

Monthly Update

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Fast Evolving Technology Products

Technology products such as audio-visual, office and information processing equipment pose unique challenges for ICP price collection and PPP computation. Challenges are primarily related to short life cycles and the overall fast changing nature of these products. To further complicate the task, new models may not be introduced concomitantly across different markets in the world and/or manufacturers of consumer electronics may tend to create market fragmentation by introducing models with minor variations for certain groups of countries or even for individual countries.

The issue was discussed at the 4th Regional Coordinators meeting in April 2011 and as a follow-up, the Global Office has developed a 16-item list of fast evolving technology products to be added to the current Global Core List. The new approach: (1) focuses on products with wide availability, low number of alternative models for the same product type, and relatively long lifespan or with replacement models which

can be clearly identified; (2) improves the item specifications so as to include the key price determining factors and indicate a product series instead of a single model; (3) uses the whole scope of the basic headings; and (4) is meant to collect brand and model information for validation purposes. The operational guideline and the new 16-item list has been circulated to Regional Coordinators in late May and is expected to be priced from the third quarter data

Concept of Importance

Based on the TAG's recommendations, the Global Office developed, at the inception of the ongoing ICP round, a note on the notion of "Importance" to clarify its definition and usage. In accordance with the note, countries in regions other than OECD-Eurostat and the CIS are requested to classify all products in their regional list of Household Final Consumption Expenditure (HFCE) goods and services that are *available* in the country as either *impor-*

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tant or *less important*. If a good/service is *not available* in the country, the notion of *important / less important* is not applicable to that good/service. Importance is defined by reference to the expenditure share of the item within a Basic Heading. Products that are identified as important by a country will then be given more weights in calculating the relevant PPPs. As regards heterogeneous Basic Headings, i.e. those containing a range of products that serve different purposes, such Basic Headings should be split into homogeneous sub-groups under which products will be classified as important or less important. It's worth noting that the importance of products needs to be taken into account both while the product lists are being drawn up and when they have been finalized.



International Workshop on International Comparison Program, Hangzhou, China (May 9-11, 2011)

Regional Activities

Africa

Two major ICP events organized respectively by the African Development Bank and the United Nations Economic Commission for Africa (ECA) were held in Africa.

The African Development Bank organized a three-day meeting on the monitoring of the 2011 round of the International Comparison Program (ICP-Africa) in Regional Member Countries. The meeting was held in Gammarth, Tunis, on May 10-12, 2011. The main objective of the meeting was to review the role of the Sub-Regional Organizations (SRO) with regard to the implementation of the 2011 ICP-Africa round. Issues discussed included: (i) ICP coordination and supervision at SRO level and in member countries; (ii) Review of Statistical Capacity Building Program Technical, Administrative and Financial Arrangements; (iii) ICP data transmission, Country and SRO Reporting Mechanism and Format.

ECA convened a workshop for the training of trainers on National Accounts for ICP at its headquarters in Addis-Ababa, Ethiopia from May 16-20, 2011. The workshop sessions covered technical issues related to: activities to be conducted by the countries; reporting forms; adherence to SNA-1993 requirements; and splitting GDP expenditures into basic

headings using the 5 approaches recommended by the Global Office.

Asia

An ICP Conference, organized by China's National Bureau of Statistics (NBS), was held in Hangzhou, Zhejiang Province, China on May 9-11, 2011. It was attended by about 100 people, mainly staff from various statistical offices (national, state and municipal offices) but also about a dozen from statistical offices in Asian countries. It was a fruitful conference with sound questions and comments made by NBS senior staff. The program included various technical sessions related to: (i) Price survey implementation - with special focus on comparison-resistant services; (ii) the breakdown of GDP Expenditure; and (iii) the PPP computation process. The sessions were facilitated by the ICP Global Manager, the TAG Chair and Deputy Chair, the Asia-Pacific Regional Coordinator and another expert from the Asian Development Bank.

The conference was followed by market visits in Hangzhou and Shanghai.

Latin America

A regional Validation workshop was held in Santiago, Chile, on May 16-19, 2011. The workshop focused on the data validation methodology and process for the ICP Household Consumption survey,

data submission, and training on the 2011 ICP-Kit.

As regards the price survey for household consumption, 17 countries finalized data collection for some seg-

ments of the regional list that are also part of their national CPI baskets, as well as some additional (non-CPI) items. The countries started price collection activities for the remaining segments in May 2011, in addition to continuing the price surveys that started in the first quarter.

A pilot survey on Machinery and Equipment was conducted in Brazil, Colombia, and Costa Rica. The relevant findings were submitted to the Global Office in May 2011.

Caribbean

UN-ECLAC is coordinating the ICP exercise in the Caribbean Islands, with support from CARICOM Secretariat. Substantial progress has been made during small workgroup meetings in May and June 2011 on price statistics in terms of mapping the Global Core List to the national CPI baskets, also with a view to completing an availability and importance matrix for the Caribbean. It is expected that the final sub-regional list will be adopted during in August and will be collected in the fourth quarter of 2011.

Small workgroup meetings are scheduled in June and July 2011 on the estimation of GDP by expenditure at the basic heading level.

Western Asia

The ongoing political movements in several countries of the region, specifically in Bahrain, Syria, and Yemen, are hindering the capabilities of the member countries to effectively conduct surveys, and the regional office in coordinating and managing the regional activities.

OECD-Eurostat

Prices for the 2010 surveys were finalized in May 2011 for Eurostat countries and end of the year for OECD countries. The database for ICP purposes is in preparation. The preparations for "Health and Furniture" have started; and the 2011 Construction Survey started in May 2011 for Eurostat countries and in the second half of the year for OECD countries.



Market Visit in Hangzhou, China, May 12, 2011)

ICP in Georgia

Georgia was included in ICP 2005 as part of the CIS region. As it is no longer a member of the CIS, an alternative approach has been adopted for ICP 2011. The approach requires Georgia to carry out a bilateral comparison with Armenia. As Armenia is a member of the CIS, the bilateral comparison will allow Georgia to be linked first with the CIS region through Armenia and then with the other regions of the 2011 global comparison through the CIS region. This means that the price and expenditure data for Georgia will not influence the global comparison. Georgia is added to the global results via its bilateral comparison with Armenia after the levels of countries and regions have been established through the core comparison without using Georgia's data. The same approach will probably be used to bring other "singletons" into the Global comparison.

The National Statistics Service of Armenia (Armstat) has agreed to cooperate with the National Statistics Office of Georgia (Geostat) on the bilateral comparison. This will inevitably involve additional work for Armstat. The Global Office and Geostat will seek to minimise this extra work both by following CIS methodology and by using data

already being collected by Armstat for its multilateral comparison. The Global Office is most grateful for Armenia's assistance.

Preparations began towards the end of 2010 with technical guidance being provided by David Roberts and Derek Blades as World Bank consultants. The consultants' first mission to Geostat, in November 2010, was followed by two meetings between Geostat and Armstat to finalise the product list for consumer goods and services. The World Bank consultants made a second mission to Geostat in March 2011 to review the progress achieved since the first mission, to finalise the work programme and timetable for the bilateral comparison and to address issues outstanding. Armstat's Head of Price Statistics, Gurgun Martirosyan, came to Tbilisi to participate in the discussions with Levan Karsaulidze, Geostat's Head of Price Statistics. The timetable calls for price collection by Geostat to be completed in 2011 for consumer goods and services, for machinery and equipment, and for construction. Salary data for government employees and quantity and quality indicators of the dwelling stock for housing services will be provided in 2012. The timetable also specifies dates

for intra- and inter-country price validation, for a consultancy visit by Sergey Sergeev to adapt the price validation software for bilateral comparisons, for joint consultations by Armstat and Geostat staff in Yerevan and Tbilisi, and for calculation of the expenditure weights. The results of the bilateral comparison should be available in the first quarter of 2013.

Georgia has been involved in international comparisons since the mid-1990s when it took part in the OECD-CISSTAT PPP Programme covering the countries of the former Soviet Union. Geostat has, therefore, considerable experience in price collection for international comparisons. In addition, Georgia's national accounts conform with the standards of SNA 93 and Geostat has already made trial calculations of basic heading expenditures for 2009 which it will update in 2010 and 2011. There is every reason to expect that Georgia will be successfully included in ICP 2011.

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In the Next Issue

In the June issue of the newsletter, we will include statistics on countries that have so far transmitted price data to Regional Coordination Offices. Therefore, the count of countries that are truly on board will no longer refer to the start of price surveys but rather to the submission of data.

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Monitoring the implementation of the ICP 2011, The African Development Bank, Gammarth, Tunis (May 10-12, 2011)