



**Assessment of sources and methods used in  
the provision of basic information for  
Purchasing Power Parities (PPPs)**

**COUNTRY: Romania**

**2022**



## CONTEXT

1. This report is written in the context of the implementation of article 7 (on quality criteria and control) of Regulation (EC) No 1445/2007 of the European Parliament and of the Council of 11 December 2007 establishing common rules for the provision of basic information on Purchasing Power Parities and for their calculation and dissemination (the "PPP Regulation").
2. The PPP Regulation requires all Member States to maintain documentation which gives a full description of the manner in which the Regulation has been implemented (the "PPP Inventory"). It requires Eurostat to assess each Member States' compliance with the PPP Regulation at least once every six years and to publish a report, based on the assessment, on its website.
3. The current assessment report is based on the information presented by the National Statistical Institute of Romania in the "PPP Inventory of sources and methods", version 2022, as well as on other data and reports prepared in the context of the PPP programme. In addition, information provided during a videoconference on 30 June 2022 is taken into account.

## ORGANISATIONAL ISSUES

4. The PPP team belongs to the Directorate for Price Statistics and to the Directorate-General for National Accounts and Macroeconomic Syntheses. The Directorate for Price Statistics is also in charge of the CPI, HICP and statistics on owner-occupied housing (OOH). The PPP team consists of the national coordinator and four full-time staff. In addition, staff at the Bucharest regional office collect prices for the surveys on consumer goods and services. The PPP team cooperates closely with the Directorate for National Accounts, which provides the GDP expenditure breakdown and other input data, notably rents, and with the Short Term Economic Indicators Directorate, which provides quantity and quality data on dwellings. The Directorate of Social Statistics contributes to the PPP hospital survey. The two capital goods surveys are subcontracted to external experts. As of 2023, the NSI will follow up Eurostat's news releases in June and December with separate releases aimed at the Romanian readership; currently only links to Eurostat are provided.

## FINDINGS BY PPP SURVEY

### Consumer goods and services

5. The PPP team is involved in all phases of the consumer goods and services (CGS) surveys: pre-survey (including the preview), preparation of the price surveys, data collection, validation and reporting. Prices for most items are collected the traditional way, by visiting outlets. Only capital city outlets are visited. The price collectors are staff from the Bucharest regional office, who also collect CPI prices. Spatial adjustment factors were last estimated in 2016/2017 and will be updated in 2023, in line with the PPP regulation.



Webscraping is used for hotels, and this may be extended to other basic headings. Transaction data from one supermarket chain are available but the IT resources needed to implement these data in the statistical production are scarce. Nevertheless, the assessment team stressed the importance of exploring these data sources further, potentially in the context of a grants action.

## **Housing services**

6. Romania uses the stratification approach in National Accounts. Input data for the PPP exercise are provided for both the price approach and the quantity approach. In the PPP aggregation, the quantity approach is used. The Directorate for National Accounts provides the rents data, while the dwelling stock data come from the Directorate for Short-term Economic Indicators. The NSI and Eurostat should discuss whether it would be more appropriate to use the price approach data in the PPP aggregation.

Data sources for rents are a monthly price survey which is also used in the CPI. Information about facilities (water and sewerage, bathrooms, electricity etc.) are from the Household Budget Survey (HBS). Actual rents paid by tenants of private property dwellings are used for estimating imputed rents.

The quantity approach data are based on the latest Population and Housing Census. Dwelling stock data from the census are extrapolated using construction statistics in order to reflect new buildings and buildings demolished since the census. The quality indicators are also taken from the latest census.

## **Compensation of government employees**

7. The input data come from two data sources. In-house data from the Labour Statistics Department for the category “Collective services n.e.c.”, and ad hoc survey data from various ministries and government agencies collected annually by the PPP team for the categories “Public order and safety”, “Physicians”, “Nurses and other medical staff” and “Non-medical staff”. The data from the Labour Statistics Department are based on a survey carried out in 2011, extrapolated to the reference year using labour cost indices. The reason why 2011 data are still used, is that surveys carried out in more recent years do not have the required level of detail. It would be desirable to explore potential alternative approaches.

Both data sources currently in use cover all levels of government. In line with the survey guidelines, data on social contributions are provided by National Accounts.

## **Hospitals**

8. The National School of Public Health, Management and Professional Development (under the Ministry of Health) provides the data for the PPP hospital survey. This institution is responsible for implementing the DRG system in Romania, and for the validation of medical services performed in the hospitals to be reimbursed by National Health Insurance. The National Statistical Institute has a good working relationship with the data provider.



## **Education**

9. The survey is carried out by Eurostat based on data in the UOE education database. Countries should check the data, especially if Eurostat has made imputations due to gaps in the database. The NSI confirms that this is done.

## **Equipment goods**

10. The equipment goods survey has for many years been outsourced to a market research company which is involved in all stages of the survey process. For cost reasons, starting in 2023 the NSI intends to internalise the pre-survey work, and only outsource the price collection. Although more and more price data can be found online, interaction with suppliers remains important, especially for big machinery and special equipment. The validation process involves both the NSI and the contractor.

## **Construction**

11. The construction survey is outsourced to a semi-public research institute, which maintains a database of prices for materials (collected from producers) and tariffs for equipment and transport (from service providers). For labour cost, salary data available at the NSI are used. The contractor is able to take care of both the building projects and the civil engineering works.

## **VAT on capital goods**

12. The NSI confirms that only non-deductible VAT is included.

## **Expenditure weights**

13. The expenditure breakdown is provided by the Directorate for National Accounts, For household final consumption expenditure, most categories used in National Accounts correspond directly to one basic heading in the PPP breakdown. For those categories that relate to two or more basic headings, data from the Household Budget Survey is used in order to break down expenditure further. For non-profit institutions serving households, the breakdown is based on the accounting statements of the units providing the various services. The expenditure categories for government final consumption expenditure correspond to the basic heading breakdown required for the PPP aggregation, while for gross fixed capital formation, data from Structural Business Statistics are used.



## CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR THE NATIONAL STATISTICAL INSTITUTE OF ROMANIA

Romania complies well with the PPP Regulation. The data are generally of good quality and the resulting PPPs are plausible. Some potential improvement points raised during the discussions are summarised in the table below.

Topic	Action points
1 Organisation	Follow up on the intention to establish a national dissemination policy.
2.1 Consumer goods and services	Continue to explore new data sources, in particular transaction data.
2.2 Housing	In cooperation with Eurostat, reconsider the use of the quantity approach versus the price approach.
3.1 Compensation of government employees	Look into potential alternative data sources to replace the extrapolations based on 2011 data.
3.2 Education	None.
3.3 Hospitals	None.
4.1 Equipment goods	None.
4.2 Construction	None.
4.3 VAT on capital goods	None.
5. Expenditure weights	None.