

CONFERENCE OF EUROPEAN STATISTICIANS

Approved

Second Meeting of the 2007/2008 Bureau
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Item 4b of the Provisional
Agenda

**JOINT UNECE/ILO MEETINGS ON
CONSUMER PRICE INDICES**

Terms of Reference for the Organising Committee

BACKGROUND

1. The joint UNECE/ILO meetings of the Group of Experts on Consumer Price Indices (CPIs) have been organised every two years since the early 1980's. The joint meetings are intergovernmental meetings and have been well attended by specialists from national statistical offices in the UNECE region as well as from other member countries of the ILO and representatives of other international organisations.

THE PURPOSE OF THE JOINT MEETINGS ON CPIS

2. The purpose of the joint meetings is to support the development and implementation of internationally accepted standards and methods in the field of CPIs, thus improving the quality and international comparability of CPIs. The joint meetings also provide an opportunity for national experts to exchange views and experiences in the field of price statistics.

3. The meetings provide a forum for identifying best practices for compilation of CPIs. Special attention is paid to reduce existing gaps between UNECE member countries. The results and recommendations from the meetings also serves as input for the revision of the CPI Manual, including Supplementary Handbooks.

4. The reports and recommendations of good practices of the joint meetings and suggestions for future agendas are submitted to the Intersecretariat Working Group of Price Statistics (IWGPS).

THE PURPOSE OF THE ORGANISING COMMITTEE

5. The purpose of the Committee is to assist the UNECE and the ILO in the preparation and follow-up of the joint CPI meetings. The Committee decides the future agenda items and the time and frequency of future meetings. The Committee may also propose experts that can contribute to the work on CPIs.

6. The Committee should take into account activities undertaken in the IWGPS and the Ottawa Group and other groups involved in price statistics. The Committee should make any effort to strengthen the coordination with activities in these groups and reduce possible overlap of work. The work of the Joint CPI Meetings, the Ottawa Group and the IWGPS is

described in more detail in Annex 1. The terms of reference of the IWGPS are provided in Annex 2.

WORK PLAN

7. Organisation of a joint UNECE/ILO meeting on CPIs in 2008 in May or June, subject to further consultations with the Organizing Committee and the availability of meeting facilities. The joint meeting will be informed by reports from ILO, IMF, Eurostat, the IWGPS and the Ottawa Group, and consider the following substantial topics:

- coherence between different price indices (e.g. CPIs and PPIs);
- integration between CPIs and estimates of price levels: coordination of price data collection systems for different purposes (e.g. CPIs and PPPs);
- data collection: the optimal size and allocation of the sample, use of different data sources (e.g. scanner data and administrative sources) and techniques for price collection, and price collection periods;
- data processing and editing, including the treatment of missing data and imputations;
- quality adjustments for services;
- house price indices;
- revision of the CPI Manual.

8. Organisation of a one-day meeting for transition economies, focusing on the practical problems associated with the implementation of recommended CPI practices in economies in transition. The meeting will be organized back-to-back with the joint CPI meeting.

9. Conduction of a joint UNECE/ILO survey in 2007 in national statistical offices in UNECE and ILO member countries and with main users of CPIs to obtain feedback on the usefulness of the CPI Manual. The result of this survey will be used to inform future joint meetings and future updates of the electronic version of the CPI Manual.

10. The report of the joint CPI meeting in 2008 and proposal for possible future work on CPIs will be submitted to the Bureau for its meeting in October 2008.

MEMBERS OF THE ORGANISING COMMITTEE

11. The Committee is composed of five representatives of CES member countries, including the incoming Chairperson and Vice-Chairperson of the joint CPI meeting, and representatives from UNECE, ILO, Eurostat, OECD and IMF. Other experts can be invited if this is found useful.

MEETINGS OF THE ORGANISING COMMITTEE

12. The Committee meets during the joint CPI meetings. It is envisaged that the Committee will review issues by means of electronic discussions in between the meetings.

REVIEW OF THE MANDATE OF THE ORGANISING COMMITTEE

13. After two years the Bureau of the Conference of European Statisticians (CES) will review the mandate of the Organising Committee.

ANNEX 1

Description of the work of the Joint UNECE/ILO Meetings, the Ottawa Group and the IWGPS

THE JOINT UNECE/ILO CPI MEETINGS

1. The *Joint UNECE/ILO CPI Meetings* provide a unique opportunity for national experts to exchange views and experiences in the field of price statistics and to identify good practices. The joint meetings are the only intergovernmental meetings on CPIs at a broader geographical level than the EU, and they also offer an important forum for the IWGPS for discussion of CPI related issues.
2. The joint meetings report to the Conference of European Statisticians and its Bureau.
3. The meetings focus on issues that are directly relevant for the compilation of CPIs in national statistical offices. The meetings discuss all steps of the compilation process, i.e. collection, processing and dissemination of data, including also resource and organisational issues. The meetings are usually held every second year.
4. The meetings aim to discuss and make recommendations on good practises that can be implemented by the statistical offices. The agenda is demand driven in the way that the Organizing Committee decides the future agenda items on the basis of proposals from the country representatives at the joint meetings.
5. The joint meetings have been an important forum for the work on the international CPI Manual published in 2004, and for providing feedback from countries for the revision of the electronic version of the manual.
6. In addition to the substantial topics discussed at the meetings, IMF, ILO, the IWGPS and OECD and Eurostat provide reports on activities and initiatives. This helps to ensure that the joint meeting and the country representatives are informed about the international activities on consumer price indices.
7. The joint CPI meetings are attended by 80-100 participants. In addition to the experts from national statistical offices of UNECE member countries, on the invitation of the ILO, the meeting is also attended by representatives from NSOs in Asia, the Arabic speaking world, Africa and South America. Experts from other international organisations (IMF, OECD, ILO and Eurostat) also attend the meetings, as do representatives from central banks, for example ECB, representing a main user perspective. Members of the Ottawa Group and the IWGPS also attend the meetings.
8. The joint meetings thus also provide a forum for information of the IWGPS and other international organisations about activities, problems and needs in the compilation of CPIs in statistical offices. Reports and recommendations of the joint meetings as well as proposals for future agendas are submitted to the IWGPS.

9. The previous meeting in May 2006 discussed the following topics: system of price indices, structured product descriptions, core inflation measurement, target indices of the CPI, measurement problems in emerging economies, and the CPI Manual. The proceedings of the meeting (agenda, report of the meeting and the discussed papers) are available on www.unece.org/stats/documents/2006.05.cpi.htm

THE OTTAWA GROUP

10. The UN International Working Group on Price Indices, *The Ottawa Group*, was established in 1994 to provide a forum for specialists to share their experiences and discuss research on crucial problems of measuring price change. Without avoiding theoretical issues, the focus of the Group is on applied research, particularly, though not exclusively, in the area of consumer price indices. Participants are specialists and practitioners who work for, or are advisors to, statistical agencies in different countries, or international organisations.

11. The Ottawa Group reports to the UNSC.

12. The Group aims to meet every 18 months. The meetings are usually attended by 20-30 participants from statistical offices and international organizations. The presentation of a paper is usually, but not always, required to participate in the meetings.

13. The agenda is agreed by the Steering Committee, which at present consists of representatives from NSOs of Canada, UK, Australia, the Netherlands and Switzerland (who will host the next meeting after the meeting in October 2007).

14. The Ottawa Group has played an important role in the theoretical and methodological development of price indices the last decade, and, for example, the international CPI and PPI manuals published in 2004 benefited much from work in this Group. It brings together worlds leading experts in price statistics with practitioners from national statistical offices, which provides a unique opportunity for discussing problems associated with implementation of the recommendations in practice. Practical problems, for example caused by resource shortage, lack of reliable data sources or time constraints, are also brought to the attention of the 'theorists' for clarification or recommendations.

15. Representatives of international organisations usually also participate in the Ottawa Group meetings. This helps to ensure that these are up-to date with the latest developments in the area of price indices.

16. For each meeting in the Ottawa Group a summary, including possible conclusions and recommendations, and presented papers are available through the Group's web page www.ottawagroup.org.

17. The Ottawa Group will have its 10th meeting in October 2007, hosted by Statistics Canada. The main topics will be the treatment of insurance and financial services; telecommunications, television and Internet services; health care services; measuring the statistical quality of indices; coherence and integration of price indices; new goods and services; and other topics.

18. The previous meeting was held in London in May 2006, hosted by the ONS. The

meeting discussed the following topics: families of indices, housing costs, services, healthcare, measuring quality changes, measuring the statistical quality of indices, and other issues.

THE INTERSECRETARIAT WORKING GROUP ON PRICE STATISTICS (IWGPS)

19. Based on the recommendation of the Joint UNECE/ILO meeting on CPIs and at the invitation of the ILO Bureau of Statistics, the Intersecretariat Working Group on Price Statistics, IWGPS, was established in 1998 to coordinate work to develop the international standards on price statistics.

20. The IWGPS reports to the UNSC.

21. According to the original terms of reference of the IWGPS (which are available on <http://www.ilo.org/public/english/bureau/stat/guides/cpi/index.htm>) the group should work to develop and establish international manuals on consumer price indices (CPIs) and other price statistics, in particular producer price indices (PPIs) and international trade price indices. The group should also 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.

22. The terms of reference were revised in 2005 to take into account the development of work since 1998. The objectives of the IWGPS in the revised terms of reference are:

- to develop and implement the CPI and PPI manuals, including revising the electronic versions of the manuals;
- to arrange for the establishment of standards and manuals for other price statistics, in particular export and import price indices (XMPI) and real-estate price indices;
- to coordinate the work of international organizations in implementing best practices, in sharing information on training and technical assistance and in avoiding duplication of work;
- 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.

23. The report of the IWGPS to the UNSC session in March 2007, including the terms of reference, is attached in Annex 2.

24. The IWGPS comprises the following organisations: IMF, UNECE, ILO, OECD, Eurostat and the World Bank. The group may invite experts to participate in its work. Experts from Australia, USA, UK, the Netherlands and Canada participated in the latest meeting of the Group in May 2006 back-to-back with the Joint CPI Meeting in Geneva, and are expected also to participate in the next meeting in October 2007.

25. The IWGPS will have its next meeting in conjunction with the Ottawa Group meeting in October 2007. The preliminary agenda includes the following issues:

- revision of the CPI Manual;
- revision of the PPI Manual;
- the new XMPI Manual;

- the work on the Supplementary Handbook: Practical Guide to Compiling Consumer Price Indices;
- the Manual/Handbook on Real Estate Price Indices (OECD);
- implementation and promotion of the CPI and PPI Manuals;
- report from UNECE/ILO on the planned Joint CPI Meeting in 2008;
- coordination of training activities and training materials on price indices;
- core inflation; the possibility of developing the IMF working paper on core inflation measurement to a practical/supplementary handbook;
- review of the TOR of the IWGPS.

26. A considerable amount of work has been devoted to the production of the XMPI Manual, expected to be published late this year or early next year. Many of the experts engaged in this work will also be involved in the work to revise the electronic versions of the CPI and PPI Manuals. Although some initial reviewing has been undertaken (errors located etc.) the electronic versions of the two manuals have not yet been revised.

27. UK/ONS will be the main contributor and editor of the Supplementary Handbook: Practical Guide to Compiling Consumer Price Indices, targeted at developing countries. OECD will be the main contributor and editor of the Manual/Handbook on Real Estate Price Indices. Both publications will be compiled under the auspice of the IWGPS who will also approve the final versions before publications. The IWGPS will also approve the revisions of the CPI and PPI manuals.

ANNEX 2

The terms of reference and functioning of the Intersecretariat Working Group on Price Statistics¹

MISSION

1. The mission of the Intersecretariat Working Group on Price Statistics 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 and to encourage their use. Price statistics and indicators include consumer price indices, producer price indices, export-import price indices, real estate price indices and such other price statistics and indicators as are required, preferably compatible with the System of National Accounts, 1993 and the updates thereto.

OBJECTIVES

2. The objectives of the Working Group are:
- to develop and implement the *Consumer Price Index Manual: Theory and Practice* (International Labour Organization (ILO), Geneva, 2004) and the *Producer Price Index Manual: Theory and Practice* (International Monetary Fund (IMF), Washington, D.C., 2004). The work includes periodic updates of the electronic versions of the manuals available on the ILO and IMF websites;
 - to arrange for the establishment of standards and manuals for other price statistics, in particular, export-import price indices and real-estate price indices;
 - to coordinate the work 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;
 - to assist in the development of a framework for price statistics to explain the links between various price indices and between price indices and other relevant economic and labour statistics.

COMPOSITION

3. The Working Group currently comprises the following organizations:
- UN Economic Commission for Europe (UNECE);
 - International Labour Organization;
 - International Monetary Fund;
 - Organization for Economic Cooperation and Development;
 - Statistical Office of the European Communities;
 - World Bank.
4. The Working Group is open to all interested and committed organizations; chairs of advisory groups on price index manuals and experts from national statistical offices, academia

¹ From the Report of the Intersecretariat Working Group on Price Statistics to the UNSC thirty-eight session 27 February – 2 March 2007, document no. E/CN.3/2007/23.

and international organizations. The Working Group will invite these interested parties to participate in its work programme.

5. The International Labour Organization initially provided the secretariat of the Working Group but was succeeded by IMF in April 2004.

EXTERNAL LINKAGES

6. The activities of the Working Group are expected to 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 the Working Group will relate to, draw from and capitalize on the work of such technical groups as the Ottawa Group on Price Statistics and the Voorburg Group on Service Statistics, and will complement that of regional and international organizations.

IMMEDIATE OUTPUT

7. The immediate output of the Working Group will consist of the development and update of consumer price index and producer price index manuals, which will take into account:

- the recent emergence of economies in transition and movements towards free-market economies in 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, consequently, their relative prices, and changes in consumer demand and producer supply.

8. The manuals will continue:

- to provide an introduction to the theory of indices;
- to address both conceptual and operational issues such as sampling, collection methodology, compilation, organization and computation and dissemination of data;
- to be intended for use by both developed and developing countries;
- to be suitable for training and advisory missions.

MAIN ACTIVITIES

9. The Working Group 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 Working Group on updates to the consumer price index and producer price index manuals. Technical expert groups will be established to advise on the development of the export-import price index and real-estate price index manuals. The teams of experts, working in parallel, will exist solely for the update and production of the manuals. Consultants from the members of the advisory group, the technical expert groups, the Working Group, the Ottawa Group and the Voorburg Group, as well as other recognized 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 Working Group. The exact form of authorship will, however, be decided on a case-by-case basis.

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

11. Meetings of the Working Group will as far as possible take place at the same time as related scheduled meetings such as the UNECE expert meeting on consumer price indices, the Ottawa and Voorburg Group meetings and the ILO/UNECE meeting on consumer prices. In addition, the Working Group will conduct virtual meetings, using e-mail correspondence or teleconferencing as needed between face-to-face meetings to discuss issues and activities.

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

FINANCES

13. Organizations participating in the Working Group are expected to meet their own direct expenses. In addition, organizations are expected to contribute to financing other related costs of the Working Group, including the development of the manuals and the hiring of experts.

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