

## Industrial Producer and Importation Price Indices

### Definitions of the categories of indices published

**The French industrial producer price indices for the French market** measure changes in transaction prices for goods and services produced by the activities of French industry and sold on the French market. Measurements are performed at basic prices (excluding VAT and taxes on products, before deduction of any subsidies on products), in accordance with European Regulation n°1165/98.<sup>1</sup> However, series “at market prices” (excluding VAT, including taxes on products, after deduction of subsidies on products) are also available, notably for the purpose of contract escalation.

**The French industrial producer price indices for foreign markets** measure changes in prices of transactions (converted into Euros, and therefore including exchange rate effects) on goods and services produced by the activities of French industry and sold on foreign markets. Measurements are performed as much as possible at free on board (FOB) prices, which is to say at their value at the French border, in accordance with European Regulation n°1165/98. All exports are taken into consideration, whether they are intra-group or not.

By combining these two indices, we get **industrial producer price indices for all markets** (French and foreign markets).

**Importation prices of industrial products** show changes in prices of transactions (converted into Euros and therefore including exchange effects) on goods and services produced by the activities of foreign industry and sold on the French market. Measurements are performed at cost insurance and freight (CIF) prices, which is to say at their value at the French border, in accordance with European Regulation n°1165/98. All imports are taken into consideration, whether they are intra-group or not.

### Objectives

Industrial price indices respond to a national and European need, even international, in that they are used:

- by economists, to assess and analyse short-term trends (European Central Bank, European Commission, Organisation for Economic Cooperation and Development, International Monetary Fund, etc.).
- by enterprises for contract escalation (in principle on the basis of “market prices”);
- by national accountants to deflate production figures taken from the structural business statistics, and to distinguish between the change in activity in volume and the change in prices (“volume-price breakdown”). Ultimately, they can therefore determine the change in Gross Domestic Product.

### Scope of the Indices

By the terms of European Regulation n°1165/98, the industrial scope of the producer price indices comprises sections B to E of the French Classification of Products (CPF) revision 2 of 2008, with some “non requested” products: B07.21 : Uranium and thorium ore; C24.46: Processed nuclear fuels; C25.4: Arms and ammunitions; C30.1: Ships and boats; C30.3: Air and space craft; C30.4: Military combat vehicles; E37: Waste water and biosolid collection and treatment; E38: Waste collection, treatment and disposal and recovery of materials; E39: Depollution and other waste management services.

For the importation prices of industrial products, the scope comprises sections B to D and also omits the following products: B09: Support services for extraction industries; C18: Printing and reproduction work; C33: Machine and equipment repair and installation; E36: Natural water, water treatment and distribution.

The scope covered by the European regulation is however regularly extended by updates and, excepted “sensitive” products for military reasons, the whole industry has vocation to be observed. Some products of division E38 were added on March 2013, and they will be joined soon by division E37. For the compilation of “total industry”, all industrial classes of products are taken into account, whether covered by STS regulation or not. The classes of products not surveyed are imputed.

<sup>1</sup> Council Regulation of 19 May 1998, modified since that time by several regulations

Coverage of this field has been established gradually: while producer price indices for the French market have been published since 1980 (under the name industrial sale price indices), observation of producer price indices for foreign markets began in 2001 and that of industrial import prices started in October 2005. *In March 2013, the coverage rate of French industry came to 99.5% for industrial producer prices on domestic market according to scope of European regulation n° 1165/98 and to 99.1 % for industrial producer prices on foreign markets, it reached 97 % for importation prices of industrial products. These rates are put down to respectively 94 %, 86 % and 92 % if they are related to whole industry without any exclusion.*

Before the measurement of transaction prices is made available for output sold on foreign markets or for imports of industrial products, the change in both types of indices was evaluated by approximation using foreign trade unit value indices.

## Methodology

Industrial price index calculations are harmonised within the European Union.

The indices are calculated on the basis of monthly price observations (or quarterly observations in some branches) of some 26,841 products collected from a representative sample of 4,205 enterprises in the mandatory “Industrial Prices and Corporate Services Prices Observation Survey” (OPISE). This survey is part of the annual statistical survey programme of the official statistics services examined by the CNIS (National Council for Statistical Information) and published by a ruling in the Official Journal at the start of the year ([www.cnis.fr](http://www.cnis.fr)).

The sample of surveyed enterprises is taken from the survey databases in the possession of the INSEE:

- the Annual Production Survey in the industry excluding food industry, at same time structural business statistics survey in industry and survey designed for Prodcorn regulation;
- the Structural Annual Survey in the food industry;
- Customs data by enterprises, mainly used for imports.

Each enterprise selected is visited by a survey engineer of INSEE. In the course of the interview, sample transactions are identified that are both representative of price trends in the company and easily accessible, in order to limit the response burden on the company to the extent possible.

The industrial price indices measure gross changes in prices (not corrected for seasonal variations). They are Laspeyres chain-linked indices in reference 2010, with weights updated every year since 2005 included: turnover for producer price indices, and amount of imports for the industrial import price indices, with consistency at the upper level with national Accounts figures.

The weights on the detailed level (strictly below the CPF 4-figure level) are updated every five years, when the class of products is renewed and data supplied by the enterprises surveyed during the visits by the survey engineers.

## Publication

The industrial price indices are available about 30 days after the end of the reference month. They may be consulted on the following INSEE websites:

- [the Bulletin statistique](#);
- [the Macro Economic Database \(BDM\)](#)

## Reviews and Updates

Industrial price indices are provisional over a period of three months. They are reviewed in particular to take account of late responses and weighting changes made as part of continuous index renovation.