TWINNING PROJECT

Support to Development Process in the State Statistics Service of Ukraine with the Objective to Enhance its Capacity and Production

Ukraine



REPORT ON THE STUDY VISIT

to INSEE France

Component 2 Consumer price index: sampling and methodology

Activity 2.2 Study visit

May 13-15, 2014

Participants of the study visit:

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Nadia Profatska, Head of the Unit of Consumer Price Statistics

Natalia Al-Hameedi, Chief specialist-economist, Department Price Statistics

Liudmyla Rudenko, Senior economist, Department Price Statistics

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The study visit to INSEE France was organised within the framework of the Twinning Project “Support to Development Process in the State Statistics Service of Ukraine with the Objective to Enhance its Capacity and Production” on the invitation of the French National Institute for Statistics and Economic Studies (INSEE) as of March 24, 2014. The study visit took place in Paris on May 13 – 15, 2014 and was carried out under the Component 2 " CPI : sampling and methodology ". Delegation was composed by the representatives of the Price Statistics Department, SSSU: I.Shrska, Deputy Director, Price Statistics department, N,Profatska, Head of the Unit of Consumer Price Statistics, N. Al Hamidi, Chief specialist-economist, Department Price Statistics, L.rudenko, Senior economist, Department Price Statistics. The purpose of the visit was to study French experience and practice for calculation of CPI.

The key methodological principles and steps to compile the French CPI have been discussed during the study visit. Subject presentations on weight structure for calculating the CPI, coverage of goods (services), procedure of collecting information on prices, formulas for calculation of index for elementary aggregates were made.

Special attention has been paid to plans and methods for sampling of settlements, where the survey over changes in consumer prices (tariffs) is conducted; for further calculation of CPI, goods and services for registration of prices, optimization and quality control of the aforesaid populations.

A detailed study of practical issues related to the registration of prices, including the use of observation codes was performed. The examples of equivalent and non-equivalent replacement goods, indirect imputation price of homogeneous and heterogeneous products were given. A separate presentation was made on application of hedonistic regression (based on the EU standards) used to make quality adjustments of prices for product models with different specifications/characteristics, such as audio, photo and information processing equipment.

Ukrainian experts had an opportunity to get acquainted with the procedure of calculation of price indices for mobile services taking into account consumer profiles, used in France.

The SSSU and INSEE experts exchanged their experience on methods applied for selection of territories, trade companies (service sector) for calculation of the CPI, the procedure of conducting observations over changes in consumer prices, replacement of goods, calculation of price indices for temporarily unavailable goods. Particular attention was paid to differences in consumer consumption patterns and consumption habits among the population of small towns in Ukraine and France.

The SSSU experts would like to thank all INSEE experts for the opportunity to meet, the presentations made during the SV and the valuable information obtained.

Persons met:

National Institute for Statistics and Economic Studies (INSEE):

Thomas Balcone, Expert on consumer prices

Patrick Sillard, Director, consumer prices Department

Yves Coltier, Specialist, consumer prices Department

Conclusions and recommendations  
  
 The INSEE experts made a range of detailed presentations. The SSSU experts had an opportunity to study French experience and practical approaches to the main phases of calculating CPI.

The participants of the study visit got detailed information on the current INSEE sample of territories and products used for calculating CPI, the system of quality adjustments, calculation of price indices for mobile services, practical techniques of indirect imputation and hedonic regression.  
While summarizing the results of the study visit the INSEE experts provided a range of recommendations for further improvement of the methodology for compiling CPI and harmonisation of national Ukrainian methodology with European practices.

Particularly useful could be further study of the INSEE experience on formation of the sample territories and products as well as developing new criteria for selecting cities for tracking changes in consumer prices. It was also recommended to conduct a more in-depth study of the procedure of construction of hedonic models and the possibility of calculating price indices for mobile communication services basing on available data sources.

Future cooperation

The working mission is planned for September-October 2014, while it would be preferably for the SSSU experts to carry out this activity in September.

The SSSU expert express their interest to deepen their cooperation with the INSEE CPI Department and would like to involve Mr Sillard, Director, CPI department, to the expert pool of the component 2 CPI in the framework of the Twinning Project.