



EUROPEAN COMMISSION  
EUROSTAT

Directorate C: National Accounts, Prices and Key Indicators  
**Unit C-4: Price statistics. Purchasing Power Parities. Housing statistics**

# **HICP Compliance Monitoring Report**

## **Belgium**

**Compliance Monitoring visit of March 2014**

## **1. Introduction**

In March 2014 Eurostat reviewed Belgium's index compilation against the existing legal framework, approved HICP methodology and other guidelines and good practices in the field of consumer price indices. In addition, the review focussed on the follow-up on the recommendations of the previous compliance monitoring report on the visit in 2009.

The current report is based on

- the inventory of the sources and methods of the Belgian HICP,
- the discussion at the Compliance Monitoring visit of 6 March 2014,
- the meta data of the Belgian HICP in Eurostat's dissemination database,
- the compliance monitoring report of the previous visit.

The methodological approach of the Belgian NSI is described in detail in the inventory they supplied in January 2014; the inventory was updated after the visit in May 2014.

The current report has the following structure: For each methodological issue, first a very brief summary of the Belgian practice is given, mostly based on information provided by the NSI. This is followed by Eurostat's assessment of compliance. Finally, Eurostat recommendations for improvement are suggested, if applicable.

## **2. Classification and coverage**

### **Methodological approach**

Since January 2014 the Belgian HICP is produced down to level 5 of ECOICOP. The standards of Commission Regulation 1688/98 on geographic and population coverage are followed. Expenditures of institutional households are included and the domestic concept is applied. Price collection takes place between the first and third week of the month, starting from the first day of the month, which is in line with Regulation 701/2006 on temporal coverage. All expenditures accounting for more than one part of a thousand of total expenditure are covered at level 4 of ECOICOP, hence following Regulation 1687/98.

### **Compliance**

The use of ECOICOP and the data coverage of the Belgian HICP are in line with the legal requirements.

## **3. Sampling and representativity**

### **Methodological approach**

The sample of outlets consists of around 10 000 shops. The list of representative goods and services included in the sample is set up by the price statistics department on the basis of the Household Budget Survey. The product offers in the outlets are selected by the price collectors.

The outlets are selected by local price collectors following instructions from the central service. There is no systematic resampling of the outlets. Market shares of the different type of outlets are not taken into account in the computation of the Belgian HICP.

Internet purchases are covered.

### **Compliance**

Eurostat has doubts if the sampling method is in line with Regulation 1334/2007, assuring good representativity of the Belgian HICP, since the samples are not refreshed regularly.

### **Recommendations**

- Product and outlet samples should be refreshed at regular intervals.
- Outlets should be stratified by outlet types.
- Used cars, currently not covered in the Belgian HICP, should be covered in ECOICOP 07.1.1 (motor cars) if their weight is significant.
- Flights departing from regional airports like Charleroi (Brussels South Airport), currently not covered in the Belgian HICP, should be covered.
- For health care, not only tariffs but also prices above the tariffs should be surveyed.

## **4. Frequency of data collection**

### **Methodological approach**

Prices are collected each month, except for certain goods and services of which the price changes are deemed to follow regular predictable intervals. Among others, prices for insurances are collected once per quarter.

### **Compliance**

The frequency of data collection of the Belgian HICP is in line with the legal requirements.

### **Recommendations**

- The Belgian NSI should check regularly if there are no price movements for insurances within the quarter.

## **5. Index calculation**

### **Methodological approach**

The Belgian HICP is a Laspeyres type index that is annually chained in December. At the elementary level, most price indices for goods and services are computed using the Jevons formula. In the case of rents, the Dutot formula is used.

## **Compliance**

The Belgian HICP index calculation at the level of elementary aggregates and at higher levels is in line with the legal requirements.

## **6. Data collection and validation**

### **Methodological approach**

Test procedures are in place to verify price changes for goods and services collected locally by price collectors. A list of price observations with deviations of more than +/-20% compared to last month is produced automatically and checked each month.

For most goods and services, actual transaction prices are collected. List prices are used for pharmaceutical products, new cars and package holidays. While these prices might deviate slightly from transaction prices, the Belgian NSI considers that their evolution correctly reflects movements in actual transaction prices.

Prices collected on the internet are also used as estimates for the prices paid at physical outlets.

### **Compliance**

The price collection practice for the Belgian HICP is in line with Eurostat's recommendations.

### **Recommendations**

- The Belgian NSI should check at regular intervals if list prices correctly reflect the evolution of transaction prices.

## **7. Administered prices and constant tax rates**

### **Methodological approach**

The list of administered prices for the compilation of the HICP-AP is transmitted annually to Eurostat. At the moment there are no known plans of any changes to the list of prices for goods and services concerned. However, with the evolution of the federal system in Belgium, the regional governments will in future become responsible for the price control of some of the service prices.

The two main indirect taxes relevant for the HICP at constant tax rates are VAT and excises on specific products. These are incorporated in the Belgian HICP-CT according to the methodology defined by Eurostat. The HICP-CT is transmitted following the same deadlines as those of the HICP. Back data are available from 2003 onwards.

### **Compliance**

The treatment of taxes in the Belgian HICP-CT is in line with the legal requirements.

The treatment of administered prices in the Belgian HICP-AP is in line with Eurostat's recommendations.

## **8. Discounts**

### **Methodological approach**

The requirements of Regulation 2602/2000 on price reductions are applied in the Belgian HICP. Discounts directly accessible to every consumer are taken into account. Discretionary discounts requiring registration are not covered. Some inducements are taken into account.

### **Compliance**

The treatment of discounts in the Belgian HICP is in line with the legal requirements.

## **9. Weights**

### **Methodological approach**

Since 2010 the major source for the Belgian HICP weights is the National Accounts of year t-2, i.e. Belgium follows the standards set by the Regulation 1114/2010 on HICP weights. National Accounts are used down to level 4 of ECOICOP.

Explicit weights are applied to individual goods or services down to the (nationally defined) level 6 of ECOICOP. Weights for most elementary aggregates are based on the most recent Household Budget Survey.

The weights are price updated at level 4 of ECOICOP to the December price level of t-1.

### **Compliance**

The calculation of weights in the Belgian HICP is in line with the legal requirements.

## **10. Quality adjustment**

### **Methodological approach**

Mostly implicit quality adjustment is performed, using the bridged overlap method. Option pricing is used for cars, while direct comparison is used for products such as video games, CDs, DVDs, books and clothing and footwear.

### **Compliance**

The methods used for quality adjustment of the Belgian HICP are in line with Eurostat's recommendations.

## **11. Treatment of seasonal products**

### **Methodological approach**

Clothing, fresh fruit, vegetables and fish are considered as seasonal products; footwear is not treated as a seasonal product.

Since 2011 a class-confined weights index is used. The base price is imputed for products which are not in season in December of the previous year.

### **Compliance**

The methods used for treating seasonal products in the Belgian HICP are in line with the legal requirements.

## **12. Treatment of special product groups**

### **Methodological approach**

The treatment of special product groups like actual rentals, motor vehicles, restaurants and accommodation, airfares and package holidays, telecom services, health, education, insurances, financial services is described in detail in the inventory.

### **Compliance**

The methods used for treating health, education, insurances, and financial services in the Belgian HICP are in line with the legal requirements.

The methods used for treating actual rentals, motor vehicles, restaurants and accommodation, airfares and package holidays and for telecom services in the Belgian HICP are in line with Eurostat's recommendations.

## **13. Follow-up of the recommendations of the previous CM report**

Several Eurostat recommendations following the previous compliance monitoring visit in December 2009 were implemented:

- The number of price observations to follow actual price developments during designated sales periods has been extended.
- Regional weights for Flanders, Wallonia and Brussels are now based on the expenditure levels in the regions rather than on population figures.
- The number of sampled product groups at level 6 of ECOICOP was increased by 12% in order to improve the reliability of the Belgian HICP for product groups where only few prices were collected previously.
- Statistics Belgium reviewed its treatment of airline tickets and now reflects consumers' purchasing behaviour in respect of last minute and advance bookings.

- For telecommunications, Statistics Belgium improved its methodological approach, including bestselling packages, taking into account consumers switching between packages and ensuring the representativeness of consumption profiles.
- The road tax has been introduced in the Belgian HICP.
- The treatment of income related prices has improved.

Issues that are still open from the 2009 visit are included in the recommendations of this report.

#### **14. Improvements foreseen in the near future**

- Scanner data will be used as data source from 2015 onwards.
- The Belgian NSI plans to do a stratification of outlets from 2015 onwards.
- For cars and airfares coverage will be improved.

#### **15. Overall assessment**

Overall, the quality of the Belgian HICP has improved during recent years. Eurostat considers that the methods used for producing the Belgian HICP are of a good standard. Comparability to the HICP of other countries can be regarded as assured.

However, further improvements are needed. Most critical is the issue of sampling and hence representativity, where the introduction of regular re-sampling is strongly recommended.