

**INTER-SECRETARIAT WORKING GROUP ON PRICE STATISTICS, 6<sup>TH</sup> MEETING  
Paris, OECD, June 23-24, 2005**

**Minutes**

**1. Introductions and Administrative Matters**

The 6<sup>th</sup> meeting of the IWGPS convened in Paris following the OECD seminar on Inflation Measures. Those attending were Mr. Paul Armknecht (IMF, chair), Ms. Lidia Bratanova (UNECE), Mr. Jean Claude Roman (Eurostat), Mr. Paul Schreyer (OECD), Ms. Valentina Stoevska (ILO), Mr. David Fenwick (ONS, U.K.), Mr. David Johnson (BLS, U.S.), Mr. Peter Hill (World Bank, consultant), and Mr. Keith Woolford (ABS, Australia). Mr. Yonas Biru (World Bank) was unable to attend.

***a. Review of IWGPS Terms of Reference***

The Terms of Reference (TOR) for the Group were written in 1998. The Group reviewed the old TOR and discussed a number of changes to update them. Key issues revolved around the current work of the Group, particularly with regard to coordination activities in the development of price statistics. The membership was also reviewed as was the meeting schedule (both discussed below). An updated version of the TOR is attached. This document will be submitted to the UN Statistical Committee (UNSC) as part of our next report to the UNSC for the March 2006 meeting.

***b. IWGPS membership***

The Group agreed that the primary membership should consist of the six international organizations—ECE, Eurostat, ILO, IMF, OECD, and the World Bank. Additional representation from national statistical offices and academia will be requested by the Group to provide advice and counsel from time to time. As with other working groups under the UNSC auspices, decisions will be reached by consensus. The Group also agreed that the secretariat of the Group should be reviewed for possible rotation every two years. The secretariat was succeeded by the IMF in April 2004 and the next review should take place during the 2007 meeting.

***c. Frequency of meetings and venues***

The Group agreed that a formal meeting on an annual basis is sufficient and should be coordinated to coincide with any of the international meetings on price statistics that regularly occur. The Group also would have occasional virtual meetings by email or teleconference.

## **2. Report from UN Statistical Commission Meeting (March 2005)**

Feedback from the UNSC was very positive on the completion of the *CPI* and *PPI Manuals*, particularly with regard to the coordinated effort. The Conference of European Statisticians also noted the development of the Manuals as a good example of coordination among international organizations and statistical offices.

## **3. Comments from Users on the CPI and PPI Manuals**

There have not been many comments received on either the CPI or PPI websites.

### ***a. Suggestions received by IMF and ILO***

The most suggestions received to date are those from the IMF conference in Helsinki, which resulted in a number of specific, but non-critical comments for improving the manuals. The ILO also has received a few comments on their website.

### ***b. Methods for obtaining additional feedback***

The Groups discussed a variety of different approaches for obtaining comments. The ILO and IMF noted that copies of the manuals were sent to agency in each member states. In addition, copies have been sent to libraries and other depository institutions for literature. It is not clear whether the manuals actually got to the staff who compile the indices. The ECE and ILO will develop a questionnaire to send to CPI users regarding the usefulness of the manual. The IMF requested a copy of the questionnaire to send to compilers of the PPI. Data on the type of purchasers of the manuals at the ILO and IMF are not readily available. There were some doubts about the usefulness of sending a questionnaire to users at this stage as it might be too soon to generate much informed comment, particularly because the Spanish, French, and Russian translations are not yet available.

### ***c. Country experience with CPI and PPI Manuals***

David Johnson noted that members of the U.S. CPI staff have been working through the theoretical chapters in the CPI manual and have produced some comments that he will send for inclusion on the CPI webpage. Keith Woolford noted that the ABS has analysts read and review sections of the manuals as operational questions arise periodically. However, as noted above, very few comments have been received. One reason for this is that the manuals are only available in English. Translations to French, Spanish, and Russian will not be available until next year.

### ***d. Other suggestions***

During discussions among the Group regarding coordination of price measurement activities, the ILO and IMF noted that they will be conducting CPI training in October and November 2005, respectively. In addition, the U.S. BLS will offer training on price indices in the near

future. These will serve as good opportunities to discuss the manuals and their use. The Group agreed that there was need for better coordination among IWGPS members regarding price index training and price index issues. All agreed to improve communication in this area and share relevant training material.

#### **4. Updating Process of the CPI and PPI Manuals**

The process for updating the CPI and PPI manuals (and future manuals) was affirmed as that discussed for the CPI in the minutes to the IWGPS' 5<sup>th</sup> meeting. The process is:

- Proposals for updates will be made from various sources, including the Ottawa and Voorburg Groups; the ILO and IMF have set up a Web site for this purpose, and will compile the issues and submit them to the IGWPS;
- An Advisory Group on updating will be set up by the IWGPS, probably including members of the Technical Expert Groups that drafted the current manuals; then the Advisory Group will review the proposals and recommend certain proposed updates to the IWGPS;
- The IWGPS will decide on updates to be made following the Advisory Group's recommendations, and will organize the drafting of the revised texts;
- The revised texts will be incorporated into the Web version of the manual; they will not be submitted for approval to countries.

The Group decided to wait until after the UN-ECE/ILO and Ottawa Group meetings to establish the Advisory Group. Both meetings have discussions of the manuals on their agenda. Because the comments received to date are not critical, the Group wants to forestall updates at this time.

#### **5. Status of Export-Import Price Index Manual**

The IMF reported that the Export-Import Price Index (XMPI) Manual is still in the drafting stages. Eleven chapters are currently posted on the IMF website and the remaining chapters are still in developments. The first draft of the XMPI Manual should be completed by the end of 2005. When the Manual draft is completed, the IMF anticipates holding a user meeting in Washington D.C. to discuss the Manual and receive additional comments. The final manual will be submitted to the IWGPS for its approval prior to publication.

The Group discussed whether all six agencies should be co-publishers of this manual. Because most of the work was being done by the IMF, the ILO or other participating organisations may not want to be a signatory to this manual. However, during further discussion it was agreed that the ILO had an interest in price index measurement and the potential effect of import prices on domestic living standards and that having all the IWGPS member organizations support for the manual gave it more credibility. No decision by the ILO is needed until the XMPI Manual is near publication.

## **6. Need for Other Price Index Manuals**

### ***a . PPP Handbook***

Peter Hill reported on the progress in developing the Manual for the 2005 International Comparisons Program (ICP). The manual will consist of 12 chapters, of which 11 are in draft and available for comment on the ICP webpage on the World Bank website. The chapter on aggregation (chapter 12) is in the final drafting stage and should be available by end July. This chapter will discuss the methods for linking countries to develop regional and world PPP comparisons. Peter described the contents of the various chapters and noted that a key chapter was the one on calculation of basic parities. It describes both the EKS and country product regression dummy (CPRD) methods. The manual presents the strengths and weaknesses of each method, but noted most comparisons outside of Europe and OECD would use the CPRD, partly due to its ability to fill “holes” in the basic parities. Peter acknowledged the substantial help of Eurostat and OECD in developing the ICP Manual. The Group noted that the ICP Manual draws on the OECD/Eurostat PPP Manual that is used for the European and OECD comparisons (done on an annual basis). However there are differences between the two manuals (e.g., Country Product Regression Dummy approach vs. EKS, the ring countries approach, and time schedule of the surveys). Clarification would be required on whether the manual would relate specifically to the current round of the ICP or was designed as a free-standing document describing the construction of purchasing powers parities in a global context.

One final issue regarding the ICP Manual was linkages between it and the CPI Manual. Peter agreed to follow-up to make sure that there is close correspondence, particularly in the area of data collection and data quality.

### ***b. Real Estate Price Indices***

At the 5<sup>th</sup> IWGPS meeting, the Group agreed that developing real estate price indices was an appropriate project as this is an important issue in many countries. David Fenwick circulated a concept paper to the Group, but it will need to be updated in light of recent work in the area. In addition, the draft Financial Services Indicators (FSI) manual contains a chapter on real estate prices. Paul will circulate a copy of this chapter to the Group. As a possible follow-up to the Workshop on Inflation Measures, OECD will consider real estate prices as part of a seminar on owner-occupied housing measures in price indices because house prices are key components in the net acquisitions and user cost approaches as well as an indicator in their own right and an important input into wealth and debt calculations.. David Johnson indicated that the BLS should have a paper on price indexes for owner-occupied housing completed by December 2005 and will circulate it to the Group. Further consideration of whether work should be progressed on a manual would take place after the seminar.

**7. Future work of the IWGPS**

Beyond establishing an advisory group of experts for reviewing changes to the manuals and technical group on real estate prices, there are no formal proposals for additional work by the Group.

**8. Other Business**

The next meeting of the Group will take place during the UNECE/ILO Meetings on Consumer Prices currently scheduled for May 2006. The Group will wait to establish the manual update advisory group until after the reports on proposed manual changes from the UNECE/ILO and Ottawa Group (also meeting in May 2006) are received by the Group.