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on the European Comparison Programme**

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**Information concerning the International Comparison of countries of the Commonwealth  
of Independent States and Mongolia for 2000**

Paper submitted by CIS Statistical Committee and State Committee on Statistics,  
Russian Federation

1. The following countries participated in the comparisons of the countries of the Commonwealth of independent States (CIS) and Mongolia for 2000: Armenia, Azerbaijan, Belarus, Georgia, Kazakhstan, Kyrgyzstan, Moldova, Mongolia, the Russian Federation, Tajikistan, Turkmenistan and Uzbekistan.
2. This comparison is a continuation of the work begun in 1994 by the Division of Statistics of the Organization for Economic Cooperation and Development (OECD) with the support of the CIS Interstate Statistical Committee (CIS-STAT), the State Statistical Committee (Goskomstat) of the Russian Federation and the State Institute of Statistics of Turkey.
3. In 1998 the Council of Directors of Commonwealth statistical services took a decision regarding the participation of national statistical services in the next round of comparisons, designating CIS-STAT and Goskomstat of the Russian Federation as coordinators.
4. The comparisons for 2000 are being conducted on a multilateral basis with support from OECD and on the basis of SNA-93, using the methodology used for the 1999 OECD-Eurostat surveys. It is intended that the results of these comparisons will eventually be integrated with the results of the European Comparison Programme.
5. To date there have been three multilateral meetings of participating countries: one in July 1999, in Saint Petersburg, Russia, to consider the results of the 1996 comparisons as well as major organizational questions and the methodology to be used in the next round of comparisons; and two more, in November 1999 and April 2000, in Voronov, Russia, to consider the list of representative consumer and investment goods to be used in the 2000 comparisons.
6. During these meetings the Classification of Individual Consumption According to Purpose (COICOP) and the description of basic groups of goods prepared by OECD experts for international comparisons of gross domestic product (GDP) were considered.
7. It was noted that this Classification is one of the functional classifications of the System of National Accounts (SNA) and is intended for obtaining data on household final consumption as a component of GDP in a detailed breakdown by goods and services.
8. Under this Classification, household final consumption is classified in 12 divisions (two digits), which in turn are broken down into 47 groups (three digits) and 117 classes (four digits); the classes are then divided into 199 primary groups of goods.
9. A general understanding was reached to the effect that data on weights (the portion of expenditure attributable to individual groups of goods) should be collected using the breakdown by class, while data on prices of representative goods should be collected on the basis of the primary groups of goods.

10. During the discussions it was decided to exclude certain categories of the Classification from the comparisons for the CIS countries and Mongolia, taking account of practice in the CIS. This meant chiefly those categories which are currently not reflected in GDP figures. Specifically, it was proposed to exclude group 02.3 (Narcotics) from section 02 (Alcoholic beverages, tobacco and narcotics) and group 12.2 (Prostitution) from section 12 (Miscellaneous goods and services).

11. It was agreed to exclude group 12.6.1 (Financial intermediation services indirectly measured) from section 12.6 (Financial services not elsewhere classified), since such services are not currently classified by category of user. Likewise, group 07.1.4 (Animal drawn vehicles) was excluded from section 7 (Transport), since this type of transport is not characteristic of the CIS countries.

12. For the purposes of the comparisons of the CIS countries and Mongolia, two groups in section 04 (Housing, water, electricity, gas and other fuels), namely 04.1 and 04.2, were not disaggregated by primary groups of goods, nor was group 11.1 (Catering services) in section 11 (Restaurants and hotels).

13. The meeting participants exchanged views on health-care services provided in and out of hospitals. During the discussion it was noted that, given the complexity of differentiating between these services, the two groups should be combined. It was agreed to leave these groups unchanged and to follow the recommendation of OECD regarding their value in the future.

14. The participants exchanged views on the question of partial estimates of consumer goods. Estimating purchasing power parity (PPP) requires the total of average annual prices for each country, which are obtained on the basis of special price surveys conducted during the year. Use of PPPs for recalculating GDP categories of expenditure means that the prices needed for calculating parities must be clearly consistent with the prices used in estimating the corresponding sections of national accounts. During the discussion it was discovered that in some countries prices were collected on a monthly basis, while in others they were collected on a quarterly basis; there were also some differences between countries and approaches as to the extent of the price-collection area (only in the capital, as in the Russian Federation, or in all regions, as in Kyrgyzstan). Accordingly, the participants agreed that each country must use uniform methods and procedures throughout the year when monitoring and collecting prices. It was noted that such a unified approach was extremely important for calculating national average prices.

15. In order to form a representative list of representative goods for each primary group it was necessary to propose at least one good. Goods were included in the list if at least two countries could state their value and one country considered it to be representative. The 2000 comparisons of the CIS countries and Mongolia would use the method of asterisks, which was used in the OECD-Eurostat comparisons. On the basis of proposals from the participating countries, lists of representative consumer and investment goods were compiled, with a total of 1,515 representative consumer goods. The group "machinery and equipment" had 272 representative goods. The total

number of representative goods was thus the same as the number of such goods in the 1996 comparisons for Group II.

16. For comparisons of the “Construction” aggregate, a new way of calculating PPPs for national currencies in construction, one based on technological models, was used. For the 2000 international comparisons of the CIS countries and Mongolia a new approach is being proposed which involves conducting construction comparisons on the basis of resource prices, as opposed to the “standard construction” method used previously. The new method more fully reflects real information capacities and corresponds to the resource method generally used by construction and capital projects organizations in the CIS countries for determining construction costs.

17. During the debate on this approach it was noted that the resource-technological model did not require large expenditure and that a sufficient information base existed in the countries concerned for it to be used. Accounts of material expenditure in capital formation exist in most countries. A number of countries have guides (bulletins, price lists) setting out suggested prices for specific materials, semi-finished goods, manufactured goods and structural elements used in construction. When calculating with the resource/technology method, countries must list prices for 64 out of 94 items of material expenditure for construction.

18. This method based on resource prices allows countries to use the price data obtained for calculating price indices for construction. It is more economical for countries to use than the “standard construction” method used previously. All participating countries approved the proposed method and agreed to use it when making estimates of construction projects for the 2000 comparisons of gross fixed capital formation.

19. During the discussion it was decided to prepare three questionnaires covering the categories:

- Residential buildings;
- Non-residential buildings;
- Public works.

20. The countries participating in the comparisons considered and agreed on the timetable for conducting the 2000 international comparisons during the period 2000-2002. The timetable sets out the deadlines for distributing materials, observations, collection and submission of data on prices of representative goods, preliminary calculation of PPPs, agreement on prices and specifications on the results of the preliminary calculations at the meeting of experts, and other phases of the comparisons. The timetable is contained in Annex I.

21. Experts from Goskomstat-Russian Federation and CIS-STAT are currently preparing methodological materials relating to comparisons of non-market services and the Classification of GDP earnings in the light of practice in Commonwealth countries. These materials are being prepared on the basis of SNA-93, using the OECD-Eurostat international classification of earnings according to purpose; the Classification of Individual Consumption According to Purpose

(COICOP); the Classification of the Functions of Government (COFOG); the Classification of the purposes of Non-Profit Institutions Serving Households (COPNI) and the Classification of Community Products (PRODCOM). It is proposed that these documents should be transmitted to participating countries by the end of this year.

Annex ITimetable for conducting the International Comparisons for CIS countries and Mongolia for 2000 during the period 2000-2002

Phase	Time period	Executing agent
1. Preparation of list of representative investment goods and dissemination to participating countries for proposals	February 2000	Goskomstat-Russian Federation CIS-STAT
2. Transmittal to coordinators of draft proposals on the list of investment representative goods for observations at the meeting in Voronov (3-7 April 2000)	until 16 March 2000	Statistical services of participating countries
3. Synthesis of proposals from participating countries regarding the list of representative investment goods	March 2000	Goskomstat-Russian Federation
4. Meeting to discuss methodology and lists of representative investment goods (categories "Machinery and equipment" and "Construction")	3-7 April 2000	OECD, Goskomstat-Russian Federation, CIS-STAT, statistical services of participating countries
5. Compilation of lists of representative investment goods (categories "Machinery and equipment" and "Construction"), taking into account discussions at the meeting and proposals from participating countries; preparation of additional materials and dissemination to participating countries	May 2000	Goskomstat-Russian Federation, construction experts, CIS-STAT
6. Preparation of model questionnaires for presentation of investment goods prices (categories "Machinery and equipment" and "Construction") and dissemination to participating countries	May 2000	Goskomstat-Russian Federation CIS-STAT
7. Preparation and dissemination of questionnaires on GDP and non-market services	third quarter of 2000	Goskomstat-Russian Federation CIS-STAT
8. Monitoring of prices of representative consumer and investment goods (categories "Machinery and equipment" and "Construction")	throughout 2000	Statistical services of participating countries
9. Transmittal of completed questionnaires with national average consumer and investment goods prices (categories "Machinery and equipment" and "Construction")	until 1 March 2001	Statistical services of participating countries
10. Development of the price database for representative consumer and investment goods in participating countries	first quarter of 2001	CIS-STAT Goskomstat-Russian Federation
11. Calculation and analysis of construction model	first quarter of 2001	Construction experts
12. Preliminary calculation of PPPs, preparation of analytical table for checking prices of representative goods, analysis of results obtained and transmission of analytical table with results to countries participating in the comparisons for price refinement and specifications	April 2001	Goskomstat-Russian Federation CIS-STAT

Phase	Time period	Executing agent
13. Transmittal of refinements of representative consumer and investment goods to project coordinators	May 2001	Statistical services of participating countries
14. Entry of countries' refinements in the database and calculation of PPPs	May 2001	Goskomstat-Russian Federation
15. Meeting to agree on prices of representative consumer and investment goods (categories "Machinery and equipment" and "Construction")	June (July) 2001	Project coordinators, OECD, statistical services of participating countries
16. Refinement of prices, taking into account the outcome of the meeting to agree on prices for representative consumer and investment goods (categories "Machinery and equipment" and "Construction")	third quarter of 2001	Statistical services of participating countries
17. Entry of changes in prices and representative goods in database and final calculation and preparation of table for checking	third quarter of 2001	Goskomstat-Russian Federation
18. Transmittal of completed questionnaires on non-market services (rentals for housing, health care, social security, education and government)	fourth quarter of 2001	Statistical services of participating countries
19. Creation of a non-market services database	fourth quarter of 2001	Goskomstat-Russian Federation
20. First provisional tabulation of results of GDP comparisons and dissemination to countries	fourth quarter of 2001	Goskomstat-Russian Federation CIS-STAT
21. Transmittal of completed GDP questionnaires (in accordance with GDP classification)	second quarter 2002	Statistical services of participating countries
22. Creation of a database on GDP primary groups	second quarter of 2002	Goskomstat-Russian Federation
23. Tabulation of results of comparisons, analysis of results and distribution to participating countries	second quarter of 2002	Goskomstat-Russian Federation CIS-STAT
24. Preparation of draft report on the results of the 2000 international comparisons for the CIS countries and Mongolia and dissemination of the report to countries	second quarter 2002	Goskomstat-Russian Federation CIS-STAT
25. Consideration of the results of the international comparisons of PPP and GDP at a working meeting of experts from the national statistical services of participating countries, CIS-STAT and OECD	second (third) quarter of 2002	Goskomstat-Russian Federation CIS-STAT, OECD, Statistical services of participating countries
26. Corrections sent to database	third quarter of 2002	Statistical services of participating countries
27. Final calculation of PPP and GDP, taking into account the working meeting's consideration of the results of the 2000 international comparisons for the CIS countries and Mongolia and transmittal of the results to countries	third quarter of 2002	Goskomstat-Russian Federation CIS-STAT
28. Confirmation of results of the 2000 international comparisons of the CIS countries and Mongolia	third quarter of 2002	Statistical services of the CIS countries and Mongolia

Phase	Time period	Executing agent
29. Publication of the results of the 2000 international comparisons of the CIS countries and Mongolia	third quarter of 2002	CIS-STAT Goskomstat-Russian Federation
30. Transmittal of final results of the international comparisons of PPP and GDP for the CIS countries and Mongolia to OECD and the World Bank for inclusion of the data in the International Comparison Programme	third quarter of 2002	Goskomstat-Russian Federation

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