

Status of COICOP 2018 implementation in Latin America and the Caribbean: Before or after collecting the Household Income and Expenditure Survey



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HISTORICAL CONTEXT

The classification was developed to organize household expenditures on goods and services and includes categories that cover different types of goods and services. The most common ones include food, housing, transportation, education, health, recreation, and entertainment. These categories are broken down into more specific subcategories, which allows for greater precision in the analysis of household spending patterns. The first international version dates back to the early 2000s, when countries began applying their CPI updates for our LAC region in 2004.

CURRENT CONTEXT

This classification was updated in 2018. The version made available in 2019, the stacking of this new version in the LAC region has been under perspectives, one of them directly on the CPI baskets and another on the catalogs of goods and services for household budget surveys.

This duality in applying the new COICOP 2018 has led to caution between the comparability of aggregate CPIs in the different countries, both those that have updated and those that have not.

COICOP FROM CPI AND HBES

Applying the new COICOP 2018, from the CPI perspective, is only a reorganization of the basket items in this new classification structure without adjusting the expenditure items that households have reported.

However, those who have started the application since the preparation of the catalog of the HBES expenditure items have also been able to make the necessary adjustments in the measurement of the expenditure items consulted to households.

STATUS OF LATIN AMERICA AND THE CARIBBEAN

In the LAC region, there are at least eight countries that are implementing the use of the new version of COICOP 2018, either by using a reclassification of the CPI basket or through the elaboration of the catalog of household expenditure lines consulted or to be consulted in the Household Budget Survey.

IMPLEMENTATION OF THE CONSUMER PRICES INDICES

As mentioned, the CPI application corresponds to the correlation of their CPI baskets with the COICOP 2018 for the selected expenditure items in the current inflation measurement basket.

It is worth noting that these countries have constructed their HBES with the previous version of the COICOP.

IMPLEMENTATION OF THE HOUSEHOLD BUDGET AND EXPENDITURE SURVEY

Implementation from HBES involves defining a catalog of household goods and services expenditures using the new COICOP 2018 structure. This applies not only to reorganizing the expenditure items but also adjusting the expenditure items as defined in the latest version of COICOP.

This leads to those new expenditure items and those that have been broken down being considered in the classification catalog of expenditures consulted to households.

Example 1: Proposed disaggregation for division 1, Food and non-alcoholic beverages.

The new version of this division includes not only a reordering of the classes and their subclasses but also the incorporation of a more significant breakdown in some items that correspond to expenses that can be executed from the perspective of households and their economic activities, which is why it is necessary to have more clarity on the items of expenditure mentioned and their implications.

Example 2: measurement of ambulatory health services

The new version of the health expenditure division includes not only a reordering of the classes and their subclasses but also a breakdown that considers not only those unique items that today participate in household expenditures but also identifies lines of expenditure with different purposes, such as those outpatient medical services with preventive objectives as well as those corresponding to declared episodes of illness. This situation is relatively complex to measure and differentiate in household expenditure items.

Example 3: Telecommunication and Information Services

Also, in division 8, the expenditure items that are part of the group corresponding to the services that have become more important in household spending have been reformulated, allowing a better way to measure it, even though a revision will be necessary since the aggregation of communication services with streaming services require entering a line of expenditure that would belong to 2 subclasses.

Possible improvements detected in the application of the new COICOP

- When it is possible to initiate its implementation in the catalog of expenditures reported by households in the survey.
- Elaborate this catalog, creating a category below the representative subclasses for households.
- Define this category with a comparable level among them and with total coverage for the subclass.

Currently, we are working with three countries in the region to create a list of goods and services disaggregated into subclasses, so that it can be a starting point for the rest of the countries in the region.

All this so that in the medium term the countries of the region will have been able to incorporate the new COICOP 2018 in their measurements of household final consumption expenditure.

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