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Title: Alignment of Methodology and Scope between Services Producer Price Indices (SPPIs) and Consumer Price Indices (CPIs): Developing a framework for using CPIs in SPPI calculation

Authors: V. Auno, A. Bertin, S.E. Maillefert, J.M. Fournier, D. Blank, R. Draper, N. Elversøe, M. Santiago, R. Vaizner

Abstract (maximum length of 400 words)

For over 30 years, the Voorburg Group on Service Statistics has worked towards expanding Producer Price Index (PPI) coverage of services by establishing and maintaining an internationally comparable methodology for measuring output and producer price indices for the service sector. As many countries continue to expand their coverage of Service Producer Price Indices (SPPIs), and as members of the European Union (EU) are formally adopting a business-to-all basis, Voorburg Group members have discussed using selected Consumer Price Indices (CPIs) to represent PPIs. CPI usage, when appropriate, has the potential to simultaneously reduce costs and the level of burden on both statistical institutions and respondents, while also providing a swift route to higher levels of PPI coverage.

PPIs and CPIs have some inherent conceptual differences, which are consistent with the primary uses of the two measures, which must be considered to ensure that CPIs are used in appropriate circumstances. This paper describes the differences and similarities between the two index measures to enable the price statistician to make a more informed assessment of the risks involved in using CPIs as proxies for SPPIs. It explores the differences in price definition, inclusion of imports and exports, inclusion of explicit and implicit fees, classification systems and product weighting; discusses how to use Supply and Use tables to determine if a CPI for a given product would constitute a good proxy for a product or industry in PPI; and provides practical examples and guidance that can be utilized on a case-by-case basis on the national level.