



EUROPEAN COMMISSION  
EUROSTAT

Directorate C – Macro-economic statistics  
C.4 – Price statistics. Purchasing power parities. Housing statistics

February 2022

# HICP Compliance Monitoring Follow-up Report - Cyprus

## Date of visit of the Compliance Monitoring

- October 2018

## Compliance Monitoring Report published <sup>(1)</sup>

- March 2020

## Date of follow-up information

- December 2022

## 1. Eurostat's recommendations and progress made by the Statistical Service of Cyprus (CYSTAT)

- **CYSTAT should review the classification of all items and reclassify them if necessary.**

*This recommendation not been implemented yet.* However, the classification of all items will be reviewed along with the results from the Household Budget Survey in 2025 (survey planned for 2020 but postponed due to COVID-19 restriction measures).

- **CYSTAT should carry out research for alternative data sources in order to correctly reflect purchases via the internet in the HICP.**

*This recommendation is implemented.* Internet purchases are monitored through information from a major service provider of cards for payments of transactions in Cyprus. Specifically, since 2020 – and after the COVID-19 restriction measures – the online activity has significantly increased. HICP has adopted the new consumption pattern and thus online shopping is represented in the sample.

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(1) The report is available on Eurostat's website: [HICP Compliance Monitoring Report – Cyprus - March 2020 \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1).

Specific products from various ECOICOP codes are covered via online price monitoring:

- Restaurant menus available online for either dine-in or take away or delivery (11111)
- Online toy stores (0931)
- E-shop of furniture store (0511)
- E-shop of electrical appliances (0531)
- E-shop of technology products (082+091)
- Air tickets (0733)

The online price monitoring was mainly introduced in the HICP since 2020.

- **To better take into account the changing in consumption patterns and the dynamism in products consumed, CYSTAT should carry out comprehensive product sample reviews in between the 5-yearly reviews, which are presently done in the Cypriot HICP.**

*This recommendation is implemented.* An annual and adequate update of the product sample is already carried out since 2015. The product sample is updated based on the information obtained from price collectors on new products or new models entering the market. All information is assessed well by the Central Office in order to have a representative product sample.

- **CYSTAT should ensure that price changes are reflected in the HICP without unnecessary delay.**

*This requirement is implemented.* All prices are monitored on a monthly basis without any time delay since January 2019.

- **CYSTAT should regularly monitor the assumption that certain prices do not change from month to month.**

*This recommendation is implemented.* All prices are monitored on a monthly basis without any time delay since January 2019.

- **CYSTAT should investigate into alternative data sources to obtain prices for used cars on a monthly basis.**

*This recommendation is implemented.* Prices on used cars are collected on a monthly basis through personal visits and telephone surveys to car dealers, following Eurostat's recommendation of no delay in price recording. Since January 2021, CYSTAT is also monitoring online prices for specific used car models – not all models of the sample are available online – on a monthly basis.

- **CYSTAT should investigate if the application of the option cost method with the factor of 100% to the price of optional features can be justified for new cars.**

*This recommendation has not been implemented.* The option/extra characteristics is mainly priced by the car dealers and only the ones that are considered minor changes in a car model are dealt by CYSTAT. Eurostat's recommendation will be examined throughout 2023 and any change decided will be put in force from the following year.

- **CYSTAT should review the application of overlap methods in cases of products that enter the market with a high price and the price drops afterwards – such as consumer electronics – in order to limit a downward trend of the index. In such cases, explicit quality adjustment methods should be preferred.**

*This recommendation is implemented.* Consumer electronics are treated by using explicit adjustment methods.

- **CYSTAT should bring the treatment of seasonal fruit and vegetables in line with the rules of the Regulation No 330/2009.**

*This recommendation is implemented.* Before January 2021, seasonality in the fruits and vegetables were treated with class-confined weights, therefore monthly weights varied. As from January 2021, CYSTAT implemented a strict annual weights method for seasonal fruits and vegetables in order to be in line with the HICP regulation. The impact of the methodological change on the HICP was reported to Eurostat for each month of 2021.

- **CYSTAT should examine the feasibility to implement counter-seasonal estimations for out-of-season periods for clothing and footwear.**

*Not applicable due to the change in the legislation (see article 2 (24) and article 14 of the Implementing regulation 2020/1148).*

## **2. Additional measures to improve the quality of the Cypriot HICP**

None.

## **3. Conclusion**

Eurostat takes good note of the measures implemented by CYSTAT to improve the quality of the Cypriot HICP. CYSTAT should continue to implement improvement measures, particularly those related to the recommendations on:

- the classification of all items,
- the application of the option cost method for cars.