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Directorate C – Macro-economic statistics
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HICP Compliance Monitoring Follow-up Report - Luxembourg

Date of visit of the Compliance Monitoring

- November 2020

Compliance Monitoring Report published ⁽¹⁾

- March 2021

Date of follow-up information

- June 2023

1. Eurostat's recommendations and progress made by the Statistics Luxembourg (STATEC)

- STATEC should investigate the possibility to make explicit estimates of the expenditure of institutional households and of dwelling allowances, which are identified in the annex to the implementing regulation as part of Household Final Monetary Consumption Expenditure (HFMCE).

This recommendation has been partially implemented. STATEC has not yet fully implemented these recommendations but work is ongoing to its full implementation. With regards to the inclusion of the 'Expenditure of institutional households' STATEC considers the following categories of institutional households:

- Care institutions
- Religious communities
- Prisons.

⁽¹⁾ The report is available on Eurostat's website: [HICP Compliance Monitoring Report - Luxembourg - March 2021 \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1).

Final consumption expenditure of people living in these institutions is not directly collected by national accounts. STATEC considers that most of the consumption of these type of households is already included in the purchases of the respective institutions they live in. For example, catering services consumed by residents of care institutions would be included in the COICOP function 'social services with accommodation'. Nevertheless, in the 2024 national accounts revision, it is planned to include an adjustment for care institutions, taking into account eventual expenditure not yet included.

Work is in progress to identify and to include dwelling allowances for the purpose of HCPI weights calculation. This can be achieved at the earliest for the 2025 weighting scheme.

- **Increase retailer and product coverage of scanner data, which is currently representing 60% of the market for food and non-alcoholic beverages.**

This recommendation has been fully implemented. The coverage of scanner data (SD) has increased in terms of both retailers and product coverage in the last years. Since 2023, strongly seasonal products (fresh fruits and fresh vegetables) are included in the production of SD, as well as alcoholic beverages, with the exception of wine. SD covers 69% of division 01. The coverage will continue to increase in the coming years.

- **Investigate the possibility of obtaining, from the national airport operator or from the main airline companies operating from Luxembourg, data by destination providing a split between business and economy class passengers to be used in the selection of flights.**

This recommendation has been fully implemented. The basket of flights is based on data from the national airport operator regarding the destinations and on STATEC Tourism survey. Both data sources are used to estimate a split between business and economy class passengers.

- **The price collection is not fully in line with the legal requirements. For domestic services by paid staff and child care services, prices arrive with a lag and are not included in the HICP in the month in which the consumption of the service takes place, as required by Article 8(2) of Regulation 2020/1148. STATEC should ensure that observed prices for services shall be included in the HICP for the month in which consumption of the service can commence.**

This compliance issue has been partially addressed. The underlying administrative data for both categories is only available with a lag of one month (child care services) and three months (domestic services by paid staff). The lag of domestic services has been reduced from 4 to 3 months, however a further reduction is currently not possible without compromising the quality of the dataset.

- **Investigate the possibility of using web-scraped prices and characteristics data on electronic goods in the application of explicit quality adjustments for these goods.**

This recommendation has been partially implemented. Work on this recommendation is still ongoing. It is planned to include hedonic price indices or related indices based on web scraped data in the coming years. Some results have been presented to the UNECE Meeting of the Group of Experts on Consumer Price Indices in Geneva in June 2023.

- **For scanner data, investigate ways of identifying relaunches and of reflecting its impact on prices in the index.**

This recommendation has been partially implemented. The issue with relaunches has been discussed with the retailers providing SD, and further research is currently being undertaken to estimate potential impacts in several product categories.

- **The treatment of seasonal products is not fully in line with the legal requirements. For package holidays, where winter and summer in- and out-of-season periods exist, the index is not compiled using the seasonal imputation or seasonal weights methods, as required by Article 14 of Regulation 2020/1148.**

STATEC should treat products that are only available for purchase in significant amounts in part of a year as seasonal products and included in the index using a seasonal method.

This compliance issue has been fully resolved. Package holidays are treated as seasonal product, using the all-season estimation method, since 2022.

2. Additional measures to improve the quality of the Luxembourg HICP

STATEC is continuously improving the HICP, by including new innovative products in the sample and by increasing the coverage of SD. A few examples of new and innovative products included in the sample: e-bikes (2021), music and video streaming (2022), telecommunication bundles (2022), disposable face masks and disinfectant gel (2023).

The detailed turnover information available in SD has also been used to improve the sample in several other product categories, in particular in divisions 05 and 12.

3. Conclusion

Eurostat takes good note of the measures implemented by STATEC to improve the quality of the Luxembourg HICP. STATEC should continue to implement improvement measures, particularly those related to the recommendations on estimating the expenditure of institutional households and of dwelling allowances, planned for the coming years, as well as continue to improve the timeliness of the price collection for domestic services by paid staff and child care services. Eurostat welcomes the ongoing work on SD, namely on the treatment of relaunches and on increasing the coverage.