



EUROPEAN COMMISSION
EUROSTAT

Directorate C: Macro-economic Statistics

Unit C-4: Price statistics. Purchasing Power Parities. Housing statistics

HICP Compliance Monitoring Report

Romania

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1. Introduction

In December 2018, Eurostat reviewed the compilation of the harmonised index of consumer prices (HICP) for Romania. The review was done against the existing legal framework, established HICP recommendations and other guidelines and good practices in the field of consumer price indices. The National Institute of Statistics (INSSE) of Romania is responsible for the Romanian HICP.

This compliance monitoring report is based on:

- The 2018 inventory containing details of data sources, definitions and methods used in the Romanian HICP.
- The metadata of the Romanian HICP in Eurostat's dissemination database.
- The discussions at the compliance monitoring visit that took place at the INSSE in Bucharest in December 2018.
- The report on the previous compliance monitoring exercise, published in [May 2007](#).

For all main methodological topics related to the HICP, this report briefly summarises the Romanian practice followed by Eurostat's appraisal of compliance and recommendations for improvement. The report concludes with Eurostat's overall assessment of compliance of the Romanian HICP.

2. Coverage and classification

The Romanian HICP includes all monetary consumption expenditure by private households on the economic territory of Romania, including expenditure incurred by individuals living in institutional households and foreign tourists within Romania.

All categories of household final monetary consumption expenditure, broken down by the European Classification of Individual Consumption by Purpose (ECOICOP), which account for more than one part in a thousand of the total, are included in the HICP.

The definition of the economic territory is in line with article 2(19) of Regulation 2016/792.

Romania implemented the 5-digit level of ECOICOP as of the December 2016 reference month.

Compliance

The coverage of household final monetary consumption expenditure and the classification used in the Romanian HICP are in line with the legal requirements.

3. Weights

The main source for sub-index weights for the 4-digit and sometimes 5-digit level of ECOICOP is national accounts. INSSE uses household budget survey data at lower levels and supplements this with other sources as needed.

INSSE reviews and updates the weights at the 5-digit level of ECOICOP annually.

Compliance

The compilation of sub-index weights in the Romanian HICP is in line with the legal requirements.

4. Sampling: outlets and products

Prices are collected in 68 survey localities (collections of outlets in close proximity to each other to enable efficient price collection) that are set up in 42 urban areas. For products with volatile prices, such as fresh products, INSSE extends the survey to 100 localities, which also include small towns and main farmers markets. Regional offices choose the outlets, while the central office checks these against trade statistics and business registers to ensure that the sample remains appropriately balanced. The restriction of the main survey to 42 urban areas is justified because they cover 75% of retail turnover.

Online shopping currently accounts for some 3% of all retail trade. In 2018, INSSE started web scraping of price data. These data will be analysed and their inclusion in the HICP will be studied in 2019.

The central office defines the products and reviews the sample for the December update every year in autumn. In 2018, INSSE introduced 43 new or newly significant products and excluded 35.

The descriptions are sometimes loose, e.g. for furniture and clothing, to ensure that price collectors can actually find product-offers which meet the description of the products. For other products the descriptions are tighter, e.g. for food and personal care.

Eurostat observed that some products for the maintenance of dwellings selected for the HICP sample seem more appropriate for major repairs that fall under the responsibility of property owners and homeowners. Major repairs are excluded from the HICP as they are considered as gross fixed capital formation (see Annex Ib of Regulation No 2214/96).

Rents in Romania are either social rents (long-term and fixed by municipalities) or market rents (short-term and more volatile) and especially for the long-term social rents it was common that tenants – willingly or unwillingly – paid substantial maintenance of the dwelling. The new Civil Code clarifies which maintenance costs have to be borne by the tenant or by the owner. Nevertheless, it is not clear that all the products priced are appropriate to tenants rather than to property owners.

INSSE follows the development on the energy markets (electricity and gas) carefully as Romania has implemented the EU's Third Energy Package. There are currently 41 normal suppliers who operate in a competitive market and 5 suppliers of last resort that guarantee the delivery of energy. The whole system is controlled by the Romanian Energy Regulatory Authority (ANRE), which also approves the tariffs.

Based on information from ANRE the vast majority of consumers currently purchase their energy from a supplier of last resort. INSSE currently limits the price collection to these five suppliers and the prices include all elements that the consumer has to pay.

INSSE is monitoring the market and is studying the possibilities of enlarging the samples as consumer behaviour adapts to the market and consumers switch to other service providers.

Compliance

The sampling and representativity in the Romanian HICP are in line with the legal requirements.

Recommendation

INSSE should verify, taking into account the new Civil Code, that the products for maintenance and repair of dwellings included in the HICP sample are those that tenants normally buy (related to minor repairs, i.e. materials for small repairs to and interior decoration of dwellings) and not goods or services that are typically purchased by owners.

5. Price collection

In total 110 price collectors visit 7300 outlets per month for the monthly price collection. For products with volatile prices, prices are collected three times per month (i.e., once in each price collection period: day 1 to 7, 10 to 17 and 20 to 27).

For some products, e.g. transport, communication and financial services, INSSE collects prices centrally.

Most prices are collected monthly or, as in the case of centrally collected tariffs, actively monitored in order to capture price changes when they occur.

Eurostat observed that the prices for some products (e.g., clothing items), which are typically subject to reductions and sales periods, display no periodic pattern throughout winter and summer seasons. The HICP should in general take account of reductions in prices (see Regulation No 2602/2000).

Compliance

Price collection in the Romanian HICP is in line with legal requirements.

Recommendation

INSSE should verify whether winter and summer sales periods are present on the market and if yes, they should be reflected in the respective prices.

6. Replacement and quality adjustment

In the case of loosely defined products, price collectors choose a well-sold product that fits to the product description. If the product is not available or not well sold anymore, the price collector chooses a replacement and notes all relevant information concerning the differences between the products. In other cases, the product descriptions are tight and quality adjustments, if needed, are made centrally. If the differences between the original product and the replacement are negligible or small, a direct comparison is made. Otherwise, the overlap method is used when prices of both products are available for the same time period and the bridged overlap method when this is not the case. Option pricing is used for cars.

Compliance

The application of quality adjustment methods in the Romanian HICP is in line with the legal requirements.

7. Treatment of seasonal products

The Romanian HICP uses strict annual weights and all-seasonal estimation to fresh fruit (ECOICOP 01.1.6.1) and fresh vegetables (ECOICOP 01.1.7.1). INSSE does not consider any other product group strongly seasonal.

Compliance

The treatment of seasonal products in the Romanian HICP is in line with the legal requirements.

8. Index calculation

The Romanian HICP is a Laspeyres-type index.

In cases where multiple prices are collected for a product in a month, the monthly price is a simple arithmetic average. For each product at each survey location, an index is calculated as the ratio of the current month average price to the average price of the base year (t-2). The national level price index for each product is calculated as unweighted geometric mean.

The resulting indices are chain-linked, using December of the year t-1 as the linking month.

Compliance

The index calculation in the Romanian HICP is in line with the legal requirements.

9. Administered prices and HICP at constant tax rates

INSEE provides a list of administered prices (AP) to Eurostat for the compilation of the HICP-AP annually.

The HICP at constant tax rates (HICP-CT) is compiled following the reference methodology defined by Eurostat and provided within the required deadlines.

Compliance

Transmission of Romanian HICP-CT is in line with the legal requirements.

10. Follow-up from previous compliance report

The previous compliance monitoring report was published in May 2007. All the recommendations made in that report have been followed up by INSSE: it has obtained access to data held by the National Energy Regulatory Authority and the National Authority of Communications, it has improved the methodology for car prices (including the introduction of used cars into the HICP sample), has expanded the coverage of insurance services, improved the treatments of housing agents and seasonal items.

11. Overall assessment

Based on the information listed in section 1, Eurostat assesses that the Romanian HICP is compliant with the legal requirements. If INSSE follows up on the recommendation given in sections 4 and 5, the comparability of the Romanian HICP will improve further. Eurostat assesses the Romanian HICP to be comparable to that of the other EU Member States.