The implementation of COICOP 2018 in the HICP
An overview

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Introduction

- In 2018, the **UN Statistical Commission** adopted the **COICOP 2018** as the new internationally accepted standard.

- HICP since 2017 based on **ECOICOP** = COICOP 1999 plus fifth-digit level

- Eurostat and the EU countries are working towards introducing COICOP 2018 in the **HICP by January/February 2026.**

- **National accounts:** Introduction of COICOP 2018 with forthcoming benchmark revisions **in September 2024**.

- **Purchasing Power Parities:** introduction of COICOP 2018 in **November 2025.**

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Organisation of implementation

The transition to COICOP 2018:

- Calls for a large scale and multiannual implementation planning.

- Introduces resource and organizational challenges.

- A broad implementation plan already agreed in 2018.

- EU & EFTA countries are consulted on their internal planning, internal resources allocation and methodological challenges.

- Major stakeholders (e.g., ECB, ECFIN, etc.) have been also consulted on their main needs.

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Scope

Two major components of the work:

- The **development of Eurostat's IT infrastructure** to serve the transmission and validation of the countries' HICP series as well as the compilation of the EU and euro area HICP indices under the COICOP 2018 classification.

- The **provision of guidance, monitoring and support** to the countries in order to be able to address all the project-related **methodological and classification challenges** in a harmonized and timely way.

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Objectives

- The COICOP 2018 **production system** is **in place** by the **end of 2025** for release of first HICP for **January 2026** index.

- The **all-items HICP is not revised**, for any month, country, or country aggregate.

- **Consistency in aggregation is maintained** (i.e. users should be able to reproduce the all-items HICP and any other aggregate from the published underlying sub-indices and their corresponding weights).

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Objectives *(cont.)*

- Back series in COICOP 2018 are compiled to the **lowest levels feasible** (the five-digit level at least back to January 2017).

- Cover period: 1996-2025 (same as current).

- Introducing **reference year 2025=100** at same time as COICOP 2018 (i.e. with January 2026 index).

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Methodological challenges for the countries

- Correspondence tables

- Classification issues (e.g., new items, innovative products, new case laws, translations in the national languages),

- Back series compilation

- Price collection

- Derivation of weights (no revisions, only reallocations)

- Low expenditure for some groups of products

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Implementation plan for the HICP

- Countries should start submitting back series data covering the periods back to 1996 well before February 2026.

- The earlier the data transmission of back series (indices and weights) is started, the better.

- It is proposed that the back series data should be submitted at the latest **by end June 2025.**

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Implementation plan for the HICP, cont.

- The existing HICP data compilation and transmission in ECOICOP should **be continued** by all countries up to the index for December 2025 in January 2026.

- Indices and weights in COICOP 2018 will be published by Eurostat in a **new set of tables** in the public dissemination database.

- The new set of tables under COICOP 2018 will use as **reference year** both 2015=100 and 2025=100.

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Implementation plan for the HICP, cont.

- Existing tables in ECOICOP (with data until December 2025) **will be frozen** after the last release but will remain accessible to users *(data not re-referenced to 2025=100).*

- Upon countries' agreement, the national back series data could be published by Eurostat between June 2025 and February 2026.

- The calculation of **special aggregates** will continue to be based on 4-digit indices up to December 2016 (these will not be revised) and 5-digit indices thereafter (these will be recalculated).

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Delivery fees

The treatment of delivery fees in the HICP will **significantly change** in COICOP 2018:

- Delivery fees for online purchases of goods are separated from the corresponding goods and recorded in COICOP division 07, under: **07.4.1.2 'Courier and parcel delivery services (S).**

- A new category, **07.4.9.2 'Delivery of goods (S)**', for separately charged delivery services of goods, such as furniture and supermarket shopping, local delivery of purchased items, such as take-out meals and prescription drugs, and delivery services made immediately after the item is purchased or within a short time after the purchase.

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Delivery fees: current situation

There are three different situations regarding the current coverage of delivery fees by the European countries:

- Some countries **do not cover online shopping** in their HICP because it is not representative.

- Other countries are covering online shopping however **do not collect the delivery fees**.

- Finally, there are countries which **cover online shopping and** their respective **delivery fees**.

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Index compilation for delivery fees

- **Sampling**

Use existing sample of products purchased online or that are typically delivered.

- **Product descriptions**

Shop, product, variety, quantity, delivery speed, location, place (e.g., inside the house, at the building door, pick up) of the delivery.

- **Price data**

Prices can depend on specifications, can be fixed or can be zero.

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New composition of special aggregates (SAs)

Criteria used for the specification of the new SAs:

- **Consistency with the flags** included in COICOP 2018 *('services' (S), 'non-durables' (ND), 'semidurables' (SD) and 'durables' (D)).*

- **Consistency with the correspondences** between ECOICOP and COICOP 2018.

- **Expected weights** of the new subclasses.

- Biggest change: reclassification of **software** from durable good to service

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Analysis of the impact on the divisions and the SA indices

Findings from the **preliminary back series data from Austria** (period: 2015-2022):

- The impact is **contained in the divisions 7, 8, 9, 12 and 13**.

- The impact is of **limited size.**

- It is **visible only in** the special aggregates related to **services.**

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A tool for the calculation of back series

- **Excel-based**.

- Supports the **'*automated'* compilation** of the COICOP 2018 back series when conversion at the elementary aggregate level is not possible.

- Is based on the **correspondence table** COICOP 2018-ECOICOP, and the available HICP sub-indices and corresponding weights in ECOICOP.

- The current ECOICOP sub-index weights are to be **divided** over each correspondence item.

- Automatically calculates all weights and indices in COICOP 2018, ensuring that **the overall inflation rate is not changed**.

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Thank you

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