



**Mandate for a joint OECD – EUROSTAT Task Force
for the revision of the
Methodological guide for developing producer price indices for services**

Background

Services represent a large share of modern economies, yet statistics on services are still partially underdeveloped when compared with statistics on industry.¹ Within service sector statistics the measurement of prices of some types of services poses particular problems due to the special nature of services: many services are unique, they are not repeated, at least not in a fully comparable manner or they might be customer specific.

In order to aid statistical offices in the development of service producer prices statistics the OECD and EUROSTAT worked together with experts from several countries in a joint expert group between 2002 and 2004 and produced a first edition of the "Methodological guide for developing producer price indices for services" (SPPI Guide, published in 2005).²

Since that time some important changes have taken place. Notably, there has been a significant expansion of the availability of SPPI both in the EU and non-EU OECD countries. Moreover, in 2005 output prices for services became part of the mandatorily produced short-term business indices in EU countries.³ Since 2008 EUROSTAT publishes Service Producer Price index for Member States and the EU on a quarterly basis as one of its Principal European Economic Indicators.

Objectives

The SPPI Guide reflected the fact that particular service industries (e.g. telecommunication, legal activities or freight transport) are similar in different countries and that therefore the experiences gained and lessons learnt in one country with the collection of data and the compilation of indices could be usefully employed in other countries as well.

Following the introduction of service producer price indices at European level, many countries have now undertaken considerable methodological and practical work in this area which could be used to update the SPPI Guide.⁴ In this context, the exchange of good practices within and outside the EU would help to

¹ The European Union regulation on short-term statistics provides an illustration of this: only 10 of the 43 STS indicators cover retail trade, repair and other services, 22 concern industry and 11 construction.

² www.oecd.org/dataoecd/44/40/36274111.pdf

³ Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98 concerning short-term statistics stipulates that service price indices should be delivered to ESTAT on a quarterly basis within three months after the end of the reporting period as an unadjusted index.

⁴ Detailed information has been provided by all EU Member States and summarised in a publication "PEEI in focus": http://circa.europa.eu/Public/irc/dsis/ebt/library?l=/methodology/peei_summary_reports/draft_2010_10pdf_EN_1.0&a=d

further improve the quality of statistics and reduce the cost and burden which these statistics entail for statistical offices and reporting businesses.

A new joint OECD-EUROSTAT Task Force bringing together experience from EU and non-EU OECD countries could therefore:

1. **Review the general theoretical chapters of the 2005 SPPI Guide** where needed and update them in the light of new developments. (Like the first edition, the updated version would build on the IMF Producer Price Indices Manual regarding general methodological questions on index compilation and calculation).
 - a. Take into account the change from the 1993 SNA / ESA 95 to the 2008 SNA / ESA 2010.
 - b. Incorporate guidance on the aggregation of the overall SPPI / SPPI for Total service industries.
 - c. Add guidance on changing the index reference period of SPPIs and the use of chain-linking methods.
 - d. Review possibilities to subdivide SPPIs by destination of outputs (B2B, B2C, etc).
 - e. Take into account recent developments in the various service sectors (e.g. new contract forms, new pricing arrangements).
 - f. Review and extend the existing pricing methods classification (esp. to include the case of margin prices).
 - g. Revise the chapter on the practical aspects of the development process for SPPI for each of the service activities in the light of the experiences gained since 2005.
 - h. **The OECD and Eurostat will take the responsibility for drafting the methodological chapters.**
2. **Review and enlarge Chapter 4 on compilation of SPPIs for specific service industries**
 - a. Take into account the change from ISIC Rev. 3.1 / NACE Rev. 1.1. to ISIC Rev 4 / NACE Rev. 2 and reorganise service industry related chapters accordingly.
 - b. Enlarge the industry services covered in the 2005 SPPI Guide.
 - c. **Task Force members will take the lead for drafting Chapter 4 sections specific service industries**
3. **Work in collaboration with the Voorburg Group**
 - a. Incorporate results from the Voorburg Group (VG) on Service Statistics into the Guide following the agreement of the VG.
 - b. **André Loranger (Statistics Canada) officially represent the Voorburg Group on the Task Force**

Provisional work schedule

Constitution of the group members participating to the Task Force should be completed by the beginning of the year 2011. For the time being 3 to 4 meetings of the Task Force are envisaged with a view to finalising work in 2012.

The first meeting would be held in Paris, on Thursday 14 & Friday 15 April 2011.
The OECD and EUROSTAT regret not to be able to cover any expenses for this meeting.
