

**INTER-SECRETARIAT WORKING GROUP ON PRICE STATISTICS, 7TH MEETING
Geneva, UNECE, May 9, 2006**

Minutes

1. Introductions and Administrative Matters

The 7th meeting of the IWGPS was convened in Geneva and preceded the UNECE/ILO Meeting on Consumer Price Indices (CPIs). Those attending were Mr. Mick Silver (IMF, chair), Mr. Paul Armknecht (IMF), Ms. Merry Branson (ABS, Australia), Mr. Erwin Diewert (University of British Columbia), Mr. David Fenwick (ONS, U.K.), Mr. Carsten Hansen (UNECE), Mr. Peter Hill (World Bank, consultant), Mr. Walter Lane (BLS, U.S.), Mr. David Roberts (OECD), Mr. Jean Claude Roman (Eurostat), Mr. Paul Schreyer (OECD), and Ms. Valentina Stoevska (ILO). Mr. Yuri Dikhanov (World Bank) and Mr. Keith Woolford (ABS) were unable to attend.

a. Review of IWGPS Terms of Reference

The Terms of Reference (TOR) for the Group were rewritten at the last meeting. There was some discussion of a further revision that would identify how the work of the IWGPS fitted in with the work of other groups. It was decided that given the TOR had so recently been reviewed, this be considered at a future meeting.

b. Chair and Secretariat

As from the next UN Statistical Committee (UNSC) meeting in 2007, the IMF will hand over the chair and secretariat of the IWGPS to the UNECE.

2. Report to the UN Statistical Commission Meeting (March 2006)

A report on the work of the IWGPS was tabled at the March 2006 UNSC meeting.

3. CPI and PPI Manuals: translation into non-English language versions.

The IMF reported that Spanish and French versions of the CPI (PPI) manuals should be available in the next few months (mid-2007) and the Russian CPI version in mid-2007. There has been no progress on an Arabic version due to a shortage of translators at the IMF and backlog of work in this area. Concern was expressed over the delay in the Russian and Arabic language versions. The IMF noted the large costs involved in such undertakings and that it had taken over this work from the ILO due to its budget constraints. The need to explore alternative institutions /funding sources for translations was considered. The ILO offered to put the non-English language CPI Manuals on their website. Given the high demand for the Russian version, the IMF will investigate the possibility of making available for dissemination the non-edited version of the Russian translation.

4. Updating the CPI and PPI Manuals

a. The Process – General Principles

Drawing on papers by Peter Hill and the ILO and much discussion it was decided that (i) the updating would be to the electronic versions of the manuals; (ii) a separate TEG not be established, but the IWGPS operate as a virtual group to decide on any issues; (iii) the original authors be, if willing, responsible for the updating (and signing off) of their (revised) chapters, subject to the ultimate approval of the IWGPS; (iv) that since no compensation was available for the work of the authors, the revised versions would not necessarily involve substantive changes; (v) there was an expression of appreciation to the authors and editors who had contributed to the manuals either freely or over and above what might be expected from any fee; (vi) the ILO would assume responsibility for managing the revision of the *CPI Manual* and the IMF the *PPI Manual*.

b. The process – specifics

There would be two stages to the process of updating the manuals. The first would be a seeking of comments, determining which are minor revisions, and including these, along with the erratum and existing non-substantive comments, in the electronic versions. The seeking of comments and sending of the erratum and existing ones to the authors could be expected to be completed by the end of June 2006. In the second stage more substantive issues would be considered by the IWGPS.

For the first stage, more specifically: (i) authors would be asked if they were willing to be responsible for the updates and if not, the IWGPS would try to find alternates; (ii) the authors (or alternates) would be sent the erratum prepared by the IMF and comments received to date and would decide which comments were substantive (or even substantial) and not be the subject of the revision; (iii) the authors would undertake the changes, such changes not being subject to further review; (iv) the ILO, in cooperation with the UNECE, agreed to survey NSIs as to comments on the Manual and issues requiring further clarification (mention to be made at UNECE/ILO CPI meeting) and pass these on to the authors; (v) the authors would again distinguish which were substantive and consider the non-substantive suggestions for immediate inclusion as in (ii) and (iii) above; (vi) the revised chapters with non-substantive changes would be put on the ILO (CPI) and IMF (PPI) websites; (vii) the *PPI Manual* would benefit from the same procedures for non-substantive changes; (viii) the ILO (IMF) would be responsible for the CPI (PPI) updating.

For the second stage, information on more substantial/substantive changes would be expected to be available from the ILO/UNECE by the end of the year. Changes for substantive issues were considered as taking two forms: those that required a redraft of the manuals and those would best be addressed by supplements. The former would need to be tackled reasonably quickly by the nature that they are substantive. How soon this was done in practice would

depend on the time constraints of experts. For the writing of separate *Supplements to the CPI Manual*.

There was much discussion of the nature of the proposed supplements: that they include practical working examples of some of the existing manual material; illustrative examples in hard-to-measure areas; neglected/ missing subject areas. The ILO, in cooperation with the UNECE, agreed to survey NSIs for proposed subjects.

5. Implementation of the Manuals

The Fund reported on the nature of its training and technical assistance and how they promulgate the standards of the *CPI* and *PPI Manuals*. ILO reported on its work in promoting the use of the *CPI Manual* by NSIs and regional workshops.

It was considered useful if generally available core training materials based on the Manual were available. Materials from the different agencies should be considered in this light. The possibility of further refining IMF training material for use by other agencies was discussed as was the development of supplements to the manuals which were more practically orientated, all this being subject to resource availability..

6. Status of Export-Import Price Index Manual

The IMF reported that a first draft of the *Export-Import Price Index (XMPI) Manual* had been completed and posted on its website. It was reported that this manual was based on the *PPI Manual*, but with appropriate changes and additions made by “adaptors.” Some chapters had benefited from fairly substantial changes. In particular a new chapter (by Erwin Diewert) on transfer pricing was included. The focus of the draft manual was on price indices from establishment-based surveys as opposed to unit value indices from customs data.

7. Process for Reviewing the XMPI Manual and its (Co-) Publication

a. The process

The following process for review was established: (i) send the draft chapters to the PPI authors, for review of the changes made and any further adaptation; (ii) the IMF write for comments to NSIs, the International Working Group on Merchandise Trade Statistics and OECD Expert Group on International Trade; (iii) the IMF holds a users meeting in Washington D.C. to discuss the draft Manual and receive additional comments; (iv) authors, as opposed to adaptors, have first call on integrating the comments; (v) chapters then be reviewed by external reviewers; (v) the final manual will be submitted to the IWGPS for its approval prior to publication.

b. Publisher

The Group discussed whether all six agencies should be co-publishers of this manual. It was agreed that they should in principle, with the IMF taking the lead. The World Bank was absent from the meeting and has to be contacted in this regard.

8. Coordination of Price Index Number Training

The ILO agreed to attempt to monitor CPI training provided and received and report back. This should help coordinate CPI training and avoid undue duplication.

9. Other Price Index Manuals

a. ICP Handbook

Peter Hill reported on the progress in developing the manual for the 2005 International Comparisons Program (ICP). The manual will consist of 15 chapters, all of which are in draft form and available for comment on the ICP webpage at the World Bank website. Peter described the contents of the various chapters. Peter acknowledged the substantial help of Eurostat and OECD in developing the ICP Manual. There remained, however, further conceptual and practical issues that needed resolving. These included the methodology for global comparisons; the level at which the results would be published; confidentiality; that some prices were collected in 2005 and some in 2006; dwelling services; and government services. Peter also reported that resolving methodological issues was an ongoing process, and the final version of the manual would be in some respects an account of what was done.

It was noted that the OECD and Eurostat have an unpublished manual for their PPP program.

Resolved: In view of these outstanding methodological issues, and the need for them to be decided in the not too distant future, the IWGPS resolved to express concern to the World Bank that no further TEG meetings were planned.

b. Real Estate Price Indices (REPIs)

The need for a manual on real estate price indices was discussed, especially given the absence of recent systematic international guidelines and divergence in country practice. There is a need to establish a conceptual basis for REPIs, to get more information on country practices, and to review different approaches used in practice. OECD will consider organizing a seminar on real estate price indices as a precursor to the writing of a REPI manual. OECD will need to coordinate with Eurostat work in this area.

c. Labour Cost Indices

ILO noted that, for the time being, the development of this manual was not regarded as a priority as this type of index was produced by a few agencies and some guidelines existed in

the ILO manual “An Integrated System of Wage Statistics”. Meeting considered that this should be a priority area. ILO to report back.

d. Core Inflation

The IMF reported on the release of an IMF Working Paper on core inflation measurement which may be developed into a practically-orientated handbook.

10. Future Work

a. Erwin Diewert noted, and the meeting supported, the need for manuals on the prices of primary inputs to facilitate better productivity analysis.

b. The need for a manual on the prices of medical services was raised

11. Other Business

Jean Claude Roman noted that this would be his last meeting and the group thanked him for his services. The Group recognized the work of Paul Armknecht and wished him well in his retirement from the IMF and continued work in the area of price indices.

12. Next Meeting and Rotation of Chair

As note in 1b, as from the next UN Statistical Committee (UNSC) the UNECE will take over the chair and secretariat of the IWGPS. The date of the next meeting in 2007 will be selected, if possible, to precede or succeed the Ottawa Group or UNECE/ILO CPI Meeting.