



CZECH APPROACH TO PRICE AND VOLUME MEASURES OF GLOBAL PRODUCTION

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Outline

- Motivation
- Price and volume measures in Czech national accounts
- Deflation of foreign trade
- Deflation of merchanting, processing services, re-export
- Conclusion

Motivation

- Globalization
- Introduction of ESA 2010
 - Fully implemented in September 2014
 - Revision of time series (1990 onwards)
 - New approaches implemented

Price and volume measures in the Czech Republic

- Annual national accounts are deflated within supply and use tables
- Product division: CPA 2 or 3 digit
- Transformation from purchasers' prices to basic prices
- Consistent deflation of exports and imports in supply and use side

Deflation of foreign trade

- Following types of exports and imports are recognized:
 - Goods
 - Merchanting
 - Re-exports
 - Other goods
 - Services
 - Processing services
 - Purchases of residents / non-residents
 - Other services
- Specific deflation method is applied on each type
- Product breakdown

Deflation of merchandising

- Export of merchandising (traditional merchandising)
 - Net principle of recording (margin only)
 - Sales / purchases surveyed directly
 - Product that is traded (e.g. CPA 35)
 - Ratio of margin to basic prices cannot be used
 - Basic prices = 0
 - See the example:

Product (CPA code)	Label	Purchasers' prices	Trade margin	Basic prices
35	Electricity, gas, steam	100	100	0
46	Wholesale trade service		-100	100
	Total	100	0	100

Deflation of merchandising

- Double deflation method
 - Purchases
 - Sales
- PPI of countries where goods are purchased / sold
 - Actually group of countries
 - Product structure: no information from the survey
 - Assumption NACE ~ CPA

Deflation of merchandising

- Inverse (negative) merchandising
 - Not recognized by ESA 2010
 - Mirror case of traditional merchandising
 - Deflation
 - Import price indices

Re-export

- Similar to merchandising
 - Difference in physical movement (crossing borders of domestic economy)
 - Gross recording according to Manuals
- Deflation
 - Import: - price indices of import
 - Export: - price indices of import (goods)
- ratio of margin to basic prices (margin)

Processing services

- Deflation discussed during Task Force on Price and Volume Measures (2015 – 2016)
- Czech approach
 - Export: PPI
 - Import: import price indices

Conclusion

- Globalization influences deflation techniques
- No special price indices available
- Intermediation services evolve (e.g. Uber)



**Thank you for your
attention**