



EUROPEAN COMMISSION

EUROSTAT

Directorate C : National Accounts; prices and key indicators

Unit C-5: Price statistics; Purchasing power parities; Housing statistics



HICP COMPLIANCE MONITORING

INFORMATION NOTE

ON THE HARMONISED INDICES OF CONSUMER PRICES

FOR THE NETHERLANDS

September 2012

In the context of compliance monitoring and quality assurance, Eurostat reviewed the HICP for The Netherlands in September 2011. The statistical practices used to compile the HICP for The Netherlands have been reviewed against HICP methodology and other guidelines and good practices in the field of consumer price indices.

This report takes account of publicly available information on the CPI and HICP for The Netherlands and additional information collected by Eurostat prior to, during and following a mission to CBS (the Dutch national statistical office) - held on 22 September 2011.

I. OVERALL ASSESSMENT

CBS has completed some actions in order to improve the Dutch HICP in recent years. Eurostat welcomes the active way in which it is aimed to follow market developments.

Instances of non-compliance with the HICP methodology are limited and unlikely to have a major impact in practice on the HICP annual average rates of change. The Dutch data pass, from January 2008 onwards, all standard HICP validation tests – they are internally consistent and aggregate correctly. The HICP should be considered comparable to the HICP of other EU countries.

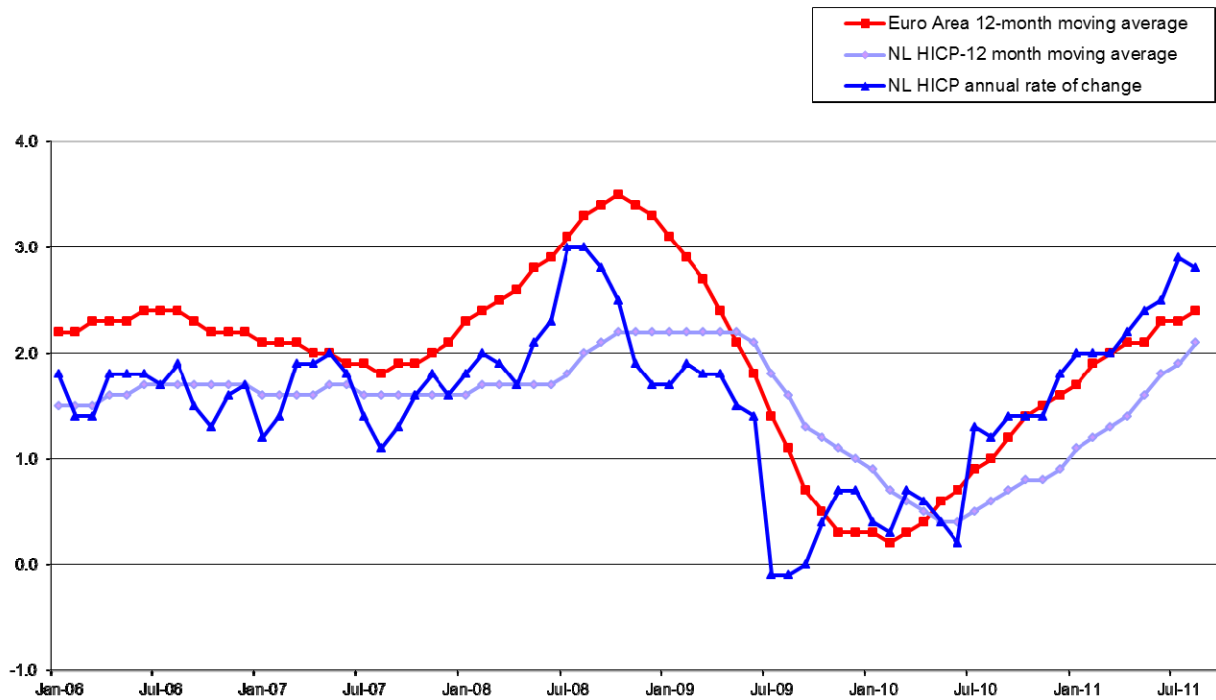
While the reliability of the HICP, in terms of precision and representativeness, appears generally adequate, in some cases the methodology or data used need improvement or further analysis (see Section III). A targeted follow up of these cases will be carried out by CBS and Eurostat.

II. RECENT PRICE DEVELOPMENTS

The focus of Eurostat's 2011 assessment on price developments was on those headings which had shown the most significant impacts on the 12-month moving average rate of change. The most significant upward impacts on the HICP in July 2011 came from fuels for transport, gas, vegetables, tobacco, medical and paramedical services, fruit and social protection. At the same time, significant downward impacts came in particular from garments, audio-visual equipment, cars, furniture, package holidays, IT equipment and electricity.

In August 2011, the annual inflation rate for The Netherlands was 2.8 %. This was above the euro area average of 2.5 % but below the EU average of 2.9 %. The chart in Figure 1 shows the development in the 12-month moving average rate of change and the annual rate of change for The Netherlands, together with the euro-area 12-month moving rate from January 2006 onwards.

Figure 1: HICP The Netherlands



III. FINDINGS AND RECOMMENDATIONS

For most headings both the methodology and data appear compliant with HICP requirements, and the movements in both prices and weights in recent periods correctly reflect economic determinants. Weights are currently updated every year on the basis of National Accounts data. Additionally, data from the Household Budget Survey is explored. The item weights for 2011 refer to the year 2009. The Netherlands have been compliant with the new minimum standards for HICP weights (Regulation (EC) No 1114/2010) since 2007.

The main differences between the HICP and the national CPI for The Netherlands concern expenditure by institutional households and non-residents on Dutch territory (excluded from CPI but included in HICP), owner-occupied housing by an imputed rents method (included in the national CPI but excluded from HICP) and contributions to non-profit organisations serving households (included in the CPI and excluded from HICP). Some government services are classified differently in the two indicators.

Eurostat welcomes plans of CBS to research the issue of health expenses covered by the state and identify the share of these expenses.

Eurostat welcomes plans of CBS for improvements of the sample design by:

- the extension of the coverage of telecom services as from 2012;
- starting transmitting to Eurostat, on a regular basis, separate data for telecom services and equipment, including back data; and
- extending the coverage of other purchased transport services as from 2013.

Eurostat welcomes improvements in the applied methods concerning:

- the compilation of the index of package holidays based on the inclusion of improved data (register data received from travel companies) as from 2012;
- adaptation of the price indices for flight tickets in order to include these prices in the month of consumption as from 2012; and
- future adaptation of the price indices for boat trips in order to include prices in the month of consumption.

Eurostat welcomes the plans of CBS for further developments of the scanner data project with special regard to the treatment of seasonal products, price reductions, weightings and index formula.

Eurostat recommends that:

- CBS continue reviewing on a regular basis that the development of list prices for new cars accurately reflects the development of the actual transaction prices;
- CBS continue investigating the expenditure in heat energy and include in the HICP as soon as the expenditure becomes significant; and
- CBS explore and reconsider the issue of COICOP classification as regards food products and materials for floor coverings.