

**ANNEXES TO PROPOSAL FOR COMMISSION REGULATION  
CONCERNING HARMONISED INDICES OF CONSUMER PRICES:  
INITIAL COVERAGE OF GOODS AND SERVICES OF THE HICP**

- Annex 1**      Communication to the European Monetary Institute
- Annex 2**      Explanatory Memorandum
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## COMMUNICATION TO THE EUROPEAN MONETARY INSTITUTE

**Reference**: Proposed Commission Regulation concerning Harmonised Indices of Consumer Prices: Initial Coverage of Goods and Services of the HICPs

### **Justification**

1. Under the Treaty establishing the European Community (Article 109j) the European Monetary Institute (EMI) and the Commission are required to report to the Council on the progress made in fulfilment by the Member States of their obligations regarding the achievement of economic and monetary union. One criterion of such progress is a high degree of sustainable convergence in price stability as apparent in the rate of inflation in comparison with the three best performing Member States. Inflation has to be measured by means of the consumer price index on a comparable basis. The CPIs of Member States currently differ in concepts, methods and practices and a programme of harmonisation is therefore necessary to produce comparable indices. CPIs are politically, socially and economically sensitive statistics and cannot be readily changed. It will therefore be necessary to construct distinct CPIs which are comparable. The indices will be referred to as Harmonised Indices of Consumer Prices (HICPs).
2. The harmonisation project is in two steps: first the framework Council Regulation (EC) No. 2494/95 of 23 October 1995 published in the Official Journal No. L 257 on page 1; followed by a series of Commission Regulations containing detailed technical guidelines for progressing implementation in stages from March 1996 to January 1998 and thereafter if necessary. This Commission Regulation deals with the initial coverage of goods and services of the HICPs. The HICPs from January 1997 will cover every 3-digit category of the COICOP/HICP and nominated sub-groups listed in Annex I of the draft Commission Regulation. Further additions will be defined in future Commission Regulations.

### **Draft Regulation**

3. The EMI is invited to give its opinion on the draft Commission Regulation.

## EXPLANATORY MEMORANDUM

1. Council Regulation (EC) No. 2494/95 (Article 3) defines the scope of the HICPs as all goods and services available for purchase; the aim should be to have the actual coverage of HICPs as close as possible to their scope. There has been a broad consensus in both the Statistical Programme Committee and the HICP Working Party that a common coverage of goods and services is important for the comparability of the HICPs. The main criticism of the interim indices is that important items such as housing, health and education have been excluded from coverage. However, it is realised that institutional differences between Member States in the delivery of such services raise considerable difficulties for the construction of comparable price indices.
2. The aim of this Regulation is to define the initial (1997) coverage of the HICPs. It requires Member States to include in their HICPs a weight and an appropriate price index for any of the categories listed in Annex I of the Regulation where the weight, if included, would amount to one part per thousand of the total expenditure covered. The categories correspond as far as possible to those laid down in the COICOP classification. The coverage of the HICPs is thus defined by Annex I, subject, for particular HICPs, to the 1 per 1000 qualification above. The coverage can be amended by extending Annex I (within COICOP) and further additions to the coverage will necessitate future Commission Regulations.
3. This Regulation does not define the price indices which should be transmitted to Eurostat (other than under Article 4 to demonstrate compliance) or those which should be published. These matters have yet to be agreed with Member States; Annex I will form the basis for discussion. It will also be the framework for other Regulations, e.g. that on minimum standards for sampling.

**COMMISSION REGULATION (EC) No [xx/96]  
OF [DATE]  
CONCERNING HARMONISED INDICES OF CONSUMER PRICES:  
INITIAL COVERAGE OF GOODS AND SERVICES OF THE HICPs**

The Commission of the European Communities

Having regard to the Council Regulation (EC) No 2494/95<sup>1</sup>;

Whereas each Member State is required to produce a Harmonised Index of Consumer Prices starting with the index for January 1997;

Whereas Article 3 of the above Council Regulation requires that the scope of the Harmonised Index of Consumer Prices shall be the goods and services available for purchase in the economic territory of the Member State for the purposes of directly satisfying consumer needs;

Whereas the coverage of the Consumer Price Indices differs between Member States to the extent that the resulting indices fail to meet the comparability requirement of Article 4 of the above Council Regulation;

Whereas implementing measures are necessary for ensuring the comparability of Harmonised Indices of Consumer Prices in accordance with Article 5.3 of the above Council Regulation;

Whereas the envisaged measures are in accordance with the opinion of the Statistical Programme Committee (SPC), established by Council Decision 89/382/EEC<sup>2</sup>;

Whereas the European Monetary Institute has reached a favourable conclusion on the Commission proposal;

HAS ADOPTED THIS REGULATION:

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<sup>1</sup> OJ No L 257, 27.10.1995, p. 1.

<sup>2</sup> OJ No L 181, 28.6.1989, p. 47.

## **Article 1 Aim**

The aim of this Regulation is to establish the initial coverage of goods and services of the Harmonised Indices of Consumer Prices (HICPs).

## **Article 2 Definition**

The initial coverage of goods and services of the HICP is defined as those 3-digit categories and sub-categories specified in the COICOP/HICP<sup>3</sup> classification given in Annex I.

## **Article 3 Comparable Results**

HICPs which include price indices and weights for each category of Annex I accounting for more than one part in a thousand of the total expenditure covered by all the categories in Annex I shall be deemed comparable in accordance with Article 4.2. of the above Council Regulation.

## **Article 4 Quality Control**

Member States shall provide the Commission (Eurostat) at its request with information on the expenditure of any exclusions from coverage, expressed as a proportion of the total expenditure covered by the HICP, sufficient to evaluate compliance with this Regulation.

## **Article 5 Entry into Force**

This Regulation shall enter into force on the 20th day following its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

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<sup>3</sup> Classification of individual consumption by purpose, adapted to the needs of HICPs

## COMMISSION REGULATION NO [XX/96] ANNEX I

Code	COICOP/HICP Heading
<b>1</b>	<b>FOOD, BEVERAGES AND TOBACCO</b>
1.1	FOOD
1.1.1	<i>Bread and cereals</i>
1.1.2	<i>Meat</i>
1.1.3	<i>Fish</i>
1.1.4	<i>Milk, cheese and eggs</i>
1.1.5	<i>Oil and fats</i>
1.1.6	<i>Fruits</i>
1.1.7	<i>Vegetables</i>
1.1.8	<i>Sugar, jam, honey, chocolate and confectionery</i>
1.1.9	<i>Salt, spices, sauces, soups and food products n.e.c</i>
1.2	BEVERAGES
1.2.1	<i>Coffee, tea, cocoa</i>
1.2.2	<i>Other non-alcoholic beverages</i>
1.2.3	<i>Alcoholic beverages</i>
1.3	TOBACCO
1.3.1	<i>Tobacco</i>
<b>2</b>	<b>CLOTHING AND FOOTWEAR</b>
2.1	CLOTHING
2.1.1	<i>Clothing materials</i>
2.1.2	<i>Garments</i>
2.1.3	<i>Other articles of clothing and clothing accessories</i>
2.1.4	<i>Repair and hire of clothing</i>
2.2	FOOTWEAR
2.2.1	<i>Shoes and other footwear</i>
2.2.2	<i>Repair and hire of footwear</i>
<b>3</b>	<b>HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS</b>
3.1	GROSS RENTS
3.1.1	<i>Rents actually paid by tenants</i>
<b>3.1.3A</b>	<i>Other actual rents</i>
3.2	REGULAR MAINTENANCE AND REPAIR OF THE DWELLING
3.2.1	<i>Products for the regular maintenance and repair of the dwelling</i>
3.2.2	<i>Services for the regular maintenance and repair of the dwelling</i>
3.3	OTHER SERVICES RELATING TO THE DWELLING
<b>3.3.1A</b>	<i>Refuse disposal and sanitary services (consumers pay according to consumption)</i>
<b>3.3.2A</b>	<i>Insurance in respect of the dwelling: Contents (net approach for weights, gross premiums for prices)</i>
3.4	ELECTRICITY, GAS AND OTHER FUELS
3.4.1	<i>Electricity</i>
3.4.2	<i>Gas</i>
3.4.3	<i>Liquid fuels</i>
3.4.4	<i>Other fuels</i>
<b>4</b>	<b>FURNISHINGS, HOUSEHOLD EQUIPMENT, ROUTINE MAINTENANCE OF THE HOUSE</b>
4.1	FURNITURE, FURNISHINGS, CARPETS AND OTHER FLOOR COVERINGS AND REPAIRS
4.1.1	<i>Furniture and furnishings</i>
4.1.2	<i>Carpets and other floor coverings</i>
4.1.3	<i>Repair of furniture, furnishings, carpets and other floor coverings</i>
4.2	HOUSEHOLD TEXTILES AND REPAIRS
4.2.1	<i>Household textiles and repairs</i>
4.3	HOUSEHOLD APPLIANCES, INCLUDING FITTINGS AND REPAIRS

4.3.1	<i>Major electric household appliances</i>
4.3.2	<i>Small electric household appliances</i>
4.3.3	<i>Non-electric household appliances</i>
4.3.4	<i>Repair of household appliances</i>
4.4	GLASSWARE, TABLEWARE AND HOUSEHOLD UTENSILS AND REPAIRS
4.4.1	<i>Glassware, tableware and household utensils and repairs</i>
4.5	TOOLS AND EQUIPMENT FOR THE HOUSE AND GARDEN
4.5.1	<i>Major tools and equipment and repairs</i>
4.5.2	<i>Small tools and miscellaneous accessories and repairs</i>
4.6	GOODS AND SERVICES FOR ROUTINE HOUSEHOLD MAINTENANCE
4.6.1	<i>Non-durable household goods</i>
4.6.2	<i>Domestic services</i>
4.6.3	<i>Home care services excluding domestic services</i>
5A	HEALTH, goods paid by the consumers and not reimbursed
5.1A	MEDICAL AND PHARMACEUTICAL PRODUCTS, THERAPEUTIC APPLIANCES AND EQUIPMENT paid by the consumers and not reimbursed
5.1.1A	<i>Medicines paid by the consumers and not reimbursed</i>
5.1.2A	<i>Other pharmaceutical products paid by the consumers and not reimbursed</i>
5.1.3A	<i>Therapeutic appliances and equipment paid by the consumers and not reimbursed</i>
6	TRANSPORT
6.1	PURCHASE OF VEHICLES
6.1.1A	<i>Motor cars: New</i>
6.1.1B	<i>Motor cars: Used, excluding transactions within the index population</i>
6.1.2	<i>Cycles and motor cycles</i>
6.2	OPERATION OF PERSONAL TRANSPORT EQUIPMENT
6.2.1	<i>Spare parts and accessories</i>
6.2.2	<i>Fuels and lubricants</i>
6.2.3	<i>Maintenance and repairs</i>
6.2.4	<i>Other services in respect of personal transport equipment, including:</i>
6.2.4A	<i>Car insurance (net approach for weights, gross premiums for prices)</i>
6.2.4B	<i>Taxes related to the use of the car, road taxes and tolls [using ESA conventions<sup>4</sup>]</i>
6.2.4C	<i>Drivers licence fee [using ESA conventions<sup>4</sup>]</i>
6.2.4D	<i>Hire of personal transport equipment without driver</i>
6.3	TRANSPORT SERVICES
6.3.1	<i>Local transport</i>
6.3.2A	<i>Long-distance transport, excluding travel insurance</i>
6.3.3	<i>Removals and furniture storage</i>
7	LEISURE, ENTERTAINMENT AND CULTURE
7.1	EQUIPMENT AND ACCESSORIES, INCLUDING REPAIRS
7.1.1	<i>Equipment for the reception, recording and reproduction of sound and pictures</i>
7.1.2	<i>Photographic and cinematographic equipment, optical instruments</i>
7.1.3	<i>Data processing equipment</i>
7.1.4	<i>Other major durables for leisure and culture</i>
7.1.5	<i>Games and toys, equipment for sport, camping and open-air recreation</i>
7.1.6	<i>Recording media for pictures and sound</i>
7.1.7	<i>Gardening and pets</i>
7.1.8	<i>Repair of equipment and accessories for leisure and culture</i>
7.2	RECREATIONAL AND CULTURAL SERVICES
7.2.1	<i>Group recreational and cultural services</i>
7.2.2	<i>Other recreational and cultural services</i>
7.3	NEWSPAPERS, BOOKS AND STATIONERY

<sup>4</sup> ESA .....

7.3.1	<i>Books</i>
7.3.2	<i>Newspapers and miscellaneous printed matter</i>
7.3.3	<i>Stationery and drawing materials</i>
7.4	PACKAGE HOLIDAYS
7.4.1	<i>Package holidays, excluding travel insurance</i>
8A	<b>EDUCATION, commonly paid by consumers in Member States</b>
8.1A	EDUCATIONAL SERVICES, commonly paid by consumers in Member States
8.1.1A	<i>Pre-primary and primary education, commonly paid by consumers in Member States</i>
8.1.2A	<i>Secondary education, commonly paid by consumers in Member States</i>
8.1.3A	<i>Third level education, commonly paid by consumers in Member States</i>
8.1.4A	<i>Education not defined by level, commonly paid by consumers in Member States</i>
8.2A	EDUCATIONAL MATERIALS, commonly paid by consumers in Member States
8.2.1A	<i>Educational materials, commonly paid by consumers in Member States</i>
8.3A	ANCILLARY EDUCATIONAL SERVICES, commonly paid by consumers in Member States
8.3.1A	<i>School canteens and university refectories, commonly paid by consumers in Member States</i>
8.3.2A	<i>Accommodation services, commonly paid by consumers in Member States</i>
8.3.3A	<i>Health care services, commonly paid by consumers in Member States</i>
8.3.4A	<i>Other ancillary educational services, commonly paid by consumers in Member States</i>
9	<b>HOTELS, CAFES AND RESTAURANTS</b>
9.1	CATERING
9.1.1	<i>Restaurants and Cafes</i>
9.1.2	<i>Canteens</i>
9.2	ACCOMMODATION SERVICES
9.2.1A	<i>Accommodation services within the Member State</i>
10	<b>MISCELLANEOUS GOODS AND SERVICES</b>
10.1	PERSONAL CARE
10.1.1	<i>Hairdressing salons, personal grooming establishments</i>
10.1.2	<i>Electrical appliances for personal care</i>
10.1.3	<i>Other articles for personal care, toiletries</i>
10.2	PERSONAL EFFECTS N.E.C
10.2.1	<i>Jewelry, clocks and watches</i>
10.2.2	<i>Other personal effects</i>
10.3	COMMUNICATIONS
10.3.1	<i>Postal services</i>
10.3.2	<i>Telephone, telegraph and telefax services</i>
10.5A	FINANCIAL SERVICES N.E.C
10.5.1A	<i>Banking services n.e.c., excluding interest payments and charges expressed as a proportion of the transaction value</i>