ICP Publication Level:
Set of Analytical Categories in regional and global results

Sergey Sergeev
sergey.sergeev@statistik.gv.at
sergey_sergeev@outlook.com

ICP 2017: 7th IACG Meeting
15-18 April, 2019
WB, Washington, DC
4th IACG meeting (Oct‘2017) proposed to expand the set of published Analytical categories for HHC (1)

<table>
<thead>
<tr>
<th>Proposed Publication Level</th>
<th>Heading Name</th>
<th>Heading Level</th>
<th>ICP 2011 Publication Level</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP</td>
<td>GROSS DOMESTIC PRODUCT</td>
<td>GDP</td>
<td>Yes</td>
</tr>
<tr>
<td>Additional Aggregate</td>
<td>DOMESTIC ABSORPTION</td>
<td>Additional Aggregate</td>
<td>Yes</td>
</tr>
<tr>
<td>Additional Aggregate</td>
<td>FINAL CONSUMPTION EXPENDITURE</td>
<td>Additional Aggregate</td>
<td>Yes</td>
</tr>
<tr>
<td>Main Aggregate (Actual)</td>
<td>ACTUAL INDIVIDUAL CONSUMPTION</td>
<td>Main Aggregate (Actual)</td>
<td>Yes</td>
</tr>
<tr>
<td>Category</td>
<td>FOOD AND NON-ALCOHOLIC BEVERAGES</td>
<td>Category</td>
<td>Yes</td>
</tr>
<tr>
<td>Group</td>
<td>Bread and cereals</td>
<td>Class</td>
<td></td>
</tr>
<tr>
<td>Class</td>
<td>Meat</td>
<td>Class</td>
<td></td>
</tr>
<tr>
<td>Class</td>
<td>Fish and seafood</td>
<td>Class</td>
<td></td>
</tr>
<tr>
<td>Class</td>
<td>Milk, cheese and eggs</td>
<td>Class</td>
<td></td>
</tr>
<tr>
<td>Class</td>
<td>Oils and fats</td>
<td>Class</td>
<td></td>
</tr>
<tr>
<td>Class (Merged)</td>
<td>Fruits, vegetables, potatoes</td>
<td>Class (Merged)</td>
<td></td>
</tr>
<tr>
<td>Class (Merged)</td>
<td>Other food</td>
<td>Class (Merged)</td>
<td></td>
</tr>
<tr>
<td>Group</td>
<td>NON-ALCOHOLIC BEVERAGES</td>
<td>Group</td>
<td></td>
</tr>
<tr>
<td>Group</td>
<td>ALCOHOLIC BEVERAGES, TOBACCO AND NARCOTICS</td>
<td>Group</td>
<td></td>
</tr>
<tr>
<td>Group</td>
<td>ALCOHOLIC BEVERAGES</td>
<td>Group</td>
<td></td>
</tr>
<tr>
<td>Group</td>
<td>TOBACCO</td>
<td>Group</td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>CLOTHING AND FOOTWEAR</td>
<td>Category</td>
<td>Yes</td>
</tr>
<tr>
<td>Category (Actual)</td>
<td>HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS</td>
<td>Category (Actual)</td>
<td>Yes</td>
</tr>
<tr>
<td>Category</td>
<td>FURNISHINGS, HOUSEHOLD EQUIPMENT &amp; ROUTINE HOUSEHOLD MAINTENANCE</td>
<td>Category</td>
<td>Yes</td>
</tr>
<tr>
<td>Category (Actual)</td>
<td>HEALTH</td>
<td>Category (Actual)</td>
<td>Yes</td>
</tr>
<tr>
<td>Category</td>
<td>TRANSPORT</td>
<td>Category</td>
<td>Yes</td>
</tr>
<tr>
<td>Group</td>
<td>PURCHASE OF VEHICLES</td>
<td>Group</td>
<td></td>
</tr>
<tr>
<td>Group</td>
<td>TRANSPORT SERVICES</td>
<td>Group</td>
<td></td>
</tr>
<tr>
<td>Category</td>
<td>COMMUNICATION</td>
<td>Category</td>
<td>Yes</td>
</tr>
</tbody>
</table>
4th IACG meeting (Oct’2017) proposed to introduce the Analytical categories “Goods vs. Services” (2)
General remarks about the expanding set of AnCat

- Publication of some additional AnCat like for “Food” (or GCF) is fully neutral / unproblematic
- The categories with the distinction between Goods and Services need additional efforts and agreements
- The distinction “Good / Service” is not unambiguous per se (theoretical aspect) =>
  For example, the area “Restaurant services” is the combination of Goods and Services. Nevertheless, this area is included in the AnCat “Services” traditionally / conventionally by all ICP Regions

However the main practical problems are
  - Combined BHs (Goods and Services together)
  - AnCat covering different institutional sectors
Different Regional classifications

- The ICP classification: several BHs (“Maintenance” and “Repair”) =>
  - Goods and Services are combined

- Separate BHs in the EU-OECD classification

How will be classified these combined areas in the ICP set of Analytical Categories:
- as “Goods”? or as “Services”??
Combined BHs: Goods & services (2)

- ICP Global Core list has not always full overlap with the content of the BHs used by the EU-OECD:

BH “Maintenance and repair of the dwelling” =>

Only Goods in the ICP Global Core list:

110431101 Paint, indoor use, washable, WKB
110431102 Silicone, indoor use, WKB
110431103 Cement, Grey Portland, WKB
110431104 Wall tiles, ceramic, WKB
110431105 Paint, outdoor use, WKB

- Global linking - only on the basis of goods but BHs like “Repair” or “Maintenance” have very different PPPs and very different expenditure structures for Goods and Services
The most complicated and important areas
Health and Education (1)

- EU-OECD
  - Output Approach
  - The same PPP & expenditure structures for all institutional sectors (HH, NPISH and GG)

- Other ICP regions and Global ICP
  - Input Cost Approach for GG-expenditure
  - Different PPP and expenditure structure for institutional sectors (HH, NPISH and GG)
The results by the Output and Input approaches are not fully comparable *per se* but – How comparable is the content of AnCat?

- Some (moderate) inconsistencies between HH and GG figures were already in the ICP 2011 => HH and GG have clearly different PPP and expenditure structures.
- This problem will be very visible in the ICP 2017 publication if the categories “Goods / Services” are introduced = *Especially problematic “Health”*
- The EU-OECD uses the same SHA Health expenditure structure for “Health” in all three institutional sectors (HH, NPISH and GG) => **The classical distinction between Goods / Services is impossible principally**
“Health”: What are Goods and What are Services?

EU-OECD conventions for their allocation:
Health: Problems with the allocation “Goods / Services” (1)

The EU-OECD ambiguous conventions:

- NPISH Health services are included in Consumer services but other NPISH services – NOT!
- GG Health products are included in the “Goods” as well as in “Government services” (but not in “Services-Total”)
- GG Health services are included in “Consumer services” as well as in “Government services”!

=> Logical and numerical inconsistencies
Health: Problems with the allocation “Goods / Services” (2)

Nominal expenditure for Total services (in NC!) are systematically lower for all Eurostat countries (but CH) than sum of expenditure of Consumer and GG services?! [ 

![Excel spreadsheet showing purchasing power parities (PPPs), price level indices and real expenditures for ESA 2010 aggregates.](image-url)
What can / should be done in the ICP 2017 (1)

- The Global ICP “free” 2017 results - the ICP classification (155 BHs) => EU-OECD should do inevitable some efforts to transform input data from own BH classification to the ICP BH classification

- The content of the most of AnCat is similar in the ICP Regions and in the EU-OECD exercise. However, the AnCats “Goods / Services” are very problematic

- The Global ICP “free” results for AnCat => by the same schema for all ICP Regions. These results will be redistributed for the EU-OECD countries in accordance with the EU-OECD schema due to the fixity principle. The high inter-regional incomparability is forecasted. What can / should be done for the ICP 2017 Analytical Categories? Now is the time for the decisions on this point.

- As the 1st step, the mapping of the ICP Analytical categories and the ICP 2017 BH set should be established (like by Eurostat)
What can / should be done in the ICP 2017 (2)

Possible version for a more straightforward distinction between “Goods / Services” in “Health”

Following AnCats in the present EU-OECD / ICP classification

- E012  Government final consumption expenditure
- E0121  Collective consumption expenditure
- E0122  Individual consumption expenditure

and

- P0202  Government services
- P020201  Collective services
- P020202  Individual services

are the replication of each other from different points of view:
- from financing

and
- from the conventional relation to Services
What can / should be done in the ICP 2017 (2)

- The presentation from the expenditure side is sufficient
- The presentation of GG Individual services can be changed in the way to reflect more clearly Services as Services
Final remarks / considerations

- If the same SHA Health expenditure structure for “Health” is used in all institutional sectors (HH, NPISH and GG) then absolute correct / classic allocation “Goods / Services” is impossible.

- Proposal above allows, at least, to eliminate double counting and increase the comparability of the EU-OECD AnCats with the ICP AnCats.

- There is no loss any useful information.

AnCats E012, E0121 and E0122 show already the structure of GG expenditure => No necessity to repeat this once again by the categories P0202, P020121, P020202.
Thanks for listening