

## Welcome speech by the Director General of INSEE

It is my pleasure to welcome, in the name of INSEE, the seventh meeting of the International Group on price indices, more commonly known as Ottawa Group. INSEE is indeed very attached to the smooth running of this group, all the meetings of which it has taken part since its establishment in 1994.

I beg you firstly to excuse us for being late in performing this event. For internal reasons, it has not been possible for us to hold the initially planned date of November 2002. But this further extension of time has all the same some advantages:

- it will have permitted to the authors to improve their contribution;
- you will be in a better position to take advantage of the charms of Paris, in one of the most pleasant periods of the year.

Let me now say a few words on my idea of the role of the city groups and more particularly of the one of the Ottawa Group. A city group is a flexible structure, of collegial type, which allows the best international experts of a domain - here the consumer price indices - to exchange their experiences and to inform on their research work. To be efficient, the discussions must in as much as possible be based on written contributions. To have papers also allows to disseminate them outside of the Group and therefore to reach a wider public.

If one held to these objectives, the works of the Ottawa Group would not be very different from those presented in conferences, seminars or other international symposia which, let us acknowledge, are numerous in the domain of consumer price indices. Now, according to me, a little more can be expected from a city group in its objectives and in its operation modes. With no exclusion of the purely theoretical thoughts, the works of a city group have an operational objective, which is to improve the methodological quality of the CPIs such as they are actually compiled. To gather researchers and persons in charge of operational units in statistical agencies appears to me in this respect as being a good mean to avoid two drawbacks:

- the one of academicism with thoughts which would be disconnected from reality or the costs of implementation of which would be exorbitant;
- the one of mediocrity with proposals lacking of scientific foundation or limited in their ambition because taking into excessive account the current conditions of production.

The balance between researchers and practitioners appears to me well respected within your group, which is likely to favor the emergence of relevant and realistic solutions. The presence of representatives of the main international organizations and the geographical diversity of the participants are also suitable for the plurality of the approaches and points of view.

Another specificity of a city group, the one of being strength of proposal. In the case of the Ottawa Group, this can be understood in two different ways:

- directly, each of the working sessions having to result in recommendations or in identifying future axes of research when more thorough examinations are required. When divergent points of view appear, they should also be reflected in the conclusions and, above all, the reasons of these divergences should be made explicit;
- more indirectly, the works performed in the framework of the Ottawa Group should, in as much as possible, be able to be considered as examples of “best practices” and it is indeed the role of the Steering Committee of the Group to select the papers in that direction. It is also important that the works of the Group receive a wide dissemination. Publishing of the proceedings of each of the Group meetings, notably through Internet, is the best mean to make the thoughts of the Group more popular and thereby more efficient. The Group must also be heard by international organizations, notably UN and ILO, through reporting its works, through informing about its proposals and giving its opinion on the projects conducted by these organizations.

The shifts taken at the time of the last two meetings of the Group, in Iceland and still more in Australia, follow the good direction hoped for. It is suitable to carry on with them. I take advantage of that to congratulate Keith Woolford, of the Australian Bureau of Statistics, to have been so kind as to take hold of the fate of the Group, the Secretaryship of which he ensures. All the participants to the Canberra meeting could appreciate the professionalism, the efficiency and the quality of the welcome that our Australian colleagues showed. If it was needed, these are signs that the future of the Group rests in good hands!

Let us now come to the topics which will be dealt with during these three days.

Two of them are about issues specific to the measure of prices in services. The services occupy in most of the developed countries a prominent place in household consumption. Now one must acknowledge that, till now, the research in the domain has remained rather limited. It is only at the time of its last meeting that the Group began to take interest in this domain, through dedicating a session to telecommunications services and another one to financial services. The initial agenda of Paris meeting planned to devote the major part of the works to the services domain in a twofold form:

- an analysis of the problems of complex pricing schemes, notably when a bunch of products, most often services, are sold in the form of package or when there is a link between the consumer’s characteristics or his (or her) consuming behavior and the price of the products bought;
- a more thorough study of some sectors raising specific difficulties such as insurances, financial, health or social protection services.

The contributions related to these topics have been less numerous than expected: this must not be interpreted as a lack of interest for these questions but rather as the expression of difficulties to approach a research field where problems are complex, keep developing and where the data are often insufficient and difficult to obtain.

The statistical agencies represented within the Group have on the other hand been inspired by the theme of e-commerce. Several contributions describe thus the efforts undertaken to assess the importance of e-commerce in households consumption, study its specificity regarding

other distribution formats and develop strategies to integrate the products thus sold in the current production of CPI.

Besides, several papers deal with more “classical” subjects such as the formulae of index with different levels of data aggregation, the treatment of substitution effects or else the use of hedonic regressions in the treatment of quality effects. Though not coming under the preselected themes, these papers have been retained by the Steering Committee of the Group for two reasons:

- their interest regarding the general objectives of the Group;
- the proximity or the complementarity of the researches undertaken which has allowed to set up consistent sessions fed with sufficient material.

At last I would not be thorough if I did not mention the specific session devoted to the activities of ILO on CPI. This dissemination and updating system of the new international manual on CPIs will be unveiled, then ILO will present the provisional project of resolution on the CPIs which will be submitted at a next meeting of the Conference of European Statisticians. The main objective is to get feedback from the Ottawa Group about this project, notably on some particular points.

It is the use for the statistical agency which hosts every 18 months the meeting of the Group to present some recent national progresses in the field of CPI. In the case of INSEE, these progresses can be regrouped in two sets:

- a modernization of our collection, exchange and check of information system on sampled products (description of the product, price, nature of the quoted price). We have been working for five years on a project based on the use of portable data capture (with handheld computers) for the collection, the total computerization of information exchanges between collectors and regional and national levels of management and the setting up of high-performance checking tools at all levels. This project comes into force during this quarter. Besides the improvement of data quality and the cut in production time, this project leads to a marked cut of the current production cost of CPI. Except for collection, the whole number of people working for the CPI as an information system should decrease 40%. The managerial dimension of this project is besides very important since the role and organization of regional levels in the compilation of information system have been deeply reviewed;
- a permanent improvement of our statistical methods in order to provide the users a range of indices of the best quality as possible. For that respect the efforts of France come more and more within a European viewpoint. The harmonization of price indices in European Union, strengthened by the setting up of monetary union in 1999, requires to combine relevance and comparability. The balance between these two terms is difficult considering the tense budgetary context that are facing most of the statistical agencies in the world. It seems that, till now, INSEE did not badly succeed in this exercise if one judges after two recent operations of international benchmarking. Two recent assessments by experts of the French CPI, one performed by Eurostat, the other by IMF have actually led to very positive comments on our price index.

As a conclusion, I would like to thank all those involved in the organization of this event, the members of INSEE staff first of all, then the Steering Committee of the Group and lastly, all those who, through their work and their thought, are going to contribute to the different sessions.

I hope that you will derive a benefit from the numerous exchanges these three days sessions will provide and that you will also find some time to take advantage of your stay in Paris.

Jean-Michel CHARPIN

Director General of INSEE