration should be given including in the handbook the UN principles of official statistics and to see if the IMF data quality assessment framework (DQAF) could be utilized or referred to. It was also mentioned that the Handbook should provide guidelines for revision of CPI series.

ONS has set up a *Google Group* to act as a forum for discussion and to assist the review process, where also comments on drafts can be submitted. Members of the IWGPs have been invited to join.

6. The Manual on Real Estate Price Indices

Before the meeting a status report on the work from OECD was circulated to the IWGPs members and experts. In order for the IWGPs to be able to follow work, the group agreed

to ask OECD to produce a time and work plan. The plan should include an outline of the revision of draft chapters, a description of the quality assuring process and a list of authors/co-authors by chapters. The importance of establishing a process of quality assuring the material was stressed. This may include an “editorial” board including persons with expertise and/or practical experience in house price statistics, but it should not be over bureaucratic. The IWGPS would be able to offer some names. The IWGPS agreed that it would be more appropriate to publish the publication as a *Handbook*, rather than as a Manual or Supplementary Manual.

6.1. Eurostat HICP Manual and Handbook on quality adjustment

Eurostat informed the meeting that, in addition to the work on an HICP OOH manual being led by the statistical office of Portugal, an HICP manual and a further Handbook were currently under preparation. The HICP manual was currently being finalized and was expected to be released during 2008. The Handbook on quality adjustment for a range of particular products (e.g. PCs, cars, durables) is expected to be delivered to Eurostat in October 2008 by the Centre of excellence (CENEX) on HICP quality adjustment. Eurostat was encouraged to inform other relevant international institutions on progress of work in the HICP Working Group; this is already partly the case as a number of international organizations receive invitation to the HICP working group meetings.

7. Core inflation; the possibility of developing the IMF working paper on core inflation measurement to a practical/supplementary handbook

The survey on the CPI Manual showed that there is a need for guidelines on core inflation measurement. The IWGPS agreed that the production of guidelines/good practices for measuring core inflation would be useful, and that such guidelines could be published in a Supplementary Handbook on core inflation measurement. Such a handbook may also include a CD-Rom with calculation software developed by the IMF. IMF agreed that they were well placed to be the lead agency in the writing of such a supplement but could not make any commitment to do so due to resource constraints and their work on other manuals. It was also suggested that central banks or other interested users might be consulted for funding.

8. Report from the Ottawa Group

The steering Committee of the Ottawa Group considers a number of actions to improve the coordination of work with other international groups on price statistics, and recognizes the need to review the role and mode of working of the Ottawa Group in light of the publication of the CPI and PPI manuals in 2004. Thus, the Steering Committee considers the following options:

- To change the frequency of the Ottawa Group meetings to every second year to be inter-changed with the Joint UNECE/ILO meetings, so that each year there is a meeting in one of these two distinct groups.
- The Joint UNECE/ILO CPI meetings and the Ottawa Group meetings should complement each other. The former should focus on practical and implementation issues, the latter on theoretical and methodological issues.
- Mutual representation between the IWGPS, the Steering Committee of the Ottawa Group and the Organising Committee of the joint UNECE/ILO CPI meetings to ensure and improve coordination of work.
- More weights should be devoted to work *between* the meetings to ensure effective coordination of work programmes and follow-up activities on work and discussions.

The proposals were supported by the IWGPS; the interchanging of the meetings would make the scheduling of work easier and facilitate better integration of the two forums. The agenda of the two meetings should be coordinated, so that issues discussed in the Ottawa Group can be followed up on the joint CPI meetings, and discussions in the joint CPI meetings should form input to the Ottawa Group meetings. Closer coordination would also provide the possibility to allocate papers to the more relevant of the two meetings

The possibility of having a webpage that should include material from both the Ottawa Group and the joint CPI meetings and other relevant research and methodological material on price indices and links to other related webpage was mentioned. However, an organization would need to take the responsibility for creating and maintaining such a webpage and for actively managing the networking to help facilitate progress on the various work programmes (a brokerage role). Another possibility would be to produce a report every 6/12-months summarizing work done, new issues and attempting to identify common themes where close working between different parties might be advantageous.

9. Report from the Organising Committee for the joint UNECE/ILO CPI meeting

The joint CPI meeting will take place 8-9 May 2008; 7 May will be reserved for a special meeting for transition countries. Following the recommendations of the joint CPI meeting in May 2006 the agenda of the CPI Meeting in May 2008 should focus on issues related to the collection and processing of data. The meeting for the transition economies will focus on the practical chapters of the CPI Manual and, if available, the Supplementary Handbook.

UNECE informed about the revised terms of reference for the Organising Committee that are submitted for approval at the Bureau of the CES Meeting 18-19 October. UNECE and ILO will contact member countries to find representatives of NSOs to participate in the Organising Committee.

10. Coordination of international work

a) Coordination of activities in the field of price statistics

The Bureau of CES has asked measures to be taken to improve coordination of work between the joint CPI meetings, the Ottawa Group and the IWGPS. To this end the IWGPS supported the action points listed under agenda item 8. There is already an overlap between the IWGPS and the Organising Committee of the joint CPI meetings. Mutual representation should be insured also between the Organising Committee of the joint CPI meeting and the Steering Group of the Ottawa Group.

b) Training materials on price statistics

IMF has power point slides and course exercises on CPI, PPI and XMPI compilation. Copies of the slides are given to participants for further training within their offices. There is an initiative by the World Bank and Gateway Foundation to create a virtual office for such material. IMF, Eurostat, OECD and World Bank are involved in this project.

IMF is undertaking discussions with Gateway to investigate if this could be used for making the training material available through Internet. The longer-term perspective would be that training material from all organisations could be made available through the same portal. Some procedure to have the material approved by the IWGPS could be established, as material approved by the IWGPS would have more weight. It was noted that in many developing countries the major problems or obstacles for developing good statistical practices are of organizational or managerial nature.

The ILO also has training material on CPI. The draft ILO Training Compendium on CPI consists of methodological and practical part, illustrative examples, practical exercises and PowerPoint slides. Some of this material will be relevant to the Supplementary CPI Handbook.

c) Assistance and training to individual countries

IMF conducted in September 2007 a Price Statistics Course for 18 countries in Central and South America. Such two-week courses are held each year at Regional Centers (Austria in 2006, Singapore 2008) and longer three week larger ones with participants from about 40 countries about every four years (2005 and 2009). IMF has also conducted a large number of Technical assistance missions, and CPI/PPIs were included in 8 ROSC missions.

After the publication of the CPI Manual, ILO was involved in three one-week training courses on CPI. The first one was in 2004 for SADC countries, the second for SIAP countries in 2005 and 2006, and the third one for CIS countries at the end on 2005. Technical assistance on CPI was provided to two statistical offices in Africa.

Following the proposal made at the Geneva IWGPS meeting, ILO has conducted a survey on technical assistance missions where the respondents were asked to evaluate the usefulness of the TA. However, the response rate is rather low, responses are incomplete, and so it is difficult to derive clear conclusions from the survey.

The Supplementary CPI Handbook should be available for training sessions from April/May 2008.

d) Implementation of the CPI and PPI Manuals

In the IMF training and technical assistance, the standards advocated are those of the CPI and PPI manuals. Spanish and French versions of the CPI Manual are available on the IMF website and hard copies available for purchase. The Russian version has been completed in soft copy and should be published very soon on Internet and in hard copy. Chinese CPI and PPI Manuals and Spanish and French versions of the PPI Manual are near completion. All non-English CPI and PPI Manuals benefit from updated revisions.

From the ILO webpage the CPI Manual is available in English, French and Spanish. ILO has been contacted by ESCAP (Economic and Social Commission for Asia and the Pacific) suggesting a workshop on the CPI Manual.

11. New possible activities

a) Integration/coordination with the international comparison programs (ICP)

UNECE, On behalf of the IWGPS, should ask the World Bank for a progress report on the work on the PPP Manual, including a list of TAG members. The possibility of having a short session on ICP on the joint UNECE/ILO CPI meeting in May 2008 was mentioned.

b) Links with other economic statistics and the use of price indices for deflation

Links with other economic statistics was discussed shortly. Deflation of economic time series was mentioned as a possible topic for a Supplementary Manual. However, it was felt that the Eurostat *Handbook on price and volume measures in national accounts* (2001) should provide sufficient guidelines in this area. PPIs and XMPPIs and their relationship to

the revised SNA/BOP manuals, and PPI for services might be an issue for discussion at the next IWGPS meeting.

12. Draft report of the activities of the IWGPS for the UNSC session in 2008

The IWGPS will submit a report on its activities to the UNSC session 26-29 February 2008. The report will be made available as a room document. UNECE will circulate a draft proposal to the IWGPS members in due time.

13. Review of the TOR of the IWGPS

The terms of reference were reviewed in 2005, and the group did not see a need for changes now. The terms of reference should be considered at future meetings. The IWGPS also considered the area of work of the IWGPS, in particular in relation to work on PPIs and PPIs for services and price level measurement and decided to come back to this at its next meeting.

14. Next meeting of the IWGPS

It was agreed to have the next IWGPS meeting 6 May 2008 in conjunction with the joint UNECE/ILO CPI meeting in Geneva scheduled to take place 7-9 May 2008 (7 May reserved for transition countries).

15. Other business

ILO agreed to extend and maintain the IWGPS webpage. The web page should include the latest terms of reference, reports of the group to the UNSC, Reports of IWGPS meetings and a list of IWGPS members and experts.