

Price Statistics

Report prepared by the Intersecretariat Working Group on Price Statistics

1. The mission of the Intersecretariat Working Group on Price Statistics (ISWGPI) is to develop and document best practice guidelines on concepts and methods of price statistics and indicators consistent with the established international standards on the subject. A brief note on the work of the ISWGPI was submitted by the International Monetary Fund (IMF) to the Statistical Commission at its thirty-sixth session held from 1 to 4 March 2005.
2. In April 2004 the International Monetary Fund (IMF) succeeded the ILO as the secretariat of the Working Group. The secretariat will be next reviewed at the eighth meeting of the Working Group in 2007.
3. The original terms of reference of the ISWGPI, presented to the Statistical Commission at its thirteenth session (E/CN.3/1999/7/Add.1), were reviewed in June 2005 at the sixth meeting of the Working Group. Revised terms of reference were drafted for endorsement by the UN Statistical Committee (UNSC). The original terms of reference had as its focus the development of standards and manuals on consumer price indices (CPIs), producer price indices (PPIs), and import-export price indices (XMPIs). *A Consumer Price Index Manual: Theory and Practice* and a *Producer Price Index Manual: Theory and Practice* were published in 2004. The revised terms of reference, attached as Annex 1, refer to the development and implementation of the *CPI and PPI Manuals* and the establishment of standards and manuals on further price statistics, in particular, a XMPI and real estate price index manual.
4. Emphasis is also given in the new terms of reference to an objective to coordinate the role of international organizations in implementing the best practices contained in the price index manuals, in sharing information on training and technical assistance, and in using resources efficiently to avoid duplication of efforts.
5. Both the CPI and PPI Manuals are being translated by the IMF into French, Spanish and Russian, with expected publication by mid-2006 and mid-2007 for the CPI and PPI Manuals respectively.
6. A new technical expert group was formed in 2004 to develop an XMPI manual. The new manual will follow the same structure as that of the CPI and PPI Manuals. A draft of the XMPI Manual is currently available for review and comment on the IMF web site at <http://www.imf.org/external/np/sta/tegeipi/index.htm>. Comments can be provided by e-mail

using the web site or sent by fax to the number provided on the web site. Consideration will be given at the seventh meeting of the Working Group in 2006 to further plans for reviewing the draft XMPI manual, including the holding of a user's meeting.

7. The implementation of the CPI and PPI Manuals is to be discussed at the seventh meeting of the Working Group in 2006, as is the establishment of an Advisory Group on updating the CPI and PPI Manuals. The Working Group will decide on updates to be made following the Advisory Group's recommendations. The updates will be directly incorporated into the Web version of the manuals.

8. The Working Group will also discuss the need for other price index manuals.

Annex

Note on the terms of reference and functioning of the Intersecretariat Working Group on Price Statistics

Terms of Reference

Mission

To develop and document best practice guidelines on concepts and methods of price statistics and indicators consistent with the established international standards on the subject and to encourage their use. Price statistics and indicators include Consumer Price Indices (CPI), Producer Price Indices (PPI), Export-Import Price Indices (XMPI), Real Estate Price Index (REPI), and other such price statistics and indicators as required on a priority basis and, to the extent possible, compatible with the *System of National Accounts, 1993* and its updates.

Objectives

1. To develop and implement the *Consumer Price Index Manual: Theory and Practice* (ILO: Geneva, 2004) and the *Producer Price Index Manual: Theory and Practice* (IMF: Washington, D.C., 2004). This includes periodic updates to the electronic versions of the *Manuals* available on the ILO and IMF web pages.
2. In parallel, to arrange for the establishment of standards and manuals on other price statistics, in particular, the XMPI and REPI.
3. To coordinate the role of international organizations in implementing the best practices contained in the price index manuals, in sharing information on training and technical assistance, and in using resources efficiently to avoid duplication of efforts.

4. To assist in the development of a framework for price statistics which is able to explain the links between various price indices themselves and between price indices and other relevant economic and labour statistics.

Composition

At present the ISWGPS comprises the following organisations:

- Economic Commission for Europe
- International Labour Office
- International Monetary Fund
- Organisation for Economic Cooperation and Development
- Statistical Office of the European Communities (Eurostat)
- World Bank.

The ISWGPS is open to all interested and committed organisations: chair of the advisory group, experts from national statistical offices, academia, and international organisations. The ISWGPS will invite these interested parties to participate in its work program.

The International Labour Office initially assumed the Secretariat of the ISWGPS, but was then succeeded by the IMF in April 2004.

External Linkages

It is expected that the activities of ISWGPS will receive wider exposure through discussion at relevant regional meetings, and regular communication with international experts and groups using electronic media such as the Internet.

The work of ISWGPS will relate to, draw from and capitalise on the work of technical groups such as the Ottawa City Group on Price Statistics and the Voorburg on Service Statistics, as well as complement that of regional and international organisations.

Immediate Output

Develop and update Manuals on Consumer Price Indices and Producer Price Indices, which will take into account:

- The recent emergence of economies in transition and movements towards free-market economies of many developing countries;
- The collapse of financial markets in many newly emerging and independent countries;
- Rapid technological improvements affecting the cost and quality of goods and services, and so their relative prices, and changes in consumer demand and producer supply.

The manuals will continue to:

- Provide an introduction in the theory of index numbers;
- Address both conceptual and operational issues such as sampling, collection methodology, compilation, organisation and computation, and dissemination of the data;
- Be targeted for use by both developed and developing countries;
- Be directly usable for training and advisory missions.

Main Activities

ISWGPS will be responsible for the coordination and overall management of the work to update the existing manuals and for the development and approval of new manuals. An advisory group will be established to advise the ISWGPS on updates to the CPI and PPI manuals. Technical expert groups (TEGS) will be established to advise on the development of the XMPI and REPI indices. These teams of experts, working in parallel, will exist solely for the update and production of these manuals. Consultants from the members of the advisory group, the TEGs, ISWGPS, Ottawa Group, Voorburg Group, as well as other recognised experts in price measurement from countries not represented in the Ottawa and Voorburg Groups, will be appointed to prepare specific sections of the manuals on the issues identified by the ISWGPS. The exact form of authorship will, however, be decided on a case by case basis.

The ISWGPS will facilitate the sharing of information among member organisations about training plans and materials, technical assistance to countries on price indices, and other activities the organisations undertake to implement the price index manuals.

Meetings of ISWGPS will as far as possible take place at the same time as related scheduled meetings such as the ECE Experts Meeting on CPI, the Ottawa and Voorburg Group Meetings, and the ILO/ECE Meeting on Consumer Prices. In addition, the ISWGPS will conduct “virtual meetings” by using email correspondence or teleconferencing as needed between fact-to-face meetings to discuss issues and activities.

Proposals, outlines, and draft material will be widely circulated through both the electronic and other media for comments and suggestions to ensure that all regional concerns are adequately addressed. Relevant organisations such as the UN Regional Commissions, the Ottawa Group, and the Voorburg Group will also be encouraged to discuss them during their regular meetings.

Finances

Participating organisations in ISWGPS are expected to meet their own direct expenses themselves. In addition, organisations are expected to contribute to financing other related costs of the Group, including the development of the manuals and the hiring of experts.