



**Assessment of sources and methods used in the
provision of basic information for Purchasing Power
Parities (PPPs)**

COUNTRY: France

2016



CONTEXT

1. This report is written in the context of the implementation of article 7 (on quality criteria and control) of Regulation (EC) No 1445/2007 of the European Parliament and of the Council of 11 December 2007 establishing common rules for the provision of basic information on Purchasing Power Parities and for their calculation and dissemination (the "PPP Regulation").
2. The PPP Regulation requires all Member States to maintain documentation which gives a full description of the manner in which the Regulation has been implemented (the "PPP Inventory"). It requires Eurostat to assess each Member States' compliance with the PPP Regulation at least once every six years and to publish a report, based on the assessment, on its website.
3. The current assessment report is based on the information presented by INSEE in the "PPP Inventory of sources and methods", version January 2016, as well as on other data and reports prepared in the context of the PPP program. In addition, the information provided during a visit to INSEE on 6 June 2016 is taken into account.

ORGANISATIONAL ISSUES

4. In France, two different units of INSEE are involved in carrying out the PPP exercise: the PPP section of the General Directorate of INSEE and the PPP section of the Regional Directorate of Ile-de-France. The latter carries out most of the pre-surveys and surveys on consumer goods and services, whereas the former is responsible for all other tasks and general supervision.
5. Within the General Directorate, the PPP section is part of the department of national accounts and is composed of 2 full-time persons. The section at the Regional Directorate is part of the CPI team and it comprises two part-time persons (working on PPPs at more than 80% and 50%).
6. The two capital goods surveys are both contracted to outside organisations. Furthermore, the "Agence Technique de l'Information sur l'Hospitalisation" (ATIH), falling under the Ministry of Health and Social Security, provides the data for the hospital prices survey and the "Service de l'Observation et des Statistiques (SOeS)" of the Ministry of the Environment, Energy and the Sea provides a part of the data to fill in the rents survey.

FINDINGS BY PPP SURVEY

Consumer goods and services

7. The organisation and conduction of the consumer goods price surveys satisfies the methodological requirements and ensures the provision of reliable basic information for the production of PPPs. Market information is gathered in different ways depending on the type of product and in close cooperation between the General and Regional Directorates.



8. Prices for consumer goods and services are collected across the entire Parisian “agglomeration 375” by about 12 to 16 price collectors from the Regional Directorate (depending on the survey). The covered area gathers more than 10.5 million inhabitants (compared to 2.2 million inhabitants in the city of Paris and almost 12 million in the entire “Ile de France” official region). The “agglomeration 375” is also used by the French CPI team.
9. INSEE carried out a large dedicated survey in 2015, across the entire country, to obtain spatial adjustment factors.
10. The representativity of a product is mainly determined on the basis of the number of observations that could be obtained for it. INSEE should investigate other quantitative or qualitative sources and methods to assess representativity.

Housing services

11. As stated above, the "Service de l'Observation et des Statistiques (SOeS)" of the Ministry of the Environment, Energy and the Sea provides a part of the data to fill in the rents survey. The National Housing Survey is the main source of data on actual rent levels. The rents data reported to Eurostat are fully aligned with the national accounts.
12. INSEE makes some adjustments to the data provided by SOeS, which pertain to secondary dwellings, to housing stock in the overseas departments and to garages. INSEE should clarify the impact of these adjustments in the PPP Inventory.

Compensation of government employees

13. The questionnaire on compensation of government employees is filled in by INSEE on the basis of the "Système d'Information sur les Agents du Service Public" (SIASP) that contains data on the salaries of all central, regional and local government employees, as well as those of hospitals.
14. The salaries included however do not take into account income in kind. INSEE should make adjustments to the salaries to include income in kind to ensure consistency with national accounts.

CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR INSEE

15. France complies well with the PPP Regulation. Its data are in general of sufficient quality and the resulting PPPs are plausible. In the previous sections, nevertheless, some improvement points were raised which are summarised in the table below.



Area	Action points
<i>Organisation</i>	<i>None</i>
<i>Consumer goods and services</i>	(1) INSEE should investigate other quantitative or qualitative sources and methods to assess representativity.
<i>Housing services</i>	(2) INSEE should clarify the impact of the adjustments made for secondary dwellings, for housing stock in the overseas departments and for garages.
<i>Compensation of government employees</i>	(3) INSEE should make adjustments to the salaries to include income in kind to ensure consistency with national accounts.
<i>Education</i>	<i>None</i>
<i>Hospitals</i>	<i>None</i>
<i>Gross fixed capital formation</i>	<i>None</i>
<i>Expenditure weights</i>	<i>None</i>