

PEEs in focus

A summary for the import price index

2011 edition

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This report has been prepared based on information kindly provided by the STS coordinators of each country. The original draft of this report was written and produced by Simon Allen and Andrew Redpath of INFORMA s.à r.l. The opinions expressed in this report are those of the individual authors alone and do not necessarily reflect the position of the European Commission.

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Introduction

What are PEEIs

Eurostat compiles European Union and euro area infra-annual economic statistics relevant for short-term economic analysis. Among these, a list of indicators, called Principal European Economic Indicators (PEEIs) has been identified by key users as being of prime importance for the conduct of monetary and economic policy of the euro area. These indicators are mainly released through Eurostat's website under the heading Euroindicators / PEEIs as one of the sets of EU policy indicators:

<http://epp.eurostat.ec.europa.eu/portal/page/portal/euroindicators/peeis>.

At the time of the first draft of this report nine PEEIs concerned short-term statistics ⁽¹⁾ (STS), of which seven were included in the Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics (hereafter the STS Regulation) and the remaining two in the Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98 concerning short-term statistics.

PEEI in focus: reports and other methodological documentation

In the early 1990s Eurostat developed a database recording the methodology used for industrial and construction STS; in the second half of the 1990s this was extended to cover also the retail trade and services STS and was thereafter known as STS Sources. Since then the STS Sources database has been updated several times based on information provided by the EU Member States, Norway and Switzerland, as well as the Candidate countries. The latest update was completed in 2010.

In March 2004 it was decided to carry out a quality project for the PEEIs that would result in a yearly report. As noted above nine PEEIs concern STS, of which seven could be considered as operational in early 2004. Four quality components were selected for this project and the quality indicators that should be included in the quality report were chosen. In June 2004 Eurostat presented further details of this quality project for the PEEIs to the participants of an STS working party.

At the same meeting in June 2004 Eurostat proposed to consider a detailed, focused analysis for one PEEI every year, with the chosen PEEI changing each year; for 2011 it was decided to produce two reports

Indicator	Year information collected for PEEI in focus
Industrial production index	end 2004 / 2005
Retail volume of sales index	2006
Industrial producer price index	2007
Index of production in construction	2008
Index of turnover in services	2009
Index of services producer price indices	2010
Building permits indicators	2011
Import price index	2011

A template for a PEEI in focus report on import prices was prepared in spring 2011. In the middle of August 2011 this was sent to the euro area countries. All of these countries returned the reports having completed them.

The information provided generally relates to practices during 2011.

Purpose of this report

This report aims to present in a simple manner the information collected in the PEEI in focus reports for the import price index. Its purpose essentially is to allow countries to compare their methods with those in other countries, based on information presented in a structured, and as far as possible, coherent manner. Wherever possible the report presents information for each of the countries, as well as presenting summary information for all of the countries as a whole.

Although the distribution of the PEEI in focus reports has not been restricted since 2008 these reports are still targeted primarily at experts in short-term statistics, and as a consequence some methods are presented with little introduction/explanation: for more detailed explanations please refer to the methodology manual on short-term business statistics. A few selected abbreviations/acronyms are presented at the end of the publication.

(1) i) industrial production index ii) industrial output price index for domestic market iii) industrial new orders index iv) industrial import price index v) production in construction vi) turnover index for retail trade and repair vii) turnover index for other services viii) corporate output price index for services ix) building permits.

Chapter 1: Overview

In 7 countries import price indices are produced for a limited range of products in application of the **European sampling scheme (ESS)** – these 7 countries are highlighted in pale blue in Table 1.

In a few of these countries the ESS requirements are very narrow, notably in Cyprus, Luxembourg, Malta and Portugal. As a consequence of the very narrow coverage these countries display some methodological characteristics that are untypical, for example limiting collection to wholesalers in Malta, or using a unit value index in Cyprus, Luxembourg and Portugal, or not using sampling in Luxembourg. In general such practices would not be possible in countries with a much wider coverage of products. For this reason, the 7 countries using the ESS to produce the MPI are shaded blue in all tables in this report, as a reminder that the coverage is limited.

It should be noted that 2 other countries, namely Slovenia and Finland, also use the ESS to limit the data that they transmit to Eurostat; these countries however produce import price indices for the full range of products for national purposes and the methodology described in this report reflects the method used for the production of price indices for the full range of products.

Most of the countries produce their import price indices using price data rather than unit values (ratio of value/quantity). Among the countries using the ESS, 3 produce a unit value index: Cyprus, Luxembourg and Portugal. Cyprus notes that the products covered (within CPA Group 19.2 – refined petroleum products) are relatively detailed (and thereby homogeneous) at a detailed level such as CN 8-digit; a pilot survey indicated that unit values and prices were the same. In a similar vein, Portugal noted that the products covered (05.1 and 06.1 – hard coal and crude petroleum) also provide unit values that are similar to prices when combining a detailed product classification with information on the country of origin, payment details, and transport used.

Among the 7 countries compiling import prices exclusively under the ESS there are 5 that only produce indices for imports from outside of the euro area. All other countries compile import price indices for imports from within the euro area and those from outside the euro area, and do so using a methodology that is common for both markets. Note that Slovenia only transmits to Eurostat data concerning imports from outside of the euro area despite a full coverage for national purposes.

Table 1: overview of methods

	European sampling scheme	Full range of CPA headings	Price data	Unit value data	Common method for intra and extra-EA
BE	X		X		Only extra-EA covered
DE		X	X		X
EE		X	X		X
IE	X		X		X
EL		X	X		X
ES		X	X		X
FR		X	X		X
IT		X	X		X
CY (1)	X			X	Only extra-EA covered
LU	X			X	Only extra-EA covered
MT	X		X		X
NL		X	X		X
AT	X		X		Only extra-EA covered
PT (1)	X			X	Only extra-EA covered
SI (2)	X	X	X		X
SK		X	X		X
FI (3)	X	X	X		X

(1) The price and the unit value are considered to be the same.

(2) Indices are compiled for the full range of CPA headings, but the ESS is used for the transmission of non-euro area data to Eurostat.

(3) Indices are compiled for the full range of CPA headings, but the ESS is used for the transmission of euro area and non-euro area data to Eurostat.

Chapter 2: Sources and coverage

2.1 Data collection

Most countries collect the data required for import price indices from price surveys conducted by the statistical office, although in Belgium the central bank is responsible for the survey. Among the 7 countries compiling import prices exclusively under the ESS, 3 use administrative data rather than a statistical survey: these are the same as use unit value data, namely Cyprus, Luxembourg and Portugal. France and the Netherlands indicated that the import price survey is part of a broader survey that also includes producer prices.

All countries collect data on a monthly basis. Ireland and Finland explicitly noted that some prices are collected less frequently if they are known to be stable. France noted that it does not collect prices in August, presumably due to reduced industrial activity in the summer.

The method of data collection is varied. Paper (9 countries), e-mail/electronic (9 countries) and web interfaces (9 countries) were the most common methods, followed by telephone (4 countries) and fax (2 countries). The majority of countries employed several methods to collect data, although one single method was used in Italy and Slovenia as well as in 5 of the countries compiling import prices exclusively under the ESS (Belgium, Cyprus, Luxembourg, Malta and Portugal). Belgium exclusively used a telephone survey, Italy exclusively a web interface and Slovenia exclusively a paper form, while the others all used e-mail or web data collection often to receive data from the authority responsible for external trade statistics.

Table 2.1: main data collection characteristics

	Data sources	Frequency	Media
BE	BNB (assumed to be Belgian national bank).	Monthly	Telephone (Blaise).
DE	Statistical surveys: statistics office. In addition: Exchanges (e.g. precious metals, electricity); Administrative data (several agricultural goods); Hedonic regression (particular IT-products).	Monthly	Varied: paper form, web interface, telephone (rarely used), fax.
EE	Statistical surveys: statistics office.	Monthly	Varied: paper form, web interface.
IE	Statistical surveys: statistics office.	Monthly (exceptionally less often for stable prices)	Varied: mainly paper form, also web interface, fax or telephone at respondent's request.
EL	Statistical surveys: statistics office.	Monthly	Varied: paper form, telephone, e-mail.
ES	Statistical surveys: public administration.	Monthly	Varied: mainly web interface, also paper form.
FR	Statistical surveys: public administration (combined with PPI survey).	Monthly (except August)	Varied: mainly web interface (60%) and paper form (40%); some use of Excel files.
IT	Statistical surveys: statistics office.	Monthly	Web interface
CY	Administrative source (external trade data).	Monthly	E-mail (from administrative authority).
LU	Administrative source (external trade data).	Monthly	Electronic data collection (from administrative authority).
MT	Statistical surveys: statistics office.	Monthly	E-mail
NL	Statistical surveys: statistics office (combined with PPI survey).	Monthly	Varied: paper form, electronic questionnaire.
AT	Statistical surveys: statistics office.	Monthly	Varied: web interface and e-mail.
PT	Administrative source (external trade data).	Monthly	Web interface
SI	Statistical surveys: statistics office.	Monthly	Paper form
SK	Statistical surveys: statistics office.	Monthly	Varied: paper forms and e-mail (electronic files).
FI	Statistical survey.	Monthly (less often for stable prices - around half of the price quotes)	Varied: mainly web interface (70%) and e-mail (28%); other (2%).

2.2 Population coverage

The coverage of import price indices according to the STS regulation can be determined from Annex A under the scope (paragraph a) and the specific exclusions for import prices (point 10) of the list of variables (paragraph c). As such the coverage is CPA Sections B to D, excluding:

- 07.21 Uranium and thorium ores
- 09 Mining support services
- 18 Printing and recording services
- 24.46 Processed nuclear fuel
- 25.4 Weapons and ammunition
- 30.1 Ships and boats
- 30.3 Air and spacecraft and related machinery
- 30.4 Military fighting vehicles
- 33 Repair and installation services of machinery and equipment.

As can be seen from Table 2.2 countries can be split into two groups, namely those countries compiling import prices exclusively under the ESS with a limited product coverage, and those not participating in the ESS with a broad coverage.

Among those with a broad coverage many cover some products outside of the scope foreseen by the STS Regulation, notably covering also Section A (for example

Germany, Italy, Slovakia and Finland) and some parts of Section E (Germany and Italy).

Equally, the countries which generally have a broad coverage do not always have a complete coverage: France noted that it excludes a number of products of low import value (in accordance with the provisions of the STS Regulation), while Germany and Italy noted that within Section D they only cover electricity.

Only 2 countries stated that data collection is limited to wholesalers, namely Belgium and Malta. In Malta this is not a decision for methodological reasons, but simply reflects the fact that there are no industrial importers of the products surveyed (tobacco).

There are 8 countries that stated that they cover all importers (or expressly that they cover wholesalers, industrial units and other importers). In practice it may well be the case that several other countries that survey wholesalers and industrial units may also survey other importers – note that ‘other importers’ was not expressly an option presented in the questionnaire used to collect this methodological information and this may be why it was not mentioned by several countries).

Table 2.2: population coverage

	CPA coverage	Observation unit	Wholesalers	Industrial units	Other
BE	08.99, 10.32, 10.51, 12, 13.1, 15.12, 16.1, 19.2, 20.13, 20.14, 20.16, 20.59, 21.1, 21.2, 22.11, 22.19, 23.12, 23.14, 23.19, 23.7, 24.1, 25.73, 28.11, 28.24, 28.41, 28.92, 29.1, 29.32, 30.91, 31, 32.5	Enterprise	X		
DE	Sections A to C (excluding 33) and 35.11, 38.11.58	Local unit	X	X	Any other importers
EE	Sections B to D in accordance with STS requirements	Enterprise	X	X	Any other importers
IE	10.13, 10.82, 17.21, 17.22, 17.29, 20.42, 25.11, 26.20, 26.11, 26.30, 28.23, 32.50	Local unit	X	X	
EL	Sections B to D	KAU	X	X	
ES	Sections B to D in accordance with STS requirements	Local unit	X	X	
FR	Sections B to D in accordance with STS requirements; some Classes are not covered because of low value - coverage is 96 % of STS requirements.	Enterprise	X	X	Any other importers
IT	Sections A to C (excluding 33) and 35.11, 38.11	Enterprise	X	X	
CY	Group 19.2	Enterprise			Importers
LU	Group 26.2	Legal (VAT) units			Importers
MT (1)	Division 12	Enterprise	X		
NL	Broader than the STS requirements; same as for PPI	KAU			Importers
AT	Groups and Classes: 16.1, 23.13, 25.11, 25.94, 26.2, 26.3, 28.11, 28.92, 35.11	Enterprise & local unit	X	X	
PT	Groups 05.1 and 06.1.	Enterprise			Importers
SI	Sections B to D in accordance with STS requirements	Enterprise	X	X	
SK	Sections B to D in accordance with STS requirements, plus others (such as Section A)	Enterprise	X	X	
FI	Sections B to D in accordance with STS requirements, plus others (such as Section A)	Enterprise			Importers

(1) There is no tobacco manufacturing in Malta; all imports are through wholesalers.

2.3 Exclusions

Information concerning the exclusion of units can be difficult to collect precisely from methodological questionnaires. In some countries the exclusion of certain units may be considered part of the criteria to define the survey population, while others may consider it as a first step to select units for data collection. Questions about the exclusion of certain types of units or certain types of imports were included in at least three different places in the questionnaire, and this information has been regrouped in Table 2.3.

Close to half of the countries exclude enterprises with low levels of imports from their surveys. The number may actually be larger, as countries using administrative data may indirectly have a lower threshold that is applied to the external trade statistics rather than to their use for the import price index. Italy noted an exclusion criteria based on employment rather than import value.

Most of the other exclusions listed in Table 2.3 were spontaneously indicated by countries and they may in fact be more widespread. The most common issues raised were: re-exports and industrial services and/or contract processing.

Table 2.3: size thresholds and other exclusions

	Threshold for observation units	Other exclusions
BE	There is a threshold (unspecified)	None
DE	Foreign trade statistics exclude importers with annual trade < EUR 400 000	Excluded are: imports for finishing process without change in ownership; inter company trade between countries; industrial services.
EE	Excluded are enterprises whose annual value of imports is < EUR 320 000.	None
IE	Intrastat is limited to traders whose annual trade with other EU Member States is: imports > EUR 191 000 or exports > EUR 635 000	Capital goods excluded.
EL	None	None
ES	None	Industrial services excluded.
FR	Generally exclude enterprises below EUR 5 million, but exceptions may be made	Imports intended for re-export are normally already excluded from customs statistics and customs files. The invoice value is considered (not the statistical value) for the sampling, hence goods sent for processing are not selected for their gross value, but sometimes manufacturing services imported for their net value.
IT	Exclude industrial enterprises < 50 persons employed and wholesale enterprises < 20 persons employed	Re-exports are excluded.
CY	None	Excludes: imports by households, government units & non-profit institutions. Re-export is included; in practice this is fuel used by foreign airlines.
LU	None	All types of imports are considered, under the condition that there is a physical cross-border movement.
MT	None	None
NL	None	None
AT	None	Re-exports are excluded.
PT	None	Re-exports are excluded.
SI	None	None
SK	Exclude units with annual imports < EUR 100 000	Re-exports are excluded; inward and outward (contract) processing are excluded.
FI	Exclude units with annual imports < EUR 200 000.	Excludes unit * product pairs with annual imports < EUR 20 000. All imports considered for prices; note that re-exports are excluded from the weights.

Chapter 3: Selection of units and products

3.1 Order of selection

Unlike many other business surveys, producer price surveys are generally not simple surveys of observation units: in price statistics the price measured is the price of a product, but this information is provided by a reporting unit such as an enterprise or local unit. As such the stages involved are:

- i) selecting observation (or reporting) units who will provide the price information
- ii) selecting products (from a list such as a Prodcum List or a classification such as CPA) and then
- iii) determining precisely the specification of the representatives for which observation units will give a price quote for each product.

The first two of these stages can be done in either order, namely i) selecting first the products and then the observation units that produce these products or ii) selecting first the observation units and then identifying which products they produce. Equally these can be combined into pairs of units and products (using for example external trade data) and then pairs selected directly.

For the import price index the most common approach is to select first the products of interest and then the units to be surveyed: Table 3.1 shows that this approach was followed in 12 countries. Slovakia uses a frame of pairs of products and units to identify those of interest.

A number of countries compiling import prices exclusively under the ESS with a limited product coverage use different approaches. Ireland and Malta first identify the observation units that will be surveyed, and then the products. In Portugal (using unit values for a small range of products) there is no selection and an exhaustive use is made of external trade data; it seems likely that a similar approach is used in Luxembourg.

Table 3.1: selection of products and units

	Products and then observation units	Other
BE	X	
DE	X	
EE	X	
IE		Observation units first and then some or all of their products
EL	X	
ES	X	
FR	X	
IT	X	
CY	X	
LU		No response: there is probably no selection.
MT		Observation units first and then some or all of their products
NL	X	
AT	X	
PT		No selection
SI	X	
SK		Pairs of products and observation units
FI	X	

3.2 Selection of products

Note that Ireland, Malta and Slovakia are shown separately in Table 3.2 below as they do not first select products; Luxembourg and Portugal are also separated as they select all products (within their coverage).

The most common approach for selecting products is the use of product-based strata (sometimes activity-based) and a selection of the largest products in terms of import value.

Nevertheless there are some exceptions. In Belgium a random selection of products is made within each stratum (rather than a cut-off of the largest products). In the Netherlands a PPS sample of products is made. In France regroupings of 5 or 6-digit CPA headings are selected within each 4-digit stratum. The method for selecting the more detailed regroupings is not mentioned, but assumed to be judicious.

Table 3.2: selection of products

	Stratified cut-off sample	Stratified random sample of products	Judicious selection, agreed with each unit	Other	Comment
BE		X			Important products of observation units are selected.
DE				X	According to the results of foreign trade statistics on imports the weighting scheme is fixed on the 8-digit level of the national version of the CPA.
EE	X				6-digit CN
EL	X				6-digit HS
ES	X				NACE Class (4-digit)
FR				X	First stratification in CPA classes (4-digit). Then regroupings of CPA 5 or 6-digit headings are selected.
IT	X				NACE Class (4-digit)
CY	X				All products with a share of 1% or more: selected products (10) correspond to 98.04% of the total value of imports.
NL				X	PPS sample of products.
AT	X				The largest CN 8-digit headings within each 4-digit CPA Class are selected until 70 % of the value of imports within each Class has been reached.
SI	X				Selection of products with relatively high import values. Representative products selected by observation units on the basis of imports in the previous year.
FI	X				Combination of: supply and use tables; information from enterprises from Board of Customs statistics on foreign trade.

	Stratified cut-off sample	Stratified random sample of products	Judicious selection, agreed with each unit	Other	Comment
IE			X		Respondents self-select products for each CN code which are regularly imported.
MT			X		
SK				X	Pairs of units and products (CN 8-digit) are sampled. Selected units may also provide price quotes for other CN 8-digit products as well.

	Exhaustive
LU	All selected
PT	All selected

3.3 Selection of units

Note that Ireland, Malta and Slovakia are shown separately in Table 3.3 below as they first select units; Luxembourg and Portugal are also separated as they select all units (relevant for their product coverage).

The most common approach for selecting units is the use of a cut-off to select the largest importers.

When sampling is used it is often purposive, as is the case in Ireland, Germany, Estonia, Cyprus and Austria, as well as in Malta (where the selection is in effect a census).

Finland uses a random sample of units, while the Netherlands uses PPS sampling.

Belgium noted the use of the Hidiroglou-Lavallée method (which helps identify strata boundaries efficiently) and it is assumed that a random sample is then used.

Slovakia noted the use of 2-digit CPA strata to sample pairs of CN 8-digit products and units, and it is assumed that the sample is random.

Table 3.3: selection of units

	Cut-off	Cut-off & sampling	Sampling	Comment
IE		X		Depends on the variance and number of the observation units: occasionally where a large number of units exist there will be sampling below cut off. Purposive/judgement selection of units.
MT			(X)	Purposive selection of units: effectively a census.
SK		X		Exclude units with annual imports < EUR 100 000. Strata based on 2-digit CPA
	Cut-off	Cut-off & sampling	Sampling	Comment
BE		X		Hidiroglou-Lavallée algorithm
DE			X	Purposive/judgement (larger units). The units importing the selected product groups (see related question on product selection) form the population for the selection of the observation units - the most important of them are selected to report prices.
EE		X		Excluded are enterprises whose annual value of imports is < EUR 320 000. Purposive/judgement (units with stable imports) selection of units.
EL	X			70% of turnover within each NACE Class.
ES	X			Minimum total coverage of 80% (in import value terms) and a class coverage of minimum 60%.
FR	X			Target 60% of imports and no more than 60 enterprises for a given product at CPA 4-digit level; then optimise the sampling (import and output prices) to visit 1 000 enterprises a year.
IT	X			80% of enterprises for each (selected) product.
CY			(X)	Regular importers of each product. Purposive selection of units.
NL			X	PPS
AT	X			Largest units in order to cover at least 70% of the value of imports of selected CN 8-digit headings. Purposive selection of units.
SI				No response
FI			X	Random selection within each stratum. Strata are based on CPA headings and the number of enterprises and/or their dominance. i) if < 4 enterprises, all selected; ii) if one enterprise dominant (>50% of imports) that unit selected and 2 others; iii) if two enterprises are dominant (>80% of imports) those units selected and 2 others; iv) if 4-10 enterprises, then 2 strata created and 2 units selected from each; v) if > 10 enterprises, 3 strata created (with 50%, 30% and 20% of imports) and 2 units selected from each.
	Exhaustive			
LU	All selected			
PT	All selected			

3.4 Sample size

Table 3.4 shows information on the size of the data collection exercises. The term product is used in the sense of a product in a standardised product list or classification, like the CPA, Prodcom list, CN or HS – the final column indicates which classification is meant and which level in each country. Price quotes are given for a single representative (or variant) – this is used to refer to a product that has been further defined and given a precise specification for an individual respondent (in order that the respondent can provide comparable price information over time).

For countries that compile indices for both markets (euro area and non-euro area) there is often an overlap in the units and products selected in each of the two markets: some units provide data for both markets, and some products are surveyed in both markets. Because of this the totals for the number of units and the number of products are often less than the sum of the two markets. In contrast, for the number of price quotes the total is equal to the sum for the two markets.

Note that precise information on the number of units, products and price quotes may be hard to provide when compiling import price data from unit values, as this may vary from month to month – this probably explains the lack of information for Luxembourg.

Generally the countries compiling import prices exclusively under the ESS had the smallest number of price quotes in their surveys; the main exception was Belgium which collected more data than either Slovakia or Estonia.

The largest surveys (in terms of the number of price quotes) were in Spain and the Netherlands, followed at some distance by France, Germany and Italy.

Table 3.4: number of units, products and price quotes

	Number of units selected			Number of products			Number of price quotes			Product classification and level
	euro area	non-euro area	total	euro area	non-euro area	total	euro area	non-euro area	total	
BE	0	500	500	N/A	N/A	N/A	0	1 200	1 200	
DE	1 550	1 800	3 000	1 019	1 121	1 213	2 131	2 641	4 772	8-digit level of national classification derived from CPA
EE	N/A	N/A	417	N/A	N/A	N/A	354	461	815	6-digit level of CN
IE	0	159	159	N/A	N/A	N/A	0	436	436	
EL	713	495	1 011	390	285	458	1 531	993	2 524	6-digit level of CPA
ES	3 765	2 492	4 930	1 919	1 476	2 084	12 216	6 832	19 048	8-digit level of CN
FR	1 030	910	1 490	N/A	N/A	N/A	3 900	3 850	7 750	
IT	943	631	1 328	601	422	603	2 089	1 257	3 346	8-digit level of Prodcom
CY	0	8	8	0	10	10	0	24	24	8-digit level of CN
LU	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	
MT	3	4	4	N/A	N/A	N/A	33	49	82	
NL	N/A	N/A	2 400	N/A	N/A	552	N/A	N/A	15 000	33 at 2-digit level; 99 at 3-digit; 187 at 4-digit; 128 at 5-digit; 105 at 6-digit
AT	0	121	121	0	42	42	0	350	350	8-digit level of CN
PT	0	3	3	0	2	2	0	17	17	8-digit level of CN
SI	141	68	N/A	325	253	N/A	863	501	1 364	Not specified
SK	179	210	310	313	336	545	497	562	1 059	8-digit level of CN
FI	N/A	N/A	960	N/A	N/A	620	N/A	N/A	2 500	6-digit level of CPA

3.5 Number of price quotes per enterprise

The number of quotes per unit (the focus of Table 3.5) is generally not relevant for countries using administrative sources (Cyprus, Luxembourg and Portugal).

A few countries have formal guidelines on the number of quotes requested from any individual respondent (to avoid overburdening individual units), for example in Estonia, France, Italy, Slovenia and Slovakia. The Netherlands applies a limit on the number of quotes per product, while Finland notes that the overall burden is considered when making selections.

Table 3.5 also shows the mean number of price quotes per unit (compiled from the data in Table 3.4). The largest number by far is in Malta where there are just 4 respondents providing 82 quotes concerning tobacco. Apart from this special case the mean number of quotes ranges from approximately 1.6 in Germany to 6.3 in the Netherlands.

Table 3.5: price quotes per unit

	Maximum number of products / quotes per unit	Average (mean) number of quotes per unit
BE	No response.	2.4
DE	No threshold; limitation depends on the size of the reporting unit.	1.6
EE	Maximum 12 quotes.	2.0
IE	No threshold.	2.7
EL	No threshold.	2.5
ES	No threshold.	3.9
FR	Target average of 6 per respondent (there may be more than one respondent per enterprise); some very large enterprises provide more.	5.2
IT	Units with two selected products: a maximum of two products per area and a maximum of three price quote per product. Units with one selected product: a maximum of five price quotes.	2.5
CY	No threshold (note that an administrative source is used).	3.0
LU	No response: there is probably no threshold (note that an administrative source is used).	N/A
MT	No threshold.	20.5
NL	Maximum 3 quotes per product.	6.3
AT	No threshold.	2.9
PT	No threshold.	5.7
SI	Units are asked to provide 3 quotes: these may or may not be for different products (CPA 6-digit).	N/A
SK	Maximum 30 quotes; in practice only 20 units provide more than 10 quotes.	3.4
FI	No formal threshold, but the burden is considered when selecting units.	2.6

3.6 Frequency of updating samples

There are 9 countries that review their sample of units and products at the time of rebasing – in other words every 5 years; Germany and Finland noted regular maintenance of the sample and it is likely that this is done in other countries as well. An annual review is undertaken by 7 countries.

	Frequency of sample update	
	Units	Products
BE	Annually	Annually
DE	Both are checked fundamentally on the occasion of an index revision. Within a base period replacements have to be made (due to changes in the structure of the products and the units).	
EE	Annually	Annually
IE	5-yearly	5-yearly
EL	5-yearly	5-yearly
ES	Base year change (assumed 5-yearly)	Base year change (assumed 5-yearly)
FR	5-yearly	5-yearly
IT	Annually	Annually
CY (1)	Base year change (assumed 5-yearly)	Base year change (assumed 5-yearly)
LU	No response: there is probably no selection.	
MT	Annually	Bi-annually
NL	Annually (target)	Annually
AT	5-yearly	5-yearly
PT	Annually	Annually
SI	Annually	Annually
SK	5-yearly	5-yearly
FI	5-yearly (constant maintenance)	5-yearly

(1) Through annual monitoring of external trade data the need to change the composition of products and importers is assessed; unless a quite significant change occurs the sample will remain stable up to the next rebasing exercise.

Chapter 4: Definitions of variables: representatives and accounting conventions

4.1 Use of representatives

Very few countries simply use a product classification or list for respondents to provide price quotes, nearly all choosing to supplement this with more detailed specifications. The exceptions were Belgium, Italy and the 3 countries that use administrative data, namely Cyprus, Luxembourg and Portugal.

Table 4.1: Use of standard product lists and/or representatives

	Standard detailed product list combined with specific transactions	Standard detailed product list	Comment
BE		X	
			Selected unit are asked to choose the most representative product and the most representative contract of their portfolio that matches the product group selected. They describe the product itself as well as the contract conditions as detailed as possible.
DE	X		
EE	X		
IE	X		
EL	X		
ES	X		
FR	X		Ultimately nothing is standard in the list of representatives - each one if discussed/agreed with the observation unit.
IT		X	
CY		(X)	Administrative source.
LU		(X)	No response. Note that an administrative source is used.
MT	X		
NL	X		
AT	X		
PT		(X)	Administrative source.
SI			Every observation unit receives a unique questionnaire with a very detailed description of products.
SK	X		
FI	X		The main selection criteria were: variant's proportion of the import of the CPA heading in question is significant; it is as representative as possible of the average price development of other similar variants; the price concerning a certain unit and quality can be quoted regularly each month.

(1) The main selection criteria were: variant's proportion of the import of the CPA heading in question is significant; it is as representative as possible of the average price development of other similar variants; the price concerning a certain unit and quality can be quoted regularly each month.

4.2 Price determining characteristics

Table 4.2 lists the wide range of price determining characteristics used by countries: some of these are simply examples, or the most common characteristics rather than an exhaustive list.

Cyprus relies on the specification in the CN and the country of origin as it uses administrative data; presumably the same characteristics are used in Luxembourg and Portugal.

Among the 12 countries that responded (and do not use administrative sources):

- 9 specified the country or region of origin
- 9 the quantity imported
- 6 the terms of payment
- 6 the terms of delivery
- 4 the physical description, brand name, ID number
- 4 the currency
- 2 the service and guarantee conditions
- 2 the type of supplier

In addition, Germany, France and Estonia indicated that the description should be as fine as possible.

Table 4.2: price determining characteristics

	Price determining characteristics	
BE	No response	
DE	Exact description of commodity Mode of dispatch (means of transport) Terms of payment Country of origin Terms of delivery	Currency Discounts/surcharges Packaging (type) Quantity purchased and unit of quantity
EE	Enterprise's own name for the product within the specific product group ID number	Description should specify the product in as much detail as possible Unit of sale
IE	Terms of sale	
EL	Quantity of units imported	Country of origin
ES	Physical characteristics Region of origin Commercial conditions	Units of measure Currency
FR	Kind of vendors At least country or region if the region groups homogeneous countries Currency of invoice	Terms Rebates As fine a description of good as possible
IT	'Corresponds with STS Regulations'	
CY	Precise chemical composition as defined in the CN description (8-digit)	Region of origin (non-euro area)
LU	No response	
MT	Quantity of units	Origin
NL	For example: Quantity of units Delivery conditions	Country of origin Transport
AT	Detailed specification of the commodity's quality (e.g. model, type, brand) Terms of freight Terms of payment	Quantity Country of origin Rebates Service and guarantee conditions
PT	None	
SI	Country of origin	
SK	Quantity of units Transport	Rebates Service conditions and guarantee conditions
FI	Product description Type of customer Unit Quantity of units	Terms of delivery (cif) Currency Country/region of origin

4.3 Terms and conditions

Most countries specified that import duties should be excluded from the prices, the exceptions being Belgium and France.

Nearly all countries specified that the prices should be on a cif basis, the exception being Ireland where the basis is not fixed as a general rule but must be specified as one of the characteristics.

Equally, nearly all countries exclude transport within the destination country from the price, although in Germany and Ireland this is not fixed but again must be specified as one of the characteristics.

Finally, most countries ask for prices to be adjusted to deduct discounts and rebates; one known exception is Greece where discounts are deducted if they are permanent (standard) but are not deducted if they are ad hoc (for example for specific customers or specific months). Again, in Ireland this is not fixed but must be specified as one of the characteristics.

Table 4.3: taxes, delivery and transport terms and conditions, pricing

	Import duties and/or consumption taxes	cif or other basis	Transport within the importing country	Adjusted to deduct discounts and rebates
BE	Included (import duties)			
DE	Excluded	cif (requested, but not always reported)	Either, but must be specified	Should be deducted
EE	Excluded	cif	Excluded	Deducted
IE	Excluded	Must be specified	Must be specified	Must be specified
EL	Excluded	cif	Excluded	Deducted if permanent (standard); not deducted if ad hoc (specific customers or moments in time)
ES	Excluded	cif	Excluded	Deducted
FR	Normally included (import duties)	cif (requested, but not always reported)		Should be deducted
IT	Excluded	cif	Excluded	Deducted
CY	Excluded	cif	Excluded	Deducted
LU	Excluded	cif	Excluded in theory	Deducted
MT		cif	Excluded	
NL		cif	Excluded (franco border delivery)	
AT	Excluded	cif	Excluded	Deducted
PT	Excluded	cif	Excluded	Unknown
SI	Excluded			Deducted
SK	Excluded	cif	Excluded	Deducted
FI	Excluded	cif	Excluded	Deducted

4.4 List prices

None of the countries encourage the use of list prices, although in several it is noted that these are used, for example if no other prices exist, or if they are regarded as being reflective of the real market conditions.

Table 4.4: use of list prices

	Use of list prices
BE	No response
DE	Generally, no. Exceptional use when no other price quotations are available.
EE	No
IE	No
EL	No
ES	No
FR	Sometimes these are used, but it is not the recommendation.
IT	No
CY	No
LU	No response
MT	Generally no. Note that in practice prices are relatively stable.
NL	No response
AT	No
PT	No
SI	No
SK	No
FI	Sometimes these are used, when this represents real transaction prices, taking account of discounts.

4.5 Prices monthly average or fixed date

The most common type of price used is an average price for the reference month – for example this is used by all countries using administrative sources to compile a unit value index. The next most common approach is to ask for a price in the middle of the month, whereas 4 countries ask for a price observed at any time during the month.

The way of compiling data in euro is split, with 8 countries reporting that the respondents provide data in euro, whereas 7 others specify that the statistical office does the conversion to euro; Germany follows both approaches preferring respondents to report in euro but converting other currencies if provided. For the Netherlands it is not clear who does the conversion.

In cases where importers provide prices in euro, only Portugal indicated that the rate used is the daily exchange rate. When the statistical office does the conversion, the most common rate is the monthly average which is used by 6 countries whereas 2 countries use the mid-month exchange rate.

Table 4.5: date of pricing and conversion to euro

	"Average" price	Any date during the reference period	A particular day	Currency conversion
BE		Any date		All prices are in euro.
DE	Average			Euro is the preferred currency. Sometimes conversion done by reporting units; if other currency reported, then converted by the federal statistics office using ECB average monthly rate.
EE	Average (irregular transactions)		15th	All prices are in euro.
IE			15th	Conversion is done by the statistical office, the rate chosen is that of the 15th of the month.
EL		Any date		Conversion is done by the statistical office, the rate chosen is the monthly average.
ES			15th	Conversion is done by the statistical office, the rate chosen is the monthly average.
FR	Average			Conversion is done by the statistical office, the rate chosen is the monthly average.
IT		Any date		All prices are in euro.
CY	Average			Import value is in euro. The importers use the official (ECB) exchange rate provided by the customs authority.
LU	Average			All prices are in euro.
MT	Average			All prices are in euro. The importers convert to euro.
NL	Average			Converted into euro (no further information).
AT			15th	Conversion is done by the statistical office, the rate chosen is the monthly average.
PT	Average			All prices are in euro. The importers convert to euro using daily exchange rates.
SI		Any date		Conversion is done by the statistical office, using the ECB the rate for the 15th or 16th of the month.
SK	Average			All prices are in euro. The importers convert to euro.
FI	Average		15th	Conversion is done by the statistical office, the rate chosen is the monthly average according to the Bank of Finland.

4.6 Accounting conventions

The price of imports is most commonly assigned to the moment when the goods are received – this is the situation in 8 countries. In 3 countries the price is noted at the time that goods are ordered, in 2 others when bills are received and in 3 countries at the time when bills are paid. Cyprus and Luxembourg (both using administrative sources) indicated that the timing is dependent on customs practices.

Table 4.6: timing of recording of prices

	Goods ordered	Goods received	Bills received	Bills paid	Other
BE		X			
DE	X				
EE			X		
IE	X				
EL		X			
ES	X				
FR (1)		X			
IT				X	
CY					The release date from customs. This is the day when a product is cleared and its final volume is measured.
LU					When a product crosses the border.
MT		X			
NL		X			
AT				X	
PT		X			
SI		X		X	
SK			X		
FI		X			

(1) In general the aim is to try to follow customs procedures, but it is likely that sometimes answers are based on book-keeping practices (for example, bills received).

Chapter 5: Non-response and quality change

5.1 Response rates at first publication

Generally response rates are over 90 % by the time of the first national publication of data (or transmission to Eurostat for countries that do not publish nationally).

A number of countries were able to provide weighted response rates and these generally showed little difference from unweighted response rates.

Table 5.1: response rates at the time of first publication (or transmission to Eurostat)

	Time of publication (days after month M)	Response rate (%)		
		Unweighted	Weighted	Variable
BE	None			
DE	M+25	93	97.5	Not specified
EE	M+20	95-97		
IE	None (transmission to Eurostat on last day of month)	90	90	Trade
EL	M+41 (to 44)	92-100		
ES	M+33	95		
FR (1)	M+30 (last day of the month+1)	87.9	85.5	2005 import value
IT	None (target is M+30)			
CY	None (transmission to Eurostat on M+60)	100	100	
LU	None			
MT	None	100	100	
NL	Before the end of the following month		80	Not specified
AT	M+45	95		
PT	None			
SI	M+30		100	
SK	M+70	97	96	Weights (assumed to be import value)
FI	M+17	97.2	97.8	Weights (import value)

(1) Based on information for the first three months of 2011.

5.2 Development of response rates

Table 5.2 shows how response rates develop over the course of a data collection exercise. The timeliness is shown in the number of days after the end of the month to which the prices refer.

In some countries price data may be available before the end of a month and these cases the timeliness is shown for a negative number of days, indicating a point in time before the end of the month. Such early returns are possible when the reference date for prices is the middle of the month or at any date during the month (as opposed to a monthly average), or when prices are stable and a respondent can provide an average price for the month in advance in the knowledge that it will not change.

Note that no information is available for Cyprus, Luxembourg or Portugal (all using administrative sources), nor for Belgium, Ireland, Italy, Malta, the Netherlands or Slovenia.

In several countries response rates in excess of 70 % are reached within 2 weeks from the end of a month.

Table 5.2: development of response rates during the course of data collection

	Reference period	Timeliness in days after month	Response rate (%)
DE (1)	Sep-11	- 7	46.2
		0	57.7
		7	70.1
		14	88.4
		19	94.4
EE	Aug-11	6	37
		9	77
		15	96
EL	Jun-11	0	50
		10	80
		20	92 to 100
ES	May-11	-4	47.05
		13	91.97
		30	94.96
		35	95.75
		40	95.93
		45	95.97
		50	96.00
		> 50 (end)	96.42
FR (2)	Apr-11	30	84.7
		60	90.0
		90	91.2
AT	Not specified	45	95
		75	99
SK	Jun-11	15	57
		30	82
		50	93
FI (2)	Feb-09	< -6	0.9
		-6	23.9
		-5	32.2
		-4	35.5
		-3	38.9
		-2	41.3
		1	41.4
		2	55.1
		3	67.4
		4	75.8
		5	81.1
		6	85.9
		7	86.1
		9	92.8
10	96.7		
11	98.7		
12	99.5		
13	100.0		

(1) Respondents may provide an early declaration if the prices are known for a longer period of time, either because of stable prices or because of advanced agreements on price changes; this explains the relatively high response rate even before the end of the reference month.

(2) Response rates for all PPI (import and output prices).

5.3 Treatment of missing prices

Two basic methods for treating missing data are presented in Table 5.3, namely to repeat the price for the previous period, or to estimate price changes based on movements in similar products or from similar respondents. Neither of these methods is dominant, although the use of repeated prices is more common.

Table 5.3: Methods for treating missing price data

	Repeating previous period	Average price development within a strata/similar products
BE	X	
DE	Used often, depending on type of good and whether value is missing temporarily or permanent	
EE	Often	Sometimes
IE	X	
EL	Often	Sometimes
ES	Rarely	Often
FR	Previous practice (perhaps still used by the majority)	Current recommendation
IT		X
CY		X (either within an enterprise, or across enterprises for a product)
LU	No response	
MT	Rarely	
NL		X
AT	Rarely	Rarely
PT	When there is no external trade in a certain period the unit value of the previous month is repeated	
SI	If temporarily not available	If permanently not available
SK	Often	
FI	Often (seasonal products)	Often

5.4 Actions to improve response rates

The issue of reducing non-response is hardly relevant for countries using administrative sources to compile unit values (Cyprus, Luxembourg and Portugal); furthermore Malta indicated that in practice there is no issue of non-response in its price survey.

Among the remaining countries carrying out price surveys the most common forms of reminders are telephone calls, followed by post or fax reminders.

A few countries spontaneously mentioned preventative measures to encourage response in general, notably improving data collection procedures and motivating respondents.

Table 5.4: actions taken to contact non-respondents and other actions to encourage response

	E-mail reminders	Post/fax (paper) reminders	Telephone calls	Unspecified contacts	Other
BE				X	
DE	X	X	X		
EE	X	X	X		
IE				X	
EL	X	X	X		Field visits
ES		X	X	X	Economic sanctions can be imposed
FR			X		Publicise web interface
IT				X	
NL		X			
AT		X	X		
SI		X	X		
SK	X		X		
FI	X		X (& SMS)		Importance is stressed for new respondents; web interface designed to be clear and user-friendly; feedback provided to respondents
CY	There is no non-response				
LU	There is no non-response				
MT	There is no non-response				
PT	There is no non-response				

5.5 Treatment of quality change

The issue of quality change is relevant for price indices compiled using unit values from administrative sources; however methods to adjust for quality change are normally applied to prices rather than price indices, so this issue is not directly addressed by countries using unit values to compile price indices, namely Cyprus, Luxembourg and Portugal.

Furthermore Malta indicated that (so far at least) in practice there has been no issue of quality change in its price survey.

Among the remaining countries collecting price data a wide variety of methods are used to treat quality change in the representative products, with nearly all countries reporting that they use at least two methods.

The overlap method is the most widely used of all methods as can be seen from Table 5.5, and this is often used in about half of the countries conducting price surveys. The second most frequently mentioned method is automatic linking, but although widely used it is only used often in Austria. In contrast, unadjusted comparison is less widely used, but is often used in 4 countries.

Table 5.5: methods to treat quality change

	Overlapping	Unadjusted comparison	Automatic linking	Matched models only/ imputation/ imputed price change – implicit quality adjustment	Judgmental approach	Other
BE	Often					
DE	Very often	Rarely	Rarely	Rarely	Rarely	Option prices (sometimes) Hedonic adjustment for Classes 26.11, 26.12, 26.20
EE	Sometimes	Sometimes				
IE	Sometimes				Sometimes	
EL	Often	Often	Sometimes			Bridge overlap (sometimes)
ES			Rarely	Often		
FR	Recommended (but probably not used by the majority)	Often	Majority			
IT	Often					
MT						None needed in practice
NL	Third			Second	Most common	
AT	Rarely	Often	Often			
SI	Often			Sometimes	Sometimes	
SK	Often	Rarely	Sometimes			
FI	Often		Rarely	Rarely	Sometimes	
CY	Automatic linking used in theory - in practice never needed.					
LU	No response					
PT	No response					

Note: if a method was indicated (in the methodology questionnaires) as being used, but not how often, it is shown in this table as "Often" if it was the only method or as "Sometimes" if there was more than one method.

Chapter 6: Index compilation

6.1 Key characteristics of index compilation

All countries produce a Laspeyres index except for Luxembourg which produces a simple (unweighted) relative. Several countries chain the index, annually in Estonia, Italy, Portugal and Slovenia, monthly in Belgium, and with an unspecified frequency in the Netherlands. In all cases that weights are used these are based on the value of imports from external trade — in some cases national accounts data are also used.

Most countries produce an index presented with 2005=100, although this has already been rebased to 2010=100 in Austria; two exceptions are Estonia which publishes a series using 1997=100 and Italy which uses December (M12) of the previous year (Y-1) =100.

Table 6.1: type of index, use of weights, reference period used for national publications

	Index type	Chained	Weight variable	Weight source	Weights updating	100=
BE	Laspeyres	Monthly	Value of imports	N/A	N/A	2005
DE	Laspeyres	No	Value of imports	External trade	5-yearly	2005
EE	Laspeyres	Annually	Value of imports	External trade	Annually	1997
IE	Laspeyres	No	Value of imports	External trade	5-yearly	Not published
EL	Laspeyres	No	Value of imports	External trade	5-yearly	2005
ES	Laspeyres	No	Value of imports	External trade	5-yearly	2005
FR (1)	Laspeyres (fixed base)	No (except rebasing)	N/A	National accounts and external trade statistics	5-yearly	2005
IT	Laspeyres	Annually	Value of imports	External trade	Annually	M12 Y-1
CY	Laspeyres	No	Value of imports	External trade	5-yearly	2005
LU	Simple relative	No	None			2005
MT	Laspeyres	No	Value of imports	External trade	5-yearly	2005
NL	Laspeyres	Yes (frequency not specified)	N/A	National accounts and external trade statistics	N/A	2005
AT	Laspeyres	No	Value of imports	External trade	5-yearly	2010
PT	Laspeyres	Annually	N/A	External trade	N/A	Not published
SI	Laspeyres	Annually	Value of imports	External trade	Annually (to Y-2)	2005
SK	Laspeyres	No	Value of imports	External trade	5-yearly	2005
FI	Laspeyres	No	Value of imports	Supply and use (based on external trade data)	5-yearly	2005

(1) In addition to the weights for combining Classes (indicated in the table), weights within each Class are also used. These weights come from external trade statistics supplemented by information from field visits conducted on a rolling basis.

6.2 Index revisions

The majority of countries do not revise their indices on a regular basis. Where revisions are made these are mainly done to include late data or corrections.

Table 6.2: revision of indices

	Revised	Frequency	Purpose
BE	No		
DE	No		Revisions rare: only in case of mistakes.
EE	Yes		Inclusion of more data from respondents. Data are considered final after three months.
IE	No		
EL	No		
ES	Yes	Often as necessary (up to one year)	Inclusion of more data from respondents; possible correction of errors.
FR	Yes	Monthly up to 3 times	Inclusion of more data from respondents; possible correction of errors.
IT	Yes	Once	Inclusion of more data from respondents.
CY	Yes	Once if necessary	Inclusion of more data from respondents.
LU	No		
MT	Not in practice	In theory as often as necessary	Possible correction of errors.
NL	Yes	Monthly up to 5 times	Inclusion of more data from respondents; possible correction of errors.
AT	Yes	Once	Inclusion of more data from respondents.
PT	Not in practice	In theory as often as necessary	Revision of external trade data.
SI	No		
SK	No		
FI	No		

6.3 Seasonal adjustment

The only use of seasonal adjustment for the import price index is in Germany where the total index is seasonally adjusted.

Table 6.3: seasonal adjustment practices

	Seasonal adjustment
BE	No
DE	For total import price index (no division by market); using BV 4.1
EE	No
IE	No
EL	No
ES	No
FR	No
IT	No
CY	No
LU	No
MT	No
NL	No
AT	No
PT	No
SI	No
SK	No
FI	No

Chapter 7: Error identification and measurement

7.1 Quality measurement

There is no measurement of non-response errors or sample errors. It should be noted that response rates are generally high. France, which has one of the lower response rates noted the very small revisions caused by including late response.

Table 7.1: error measurement

	Non-response error measured	Sample errors calculated
BE	No	No
DE	No	No
EE	No	No
IE	No	No
EL	No	No
ES	No	No
FR	Revision of the industrial total averages less than 0.1%.	No
IT	No	No
CY	No	No (note that the sample is 96 % of import value)
LU	No	No
MT	No	No
NL	No	No
AT	No	No
PT	No	No
SI	No	No
SK	No	No
FI	No	No

7.2 Comparisons performed

Just over half the countries compare the indices with other data sources, either on an ad hoc or regular basis. Countries carrying out price surveys sometimes compare with unit value indices. Other comparisons are with consumer price indices or producer price indices. In a few cases comparisons are also made with quoted prices, such as for Brent oil.

Table 7.2: comparison with other sources

	Comparisons with other sources	Purpose
BE	None	
DE	On an ad hoc basis: subindices compared with unit values in foreign trade, with export prices, and with producer prices for domestic market; price development compared with data from non-official sources.	Data validation, information within statistics office
EE	None	
IE	None	
EL	Disaggregated product indices are regularly checked against CPI sub-indices and production and turnover in industry sub-indices	Data validation, information within statistics office
ES	Regular comparison with unit value indices and other industrial price indices.	Data validation
FR	Comparison and combination with value of imports to produce a volume of imports.	Dissemination of external trade indices.
IT	Coherency with national accounts and foreign trade statistics	Information within statistics office
CY	Annual comparison with CPI.	Data validation
LU	None	
MT	None	
NL	Comparison with PPI data	Data validation
AT	Comparison with unit value indices on an ad hoc basis	Data validation
PT	Comparison with world market prices for Brent oil and coal.	Data validation
SI	None	
SK	None	
FI	Ad hoc comparisons with: unit value indices from external trade; Swedish import price indices. Regular comparison with market prices (London metal exchange or FOEX pulp and paper prices) and CPI, building and civil engineering cost indices.	Data validation and to check relevance of the sample.

Annexes

1. Definition of import prices

Variable: 340 Import prices

It is the objective of the import price indices to measure the monthly transaction price development of imported goods purchased from non-domestic areas by domestic residents. All the related services are initially excluded from the scope. The price indices should track the price movements of comparable items over time.

It is essential that all price-determining characteristics of the products are taken into account, including quantity of units sold, transport provided, rebates, service conditions, guarantee conditions origin and destination. The specification must be such that in subsequent reference periods, the observation unit is able uniquely to identify the product and to provide the appropriate price per unit.

The non-domestic market is defined as third parties, which are not resident in the same national territory as the observation unit. The domestic market is defined as third parties resident in the same national territory as the observation unit.

The following limitations apply for the scope of prices:

- imports by households, government units and non-profit institutions are excluded,
- the underlying trade regimes and statistical procedure are the special trade system and normal imports as well as imports for inward processing are included. Imports for repair are not covered,
- the product coverage is limited to the CPA C, D and E products. Related services are excluded.

The following rules apply for the definition of prices:

- The appropriate price is the cif (cost, insurance, freight) price at the border excluding all duties and taxes on the goods and services to be shouldered by the observation unit.
- Intra-company transfers should be taken into account as long as these transfers are based on prices, which are market based or market influenced or if market prices are insignificant.
- In order to show the true development of price movements, it should be an actual transaction price, and not a list price, therefore discounts should be deducted from the price.
- In order to show pure price movements the price index compilation should take into account and adjust for quality changes in products.
- Other price-determining characteristics of the products should be treated in a consistent way as well.
- The imports are recorded when the ownership of the goods is transferred (i.e. when the parties record transaction in their books or account).
- The transfer of ownership of boats and aircraft or similar products from a person established in a non-member country to a person established in the Member State in question is counted as an import.

The index should in principle reflect the average price during the reference period. In practice the information actually collected may refer to a particular day in the middle of the reference period that should be determined as a representative figure for the reference period. For products with a significant impact on the national economy that are known to have, at least occasionally, a volatile price development, it is important that the index does indeed reflect average prices.

The indices of the import prices require a separate calculation according to the country of consignment of the product. The country of consignment is determined in a consistent way with customs procedures. Import prices are sub-divided into imports from euro area countries (340z) and imports from other countries (340x).

2. Selected abbreviations

BE	Belgium
DE	Germany
EE	Estonia
IE	Ireland
EL	Greece
ES	Spain
FR	France
IT	Italy
CY	Cyprus
LU	Luxembourg
MT	Malta
NL	The Netherlands
AT	Austria
PT	Portugal
SI	Slovenia
SK	Slovakia
FI	Finland

cif	cost, insurance and freight
CIRCA	communication & information research centre administrator (a collaborative workspace with partners of the European Institutions)
CN	combined nomenclature
CPA	statistical classification of products by activity in the European Community
ESS	European sampling scheme
EU	European Union
HS	harmonised system
PEEI	principal European economic indicators
STS	short-term statistics

European Commission

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