

16th Meeting of the

**Inter-secretariat Working Group
on Price Statistics
(IWGPS)**

11 July 2013

Teleconference

Minutes

Inters-secretariat Working Group on Price Statistics

16th Meeting, 11 July 2013

From 15:30 to 17:30 (CET)

Teleconference

Minutes

Final Version 26 September 2013

Attendance

Institutional members

Roberto Barcellan	Eurostat - Chair
Berthold Feldmann	
Jarko Pasanen	

Valentina Stoevska	International Labour Organisation
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Mick Silver	International Monetary Fund
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Peter Van De Ven	Organisation for Economic Co-operation and Development
Anne Sophie Fraisse	

Carsten Boldsen	United Nations Economic Commission for Europe
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Excused: World Bank.

0. Approval of the agenda

The participants implicitly approved the proposed agenda by starting discussing the agenda items.

1. Review of the CPI Manual

The IWGPS members started an in depth discussion on the review of the CPI manual focussing on several aspects: (i) opportunity and timing for reviewing the Manual; (ii) role of the different international organisations in the revision of the Manual and in endorsing/approving the Manual as reference statistical standard; (iii) scope of the Manual and of its revision; (iv) revision process – roles and responsibilities; (v) way forward.

i. Opportunity and timing for reviewing the Manual

The participants discussed the rationale for the revision of the CPI Manual on the basis of the material circulated (issue paper from UNECE and list of possible topics to be considered in the revision of the Manual), of the previous discussions that took place in the IWGPS and on the feedback provided by members of the IWGPS and invited observers.

There was a broad consensus that the Manual has to be revised to take into account the recent developments in the methodology and compilation practices of consumer price statistics. The revision will give the opportunity to address the request from CPI compilers to set up a set of practical recommendations for the compilation of CPIs (guidelines) based on a sound methodological framework.

In addition, the revised Manual would be useful in countries' efforts to improving the quality of CPIs and promoting and the international comparability of CPI estimates. The heterogeneity of the concepts and methods underlying CPIs was recently stressed in assessing the CPIs of the G-20 countries in view of the forthcoming compilation of the G-20 aggregated CPI.

ii. Role of international organisations in the revision of the Manual

The IWGPS members discussed the procedures for the approval of the Manual (and its revised version) by the different organisations' governance bodies, targeting the status of "official statistical standard" for the Manual.

In particular, since the Manual is currently released under the ILO responsibility and under the auspice of the IWGPS, ILO described the approval procedure of international standards by its governance bodies – quite a lengthy process involving the ILO Conference of Labour Statisticians and consultations not only with governments but also with workers' and employers' organisations. Because of the legal implications enforced by the standards, ILO could not subscribe to arrangements where the manual is adopted by the UNSC without respecting the ILO institutional arrangements.

UNECE informed the IWGPS members on the steps required to have the Manual approved by the UN Statistical Commission – following this approach the Manual would become a (UN) Statistical Standard, as is the case for other reference manuals, such as the SNA 2008. The approach starts with a request to the UNSC for a mandate to proceed to the review of the Manual.

The discussion highlighted how previous versions of the Manual were not endorsed by the UNSC, which were, in any event, published under the aegis of the IWGPS. Indeed,

in its mandate, as endorsed by the UNSC, the IWGPS has to develop manuals and handbooks with best practice guidelines and the CPI Manual qualifies as such.

iii. Scope of the Manual

The participants stressed the role that the revised Manual should play for CPI compilers: to provide practical recommendations and guidelines based on sound theory and internationally recognised good practices.

In the discussion, a broad consensus emerged on the fact that the revised manual should be oriented towards a more practical set of guidelines eventually resulting, where appropriate, in recommendations for the CPI compilation.

The updated Manual should give less prominence to the detail of the theoretical chapters of the 2004 CPI Manual. It should aim at including such detail only when necessary, though expositions, explanations and concepts and/or methods must be grounded in theory as necessary.

Following this approach, the revised Manual should result in a considerably shorter, more focussed, and where possible, prescriptive version.

The objectives of the manual are: (i) to provide guidelines of best practice that would lead to improved quality and reliability on national CPIs; and (ii) to promote the international comparability of the national CPIs. It was pointed out that applying best practice facilitates international comparability.

The need of guidelines targeted to enhance output-oriented comparability with less emphasis on the input harmonisation was also recognised as an important target of the revision process, paying due regard to flexibility, subsidiary and transparency principles.

The split in the manual between the methodological framework and practical guidelines was also discussed in depth. Some members stressed the importance of not including the most recent methodological advancements if not yet well consolidated. The possibility of having two volumes – theory and practice – was also mentioned. Also discussed was a more progressive approach within a time horizon of 4-5 years for the integration in the methodological framework of recent research results would give the opportunity to the relevant scientific community (e.g. Ottawa Group) to consolidate them and bring to a level of maturity fit for the Manual purposes. In this sense, the current envisaged revision of the Manual should focus mainly on consolidating practical aspects and good practice.

The IWGPS members did not discuss the specific tentative topics of the revision of the Manual devoting this task to the expert group that will be entrusted with the project.

iv. Revision process –roles and responsibilities

The IWGPS members recognised that, for ensuring a solid base to the revision process, the revision activities should be coordinated by the IWGPS and supported more directly by one of the IWGPS organisations (ownership of the project).

The approach proposed by UNECE, along the line followed in the past for the previous revisions – a Technical Expert Group (TEG) working on the revision under the coordination of a chairperson, in close cooperation with the IWGPS and addressing a broad group of potentially interested stakeholders – was considered as the most

appropriate for the project of revision of the Manual. A balanced representation of countries in the TEG, in addition to relevant experts, was strongly suggested.

The IWGPS members also suggested a direct involvement of IWGPS representatives in the TEG, on a voluntary basis, with the exception of the Chairperson that should be one of the IWGPS members (IMF agreed to consider if it would be possible for the IMF to chair the TEG; UNECE and ILO offered support, both technical and administrative; other IWGPS members manifested their interest to be part of the TEG).

On the basis of the mandate of the TEG, as agreed by the IWGPS, the project should benefit from an extensive consultation/feedback from countries and stakeholders to be addressed in the appropriate fora (e.g. the CPI expert meeting in May 2014 in Geneva).

In the same spirit, the progress on the revision at different stages of the project should be shared with a broader user community to stimulate feedback from the CPI compilers and stakeholders' community.

v. Way forward

On the basis of the discussion, the following approach for the review of the CPI Manual has been proposed:

- To review the Manual with the target of producing a reference set of recommendations and guidance with the objective to improve the quality and international comparability of national CPIs.
- To establish a Technical Expert Group (TEG) under the auspice of the IWGPS and chaired by a member of the IWGPS to set up and run the revision project.
- To have, as members of the TEG, a combination of experts and compilers representing a broad community of stakeholders and countries (i.e. recognised experts from countries, organisations and academia).
- To ensure a large support to the project of revision of the CPI Manual by setting up all the necessary measures to advertise the project, involve a broad community of CPI compilers and stakeholders, to share the different parts of the revised manual once available for comments, to seek for the involvement of the scientific community.
- To address the UNSC asking for a mandate to set up the set of guidelines for the compilation of comparable CPIs.
- To give consideration to a possible split of the contents under the scope of the current version of the Manual into two parts: a methodological framework and a set of practical guidelines/recommendations.
- To develop, as necessary, the methodological framework with an horizon of 4-5 years by using, for example, a dedicated platform to allow exchange of opinions on new developments with the aim to create a consensus on the relevant methodological aspect to be part of the reference framework.
- To develop the guidelines in a shorter time horizon to address the increasing demand in this field.

Action points

- UNECE to refine the issue paper in line with the outcomes of the IWGPS discussion.
- UNECE to further explore the steps to be followed to prepare and submit the mandate of the project for the revision of the CPI Manual to the UNSC.

- IWGPS Chair to act to have the point on the revision of the CPI Manual in the agenda of the next UN Statistical Commission.
- IWGPS members to consider and suggest to the IWGPS Chair potential experts for the TEG, including the editor.
- IWGPS members to confirm their interest in being part of the TEG and in assuming responsibility roles in the revision project – information to be provided to the IWGPS Chair.
- The IWGPS Chair to call a follow-up meeting at beginning of September.

2. Organisational structure of the IWGPS

The discussion on the revision of the CPI Manual was the occasion to assess the current governance structure of the IWGPS, with particular view to the groups supporting the methodological developments. The IWGPS was originally created to supervise the compilation of the CPI Manual. Its mandate progressively broadened to develop international standards and recommendations on price statistics, document best practice guidelines and support their implementation.

The IWGPS has been supported in its role in particular by the work of the Ottawa Group (methodological research in price indices) and by the UNECE/ILO meetings of the CPI experts (theory and practice of CPIs) and by other dedicated groups (e.g. Voorburg Group for PPIs).

Some members of the IWGPS felt that a more structured organisation of experts in consumer price statistics, in the form of an Advisory Expert Group as it exists in National Accounts, could be beneficial for the IWGPS and the activities under its portfolio. The suggestion to structure the methodological advice to the IWGPS via a Price Statistics AEG would ensure continuity in addressing the research agenda of consumer price statistics and, at the same time, a forum bringing together the compilers of price statistics to discuss about methodological issues. This approach proved to be successful in national accounts to promote the corresponding research agenda and to provide the input for the revisions of the SNA.

The IWGPS members discussed the proposal with particular attention to the potential role of a Price Statistics AEG in the current governance of the bodies coordinated by the IWGPS.

The IWGPS decided to come back on the proposal in one of the forthcoming meetings on the basis of an issue paper to be prepared by OECD.

Action points:

- OECD to produce an issue paper on a Price Statistics AEG and its role in the IWGPS related governance structure

3. Enhancing international comparability of CPIs

During the discussion on the revision of the CPI Manual, the IWGPS members considered the concept of improved comparability of CPIs at international level. Whilst all members of the IWGPS recognise the importance of enhancing the international comparability of CPIs, some members (OECD and Eurostat) are more in favour to speed up this process through issuing recommendations/guidelines – in particular on the basis of the momentum created by the G-20 Data Gaps Initiative and the forthcoming compilation of the G20 CPI. Other members (ILO, IMF, UNECE) are more in favour of a general improvement of quality of

CPIs, which should also, inter alia, lead to an improvement of international comparability, taking into account the different national contexts.

Due to time constraints, the discussion could not be fully run during the meeting. The IWGPS will come back on the subject in one of the forthcoming meetings.

Action points:

- The IWGPS Chair to put the item on the agenda of one of the forthcoming meetings of the IWGPS.

4. AOB

- UNECE announced the date of the 2014 UNECE/ILO meeting of CPI experts in Geneva (26-28 May 2014) and the possibility of having an IWGPS one-day meeting on 29 May 2014. The IWGPS members agreed with the proposed date for the IWGPS meeting.
- UNECE highlighted the fact that the minutes of the recent meetings of the IWGPS are not publicly available on the IWGPS site. The IWGPS members agreed to have them public available. (done)

Action points:

- The IWGPS Chair to provide the finalised minutes of recent IWGPS meetings to ILO for public dissemination.

Next meeting of the IWGPS: second week of September - teleconference

Annex I: Agenda

IWGPS | Inter-secretariat Working Group
on Price Statistics

Inter-secretariat Working Group on Price Statistics Meeting, 11 July 2013 Agenda

No.	Items	Responsible person/organisation
0.	Approval of the agenda <i>The IWGPS is called to approve the agenda of the meeting.</i>	Chair
1.	Review of the CPI Manual <i>Discussion about the review of the CPI Manual in the light of the developments in consumer price statistics over the past ten years and of the SNA 2008: process – roles and responsibilities – organisation – reporting lines – scope - contents</i>	IWGPS members
2.	Organisational structure of the IWGPS <i>Discussion on the organisation of the IWGPS and of the related expert groups.</i>	IWGPS members
3.	Enhancing international comparability of CPIs <i>Brainstorming on how to enhance and promote the international comparability of CPIs in the light of international activities such as the G-20 Data Gaps Initiative.</i>	IWGPS members
4.	AOB	IWGPS members