

COMMISSION REGULATION (EU) No 1114/2010

of 1 December 2010

laying down detailed rules for the implementation of Council Regulation (EC) No 2494/95 as regards minimum standards for the quality of HICP weightings and repealing Commission Regulation (EC) No 2454/97

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Council Regulation (EC) No 2494/95 ⁽¹⁾ of 23 October 1995 concerning harmonised indices of consumer prices, and in particular Article 3 thereof,

Whereas:

(1) Harmonised Indices of Consumer Prices (HICP) are harmonised inflation measures required by the Commission and the European Central Bank for the performance of their functions pursuant to Article 140 of the Treaty on the Functioning of the European Union. HICPs are designed to facilitate international comparisons of consumer price inflation. They serve as important indicators for the management of monetary policy.

(2) Article 8(3) of Regulation (EC) No 2494/95 requires that the weightings of the HICP are updated with a frequency sufficient to meet the comparability and reliability requirements. HICPs based on weightings that are updated at different frequencies may fail to meet the comparability and the reliability requirements.

(3) Commission Regulation (EC) No 2454/97 ⁽²⁾ of 10 December 1997 laying down detailed rules for the implementation of Council Regulation (EC) No 2494/95 as regards minimum standards for the quality of HICP weightings laid down rules to ensure that HICPs were constructed using weightings which were sufficiently reliable and relevant for the purpose of international comparisons. Those rules should now be modified taking into account developments in the HICP domain. Therefore, the measures set out in this Regulation should replace those in Regulation (EC) No 2454/97, which should be repealed.

(4) Article 9 of Regulation (EC) No 2494/95 requires HICPs to be price indices of the Laspeyres-type. When relative prices of different goods and services change, consumers' expenditure patterns can change to an extent that makes it necessary for the weights of the corresponding expenditure groups, and in particular their underlying quantities, to be updated in order to ensure their relevance.

(5) By virtue of Article 4 of Regulation (EC) No 1749/96 ⁽³⁾ of 9 September 1996 on initial implementing measures for Council Regulation (EC) No 2494/95 concerning harmonised indices of consumer prices, the HICP should be compiled to include the price changes of newly significant goods or services and their relative expenditures.

(6) This Regulation should apply without prejudice to the minimum standards for the treatment of insurance weights in accordance with Commission Regulation (EC) No 1617/1999 ⁽⁴⁾ of 23 July 1999 laying down detailed rules for the implementation of Council Regulation (EC) No 2494/95 as regards minimum standards for the treatment of insurance in the HICP.

(7) Weights at the level of COICOP/HICP ⁽⁵⁾ divisions, groups and classes are required not to vary between months during the year unless under the provisions of the Commission Regulation (EC) No 330/2009 ⁽⁶⁾ of 22 April 2009 regarding minimum standards for the treatment of seasonal products in the HICP.

(8) This Regulation should not require Member States to carry out new statistical surveys or to carry out family budget surveys more frequently than once every 5 years, taking into consideration that Member States are required to compile national accounts in accordance with the European System of Accounts (ESA 1995) ⁽⁷⁾ and that the country weights, which are necessary for producing euro area, EU and other HICP aggregates, are based on national accounts data.

⁽³⁾ OJ L 229, 10.9.1996, p. 3.

⁽⁴⁾ OJ L 192, 24.7.1999, p. 9.

⁽⁵⁾ Classification of Individual Consumption by Purpose adapted to the needs of HICPs.

⁽⁶⁾ OJ L 103, 23.4.2009, p. 6.

⁽⁷⁾ Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community, OJ L 310, 30.11.1996, p. 1.

⁽¹⁾ OJ L 257, 27.10.1995, p. 1.

⁽²⁾ OJ L 340, 11.12.1997, p. 24.

- (9) The principle of cost-effectiveness has been taken into account in accordance with Article 13 of Regulation (EC) No 2494/95.
- (10) The European Central Bank has been consulted in accordance with Article 5(3) of Regulation (EC) No 2494/95.
- (11) The measures provided for in this Regulation are in accordance with the opinion of the European Statistical System Committee,

HAS ADOPTED THIS REGULATION:

Article 1

Subject matter

The aim of this Regulation is to establish minimum standards for the quality of HICP weightings of the Harmonised Indices of Consumer Prices (HICPs).

Article 2

Definitions

For the purpose of this Regulation, the following definitions shall apply:

- (1) the 'weighting reference period' of an HICP means the 12-month period of consumption or expenditure from which the weights are estimated for the compilation of the latest HICP index figures;
- (2) 'sub-indices' mean the sub-indices laid down in Commission Regulation (EC) No 2214/96 ⁽¹⁾ of 20 November 1996 concerning harmonised indices of consumer prices: transmission and dissemination of sub-indices of the HICP.

Article 3

Minimum standards for HICP weightings

- (1) Each month, in current year *t*, Member States shall produce HICPs using sub-index weights which reflect the consumers' expenditure pattern in the weighting reference period and aim to be as representative as possible for consumers' expenditure patterns in the previous calendar year.
- (2) Each year, Member States shall therefore review and update HICP sub-index weights taking into account preliminary national accounts data on consumption patterns of year *t-2*, except in exceptional and in duly motivated circumstances, as

well as any available and relevant information from household budget surveys and other data sources which are sufficiently reliable for the purposes of the HICP.

- (3) As regards weights below sub-index level, including those for Elementary Product Groups as defined in Regulation (EC) No 1749/96, Member States shall use weights which are in no case more than 7 years old.

- (4) Member States shall review annually whether or not there have been any important and sustained market developments affecting quantities in the sub-divisions of COICOP/HICP, between the periods as described in paragraphs 2 and 3 and period *t-1*, in order to estimate weights that are as up-to-date as possible. Especially, consumption expenditure for sub-divisions of COICOP/HICP with known changes following administrative decisions and for products in fast-evolving markets shall be reviewed.

- (5) Any adjustments made to weightings pursuant to this Article shall take effect with the index for January of year *t*. HICP weights for previous years shall be not revised, without prejudice to the possibility to correct mistakes in accordance with Article 4 of Commission Regulation (EC) No 1921/2001 ⁽²⁾ of 28 September 2001 laying down detailed rules for the implementation of Council Regulation (EC) No 2494/95 as regards minimum standards for revisions of the HICP and amending Regulation (EC) No 2602/2000. In any case, HICP weights shall take effect with the index for January each year and be price-updated to prices of the preceding December.

Article 4

Quality control

Member States shall provide the Commission (Eurostat) at its request with sufficient information on the weights used to construct the HICP, including the weighting reference period used, the outcome of the annual review and the adjustments made, for compliance with this Regulation to be evaluated.

Article 5

Application

The provisions of this Regulation shall take effect with the index for January 2012 at the latest.

Article 6

Repeal

Regulation (EC) No 2454/97 is repealed, as from January 2012. References to the repealed Regulation shall be construed as references to this Regulation.

⁽¹⁾ OJ L 296, 21.11.1996, p. 8.

⁽²⁾ OJ L 261, 29.9.2001, p. 49.

*Article 7***Entry into force**

This Regulation shall enter into force on the 20th day following its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 1 December 2010.

For the Commission
The President
José Manuel BARROSO
