

Report on activities in the field of the ICP in the CIS region

The work to prepare basic data essential for the international comparison of GDP and PPPs in the CIS region was carried this year in the following directions:

- preparation of specifications of consumer goods and creation of the common list of representative items as a result of interaction and discussion with national coordinators;
- collection of prices of consumer goods in the CIS countries;
- preparation of specifications of investment goods and collection of prices on representative items;
- preparatory work for comparison of construction;
- preparation of some methodological materials intended to improve the accuracy and international comparability of GDP of the CIS countries;
- preparation by the regional coordinators of some methodological materials in order to assist countries to select representative items, to collect prices and obtain average national prices registered in national accounts;
- translation into Russian of the methodological materials proposed by the Global office.

A more detailed account of these activities is contained below.

The work along the above lines was carried out this year in accordance with the schedule approved by the Council of the Heads of Statistical Services of the CIS Countries at its meeting convened at the end of the last year.

The major efforts were directed on preparation of specifications of representative items and collection of prices. The meeting of experts from CIS countries involved in this work was convened in Moscow in April in order to discuss the proposals from the countries with regard to the representative items and their specifications. As a result of this meeting the common list was agreed upon. It includes 1383 items, of which 338 refer to food and beverages, 172 - to clothes and footwear, 220 - to services, 146 - to furniture and utensil, 161 - to consumer durables, 159 - to pharmaceutical products, 40 - to cars and 147 - to other non-durable consumer goods. The starting point for formation of this list was the list compiled and used for comparison of GDP of the CIS countries for 2000 carried out in the framework of realization of European Comparison Program. This list was considerably revised. Some items were deleted

and many new items were added. The specifications of the items which were retained in the list were elaborated. In compilation of this list attention was also paid to the list of items which Rosstat (former Goskomstat of Russia) uses in the comparison of GDP carried out by the OECD.

A preliminary distribution of the representative items by the basic headings has been made on the basis of two criteria: the relative weight of the basic heading and price ratio dispersion. The data from materials of comparison for 2000 were used for this purpose.

The number of items from this list which are to be priced varies from country to country. Thus, in Azerbaijan about 80 per cent of all items will be priced, in Armenia – 70 per cent, in Belarus - about 75 per cent, in Kazakhstan - 70 per cent, in Moldova – more than 80 per cent, in Tajikistan – 65 per cent, in Turkmenistan – 60 per cent, in Ukraine – 90 per cent. It is worth noting that the share of items to be priced is considerably higher this year as compared with the comparison for 2000.

The collection of prices is carried out in the countries in accordance with the methodological instructions prepared by the regional coordinators. These instructions clarify the procedures to be used in order to obtain average national prices used to compile GDP, the frequency of price observations, types of outlets to be covered and so forth. A special attention is paid to obtaining prices used in national accounts for consumption from own production and determination of weights for this type of consumption essential for calculation of average national prices. The consumption of agricultural products from own production continues to be rather high in CIS countries. The methodological instructions on this topic are on the whole consistent with the principles recommended by the World Bank in the Manual.

In most of the CIS countries national coordinators organised meetings with the persons involved in the process of collection of prices to instruct them on the procedures. These people were given specifications of representative items and their pictures and electronic questionnaires. Registrators indicate the type of outlet, the model of good, the price. He or she are also requested to indicate possible deviations from the standard specification if they are encountered. The prices are registered on a monthly or quarterly basis. In most cases collection of prices is carried out in the capitals and in some regions of the country. All major types of outlets are covered. The information on prices is analysed in various departments of statistical offices of the CIS countries. A special software is used for checking the data on prices.

The details on collection of prices in individual countries are below as follows:

In Azerbaijan collection of prices is carried out in the capital of the country. The major types of outlets are covered (supermarkets, shops, small outlets with limited choice of goods, informal markets, specialized stores with wide selection of goods). Outlets are chosen in various districts of the city (center of the city, suburbs). The prices are collected on a quarterly basis. The prices collected in the capital will be extrapolated to arrive at average national prices. The coefficients which show the ratio between the prices in the capital and average national prices are to be used.

In Armenia collection of prices is carried out in the capital and ten other towns of the country. All major types of outlets are covered including informal markets. The prices are collected on a monthly basis.

In Belarus the collection of prices is carried out in the capital and in six regions of the country. All major types of outlets are covered including informal markets. The information on prices is analysed in the Department of Price Statistics and in the Department of National Accounts.

In Kazakhstan collection of prices is carried out in two major cities (Almaty and Astana) and in 14 regions of the country. All major types of outlets are covered. The prices are registered on a monthly basis. Data on prices collected for CPI are also used if they correspond to specifications of representative items.

In Kyrgyzstan collection of prices is carried out in the capital, six regions and two districts of the country. All major types of outlets are covered. The prices are registered on a monthly basis. The data on prices are analysed in the Department of Price Statistics.

In Moldova collection of prices is carried out in the capital and 11 regions of the country. All major types of outlets are covered. The prices are registered on a monthly basis. The registration of prices is carried out both by statisticians involved in preparation of CPI and personal hired specially for this job. The data on prices are analysed in the Department of Price Statistics. Special software is used for verification of prices.

In Russia collection of prices is carried out in capital on a quarterly basis. Prices of practically all representative items included in the list are registered. For some basic headings the coverage of items to be priced will be 100 per cent. All major types of outlets are covered. Average national prices will be obtained with the help of extrapolation procedure using the coefficients which are derived from the data used

for calculation of CPI. Since the rate of inflation is a rather moderate in Russia this approach appears to be acceptable.

In Tajikistan collection of prices is carried out in the capital and six regions. The registrators are provided with the questionnaires and instructions for their filling in. The prices are registered on a quarterly basis. All types of outlets are covered. The data on prices are analysed in the Department of Trade Statistics.

In Turkmenistan the collection of prices is carried out in the capital and six regions. National coordinators convened a meeting to instruct price registrators with regard to the procedures to be used, to distribute the materials, questionnaires and so forth. The prices are registered on a quarterly basis. Major types of outlets are covered.

In Ukraine collection of prices is carried out only in the capital on a monthly basis. All major types of outlets are covered. The prices in the capital will be extrapolated to arrive at average national prices.

The information on prices of consumer goods is scheduled to be submitted to the regional coordinators in the first half of the next year. In accordance with the approved schedule a meeting of experts from the CIS countries will be convened also in the first quarter of the next year in order to discuss the information on prices to make sure that it corresponds to the requirements of the international comparison as well as to control the price data with the help of diagnostic tables. In the course of such discussion some adjustments are likely to be made to the original list of representative items.

The work on formation of the list of representative investment goods is also under way. The proposal on this list of this items (including detailed specifications) was prepared by the Rosstat using countries suggestions and sent to the other CIS countries. This list includes about 700 items on machinery and equipment and 100 items needed for comparison of construction. The countries started work on selecting their items which can either match the items in the prepared preliminary list or intended for elaboration of the list. As it is the case with the consumer goods the starting point for formation of the list of investment goods is the list used in comparison for 2000. The final list will include a number of new items and excludes some old items. The Russian list of investment goods used in comparison of GDP for 2002 carried out by the OECD/Eurostat is also taken into account. The countries

started selecting their investment goods. The final list will be formed at the end of this year at the meeting of experts involved in this work. This meeting is scheduled to be held in Moscow in November of this year. At the same time they started collection of prices of investment goods.

In the first quarter of 2005 two meetings of experts are planned to be held in Moscow in order to discuss the data on prices of consumer goods and investment goods. For analysis of data on prices so called diagnostic tables are intended to be used as it was the case in comparison for 2000. As a result of discussions of prices some modifications in the original list of representative items are likely to be made.

Some preparatory work for comparison of construction is under way. It is expected that improved methodology in this area will be prepared by the specialized research institution which has considerable experience in this field. As a result of its work detailed description of technological models of construction of various projects will be elaborated, including specifications of construction materials, improved procedures for calculations. This institution is also requested to evaluate the proposal by the African Development Bank and possibility of adaptation of this proposal for conditions in the CIS countries.

The work on comparison of non- market services and rent has been also initiated. In particular the questionnaires for collection of data needed for comparison of rent and compensation of employees in non-market services were prepared and sent to the countries.

During 2004 efforts were undertaken to assist countries in improving their estimates of GDP. In this context the CIS Statcommittee prepared and sent to the countries a document on the methodology of compilation of major accounts for households sector. In this document a special attention is paid to computation of final consumption expenditure by the households and actual final consumption of households. The document explains in particular the methods of measurement of consumption from own production and consumption resulting from activities of unincorporated enterprises owned by households. These categories are defined in accordance with the provisions of the SNA 1993, and the emphasis is put on clarification of sources of data.

At the beginning of November a meeting of experts from CIS countries will be held to discuss a wide range of issues pertaining to compilation of national accounts and computation of GDP, in particular. One of the issues to be discussed refers to

problems of computation of consumption expenditure of the general government sector. The major problem in this context is that government finance statistics compiled in the CIS countries deviates in many respects from the IMF manual on this subject and this complicates calculation of many items in general government accounts.

In June of this year international seminar on measuring non-observed economy was held in Saint-Petersburg. It is hoped that discussions at this seminar will help the CIS countries to increase exhaustiveness of the estimates of GDP.

Finally throughout this year the experts from CIS Statistical Committee provided consultations to statisticians of the CIS countries on a wide range of issues of methodology of computation of GDP.

The regional coordinators closely cooperated with the BEA. The latter at the request of the Global Office translated into Russian the files for the Tool Pack. Some problems in this context were noted, for example, possible differences in terminology used in comparisons of OECD/Eurostat were identified. It was found that in some cases the same concept is denoted with the help of different terms. This seems to create problems not only for translation of Tool Pack but also for its implementation in practice.

At the request of the Global Office specifications of the considerable part of represented items included in the list for CIS countries have been translated from Russian into English. The specifications of food, clothes, footwear, cars, motorcycles and bicycles translated from Russian into English were dispatched to the Global Office.

A number of chapters of the Manual were translated into Russian and put on the internet for the use by statistical offices of the CIS countries.