

CONFERENCE OF EUROPEAN STATISTICIANS

**ECE-Eurostat-OECD Joint Consultation
on the European Comparison Programme 2000**

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**The experience of Austria as a Lead Country within the reformed
Eurostat-OECD-PPP Programme**

Paper submitted by CSO Austria*

General remarks about the ECP Reform within the Eurostat-OECD-PPP Programme

1. With the beginning of 1999 the Reform of the Eurostat PPP Programme was launched. The main reason to change the organisational framework of this exercise was the inclusion of the Candidate Countries for EU membership into the Eurostat-work Programme. This was necessary as the European Commission demands GDP volume and PPP data for the candidate countries, which are methodologically equal with the data set of EU-members. So the group of countries to be covered by the Eurostat-Exercise increased from 19 to 31 in the meanwhile.
2. It was clear that such a group could not be efficiently organised as a single block for all the detailed work which is necessary. At the same time this was a good opportunity to analyse weak points of the work programme and to look for better solutions in the course of the reorganisation. So three subgroups have been formed, each coordinated by a EU-member State, the so-called "Lead Country". The link of these subgroups does not happen via a bridge country, but directly on the item level, so that from the mathematical point of view, it is a single Eurostat-exercise.

The role of Statistics Austria in the Eurostat-OECD-PPP Programme

3. After quite a long planning and discussion phase, which took about one and a half years, three subgroups within the Eurostat comparison were formed, a Northern, a Southern and a Central European Group. Besides Finland and Italy, Austria is acting as a Group Leader (logically for the Central European Group).

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4. The tasks of the Group Leaders concentrate on the price side of the comparison work, more concretely on consumer items, where the bulk of item related work and country-communication is to be done. The tasks cover the establishing of a subgroup-item list, distribution of survey materials, collection of country-price reports, calculation of Group-PPPs and CPLIs at the item, the BH and the survey level, evaluation and checking of reported data for comparability, giving assistance to the countries, organizing two survey-specific meetings each year and to visit countries each year for market research and treatment of bilateral questions/problems.

5. As concerns the legal situation inside Austria, the Statistical Office is acting in a different framework than some years before. It has been taken out of the general budget, it has been transformed into a Federal Agency under Public Law, renamed to "Statistik Austria" acting on own responsibility, contracts and outside funding have become substantially important. This gives more freedom to conclude contracts and to start new projects on one hand, but full funding is necessary, this certainly limits possible fields of activity on the other hand.

6. In the past Austria acted also as "development assistant" for ECP-newcomers, there was a strong Austrian commitment to this working programme also in the form of substantial (financial) contributions. Now we are still very active, but this is only possible having a contractual basis (payment). In this sense, there is presently a rather small genuine "Austrian contribution". This was to be realized specially by those countries, which have been part of ECP'96/II, where a cooperation for 2000 and following years was envisaged, but could not take place, as a combination of uncertain funding and the complete reorganisation of the office in Vienna coincided. The team of the ICP Unit of Statistics Austria personally regretted this circumstance deeply.

Progress of the Reform

7. Advantages of the work within the Eurostat Programme are the strong administrative background, sufficient funding which ensures permanent and effective work following a uniform overall timetable in all participating countries. Furthermore the rolling benchmark approach distributes the work relatively equally.

8. One of the main aims was to speed up the Eurostat-Programme. Positive consequences of working in smaller groups are closer contacts between countries and the respective Group Leader, the high engagement of newly acting Group Leaders resulted in much shorter processing and validation periods (validated data are now available approx. 6 months after price collection, compared with one to two years before), which consequently had a very positive impact on the engagement of the participating countries.

9. The balance of the item list as concerns the ratio "expenditure-weight of the basic heading - number of items in the product-group" has become much more important, analysis about this are presented at each survey related meeting. There is also a clear tendency to shorten the subgroup-item lists in comparison to the former Group I lists. For some surveys a reduction of 50% was achieved, however during the validation phase the number of items increases again (sometimes

considerably) due to ex-post splittings. There seems to be a further potential in unifying this step of work between the different Group Leaders.

10. In our point of view there are also some good heritages from former Group II-work, namely the strongly increased importance of generic descriptions. This is reflected in a higher share of generic definitions in the Eurostat-lists, more efforts to formulate these sensible descriptions properly and to give guidelines for a unique interpretation. Another influence of former Group II work is the increased consideration of National Accounts requirements, particularly in those areas where consistency needs special attention (e.g. cars) or where price information is rather weak (e.g. rents in some countries).

11. Disadvantages of the strongly organized work are the increased bureaucratic burden, less “scientific freedom” to find adequate solutions for problematic fields (administrative users are very sensitive to the impact of methodological solutions on the results), sometimes administrative users also cause trade-offs for the use of data. This becomes relevant in fields where pure price comparison requires different prices than an approach consistent with National Accounts (GDP comparison). To draft an European item list is of course more complicated since three subgroup-lists which have been established independently and have to be unified.

Future outlook

12. In our point of view, the organisation in subgroups has proved not only to be a workable solution, but to bring substantial advantages for the participating countries as well as for coordinating bodies. A consequence of working in smaller groups are closer contacts between countries and Group Leader and higher engagement on each side. Specially the Candidate Countries show a vital incorporation into the Eurostat Group and contribute a lot to the successful performance of the work programme. This tendency is expected to continue in the future.

13. So we see our future as Group leader in a positive light and hope that we can contribute even more again also to methodological developments. Being in a settled position within the Eurostat/OECD PPP Programme, the experience of the Austrian team has further increased, so that if the wish and funding are available, we are open for further tasks within the framework of the International Comparison Programme.
