



# STATISTICS IN FOCUS

## Economy and finance

1997 □ 32

ISSN 1024-4298

### Harmonized Indices of Consumer Prices - August 1997

The rate of inflation in the EU, as measured by the European Index of Consumer Prices (EICP), was 1.8% comparing August 1997 with August 1996. The EICP is the average of the Harmonized Indices of Consumer Prices (HICPs) of the 15 EU Member States. A year ago, in August 1996, the corresponding rate was 2.2%.

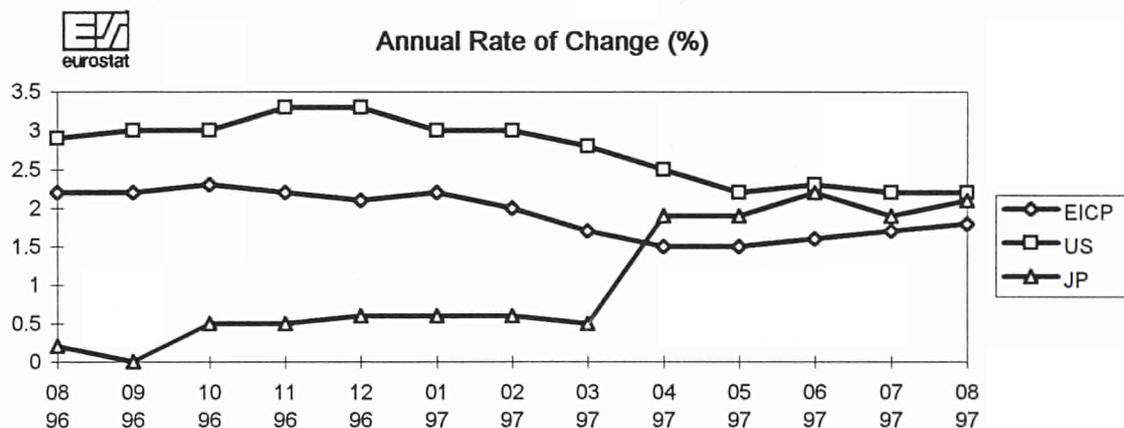
The annual rate of change for the EICP increased by 0.1 percentage points between July and August 1997.

EU Member States with the lowest inflation rates in August 1997 were Ireland (0.6%), Austria (1.3%) and Luxembourg (1.4%). Highest inflation rates were reported from Greece (5.6%), the Netherlands (2.5%), and Denmark (2.4%).

The annual rate of change for the European Economic Area as a whole was 1.8% in August 1997. A year ago, in August 1996, the corresponding rate was 2.2%. The August inflation rate in the USA\* remained stable at 2.2% and in Japan\* it increased to 2.1%. In Switzerland\* the inflation rate remained stable at 0.5%.

The annual rates of change (inflation rates) for the EU, the USA\* and Japan\* from August 1996 to August 1997 are shown in the graph below:

\* For the USA, Japan, and Switzerland the national CPIs are given, which are not strictly comparable with the HICPs.



Sub-indices for the HICPs and the national CPIs are available from the Eurostat database NEWCRONOS. For further information please contact Eurostat Data Shop by tel. +352-433522-51 or fax: +352-433522-221.

Manuscript completed on = 6.10.1997

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Price (excl. VAT) in Luxembourg: Subscription 'Statistics in focus' of all themes: ECU 310  
Subscription 'Statistics in focus' of Theme 2 'Economy and Finance': ECU 85  
Single copy: ECU 6

Catalogue number: CA-NJ-97-032-EN-C

**TABLE I**  
**HARMONIZED INDICES OF CONSUMER PRICES**  
INDEX NUMBERS

	EICP	B	DK	D	EL	E	F	IRL	I	L	NL
	<b>Annual Average Index</b>										
	1996 = 100										
<b>1995</b>	97.7*	98.3	98.1	98.8	92.7	96.6	98.0	97.9*	96.2	98.8	98.6
<b>1996</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
	<b>Monthly Index</b>										
<b>1995</b>											
January	96.2*	97.8	97.2	97.9#	89.3	94.9	97.0	96.3*	93.3	98.4	97.6
February	96.7*	97.9	97.6	98.5	88.9	95.3	97.3	97.0	94.0	98.6	98.2
March	97.0*	97.9	97.9	98.4	91.1	95.9	97.5	97.4*	94.8	98.6	98.9
April	97.4*	98.0	98.2	98.6	92.1	96.4	97.7	97.6*	95.3	98.6	99.1
May	97.6*	98.1	98.5	98.7	93.0	96.4	97.8	97.8	95.9	98.7	98.9
June	97.8*	98.1	98.3	99.0	93.5	96.5	97.8	98.0*	96.5	98.8	98.7
July	97.7*	98.4	97.7	99.2	91.8	96.5	97.6	97.8*	96.7	98.8	98.0
August	97.9*	98.7	97.9	99.1	91.9	96.8	98.1	98.3	96.9	98.8	98.1
September	98.2*	98.6	98.5	99.0	94.1	97.2	98.5	98.5*	97.2	99.0	99.0
October	98.3*	98.4	98.5	98.9	94.8	97.3	98.6	98.5*	97.5	99.1	99.0
November	98.4*	98.5	98.7	98.8	95.2	97.6	98.7	98.7	98.1	99.3	99.0
December	98.6*	98.7	98.6	99.1	96.7	97.9	98.8	98.8*	98.2	99.3	98.5
<b>1996</b>											
January	98.8*	99.1	98.4	99.2	96.3	98.5	98.9	98.5*	98.6	99.4	98.9
February	99.2	99.2	99.0	99.7	96.1	98.7	99.3	99.2	99.0	99.5	99.3
March	99.6*	99.5	99.6	99.8	98.9	99.1	100.0	99.7*	99.3	99.6	100.3
April	99.9*	100.0	99.9	99.8	99.9	99.7	100.1	99.5*	99.7	99.8	100.5
May	100.1	100.1	100.1	100.0	100.7	100.1	100.3	99.7	100.1	99.9	100.2
June	100.2*	100.0	100.1	100.1	100.9	100.0	100.2	99.9*	100.3	99.9	99.7
July	100.1*	99.9	99.9	100.4	99.1	100.1	100.0	99.7*	100.2	100.0	99.5
August	100.1	99.9	100.1	100.3	99.0	100.4	99.8	100.3	100.3	100.1	99.4
September	100.4*	100.1	100.6	100.1	101.3	100.7	100.1	100.8*	100.4	100.1	100.4
October	100.5*	100.6	100.8	100.2#	102.1	100.8	100.4	100.7*	100.5	100.3	100.8
November	100.5	100.6	100.8	100.1	102.2	100.8	100.3	100.8	100.9	100.6	100.7
December	100.7*	100.8	100.7	100.3	103.4	101.1	100.5	101.2*	101.0	100.6	100.5
<b>1997</b>											
January	100.9	101.3	101.0	100.9	102.7	101.3	100.7	100.3	101.2	100.7	100.7
February	101.1	101.2	101.0	101.2#	102.3	101.2	101.0	100.9	101.3	101.0	100.9
March	101.3	100.8	101.1	101.1	104.7	101.3	101.1	101.0	101.5	100.9	101.6
April	101.4	100.9	101.4	101.0	105.6	101.3	101.1	101.1#	101.6	100.9	101.7
May	101.6	101.6	102.0	101.4	106.1	101.4	101.2	101.1	101.8	101.0	101.9
June	101.7	101.6	102.3	101.6	106.5	101.4	101.2	101.4	101.9	101.1	101.4
July	101.7#	101.8	102.0	101.9#	104.3	101.6	101.1	101.2	101.9	101.3	101.6
August	101.9\$	101.6	102.5	102.0	104.5	102.1	101.4	100.9	101.9	101.5	101.9

\* estimated    \$ provisional    # revised    ! definition differs    : Not available

TABLE I CONTINUED  
HARMONIZED INDICES OF CONSUMER PRICES  
INDEX NUMBERS

TABLE II  
NATIONAL CPIs  
INDEX NUMBERS



A	P	FIN	S	UK	EEAICP	IS	N	CH	US	JP	
								1996 = 100			
98.3	97.2	99.0	99.2	97.6*	97.7*	97.9	99.3	99.2	97.2	99.9	1995
100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	1996
											1995
97.8	95.9	98.5	97.9	95.8*	96.2*	97.2	98.3	98.2	95.8	100.0	January
98.0	96.4	98.9	98.3	96.3*	96.7*	97.2	98.6	99.1	96.2	99.6	February
98.1	96.8	98.9	98.8	96.9*	97.1*	97.1	99.2	99.1	96.5	99.7	March
98.1	97.3	99.0	99.4	97.5*	97.4*	97.3	99.2	99.2	96.8	100.0	April
98.2	97.2	99.0	99.5	97.9*	97.6*	97.5	99.4	99.0	97.0	100.2	May
98.4	96.9	99.2	99.3	97.9*	97.8*	97.5	99.6	99.2	97.2	100.1	June
98.4	96.9	99.2	99.0	97.4*	97.7*	97.8	99.5	99.2	97.2	99.6	July
98.4	97.3	98.9	99.0	97.9*	97.9*	98.2	99.2	99.5	97.5	99.7	August
98.5	97.5	99.1	99.9	98.4*	98.3*	98.3	99.7	99.6	97.7	100.3	September
98.4	97.8	99.2	100.0	98.1*	98.3*	98.9	99.7	99.5	98.0	100.0	October
98.4	97.9	98.9	100.0	98.0*	98.4*	98.7	99.6	99.4	97.9	99.7	November
98.4	97.9	98.8	99.7	98.7*	98.6*	98.6	99.5	99.4	97.9	99.7	December
											1996
99.4	98.3	99.2	99.1	98.5	98.8*	98.8	98.8	99.7	98.4	99.6	January
99.7	98.8	99.6	99.3	98.9	99.2	99.0	98.9	99.9	98.8	99.4	February
100.0	99.0	99.8	100.0	99.3	99.6*	99.2	99.2	100.0	99.3	99.6	March
99.9	99.8	100.0	100.4	99.9	99.9*	99.6	99.6	100.1	99.6	100.2	April
99.8	100.2	100.3	100.5	100.2	100.1	100.0	99.8	99.8	99.8	100.4	May
100.1	100.2	100.3	100.1	100.3	100.2*	100.0	99.9	100.0	99.9	100.1	June
100.2	100.4	100.1	99.9	99.7	100.1*	100.1	100.3	99.8	100.1	100.0	July
99.9	100.7	99.9	99.6	100.2	100.1	100.5	100.1	100.1	100.3	99.9	August
99.9	100.7	100.1	100.4	100.7	100.4*	100.5	100.5	100.1	100.6	100.3	September
100.1	100.5	100.3	100.4	100.7	100.5*	100.8	101.0	100.3	100.9	100.5	October
100.4	100.7	100.1	100.2	100.7	100.5	100.8	100.9	100.1	101.1	100.2	November
100.7	100.7	100.2	100.2	101.0	100.7*	100.5	100.9	100.2	101.1	100.3	December
											1997
100.6	101.1	99.9	100.4	100.6	100.9	100.8	102.0	100.5	101.4	100.2	January
101.1	101.2	100.2	100.4	100.9	101.1#	100.9	102.3	100.7	101.8	100.0	February
101.2	101.3	100.6	101.0	101.1	101.3	100.9	102.6	100.6	102.0	100.0	March
101.1	101.4	100.9	101.6	101.5	101.4	101.8	102.3	100.7	102.1	102.1	April
101.1	102.1	101.2	101.7	101.8	101.6	101.5	102.6	100.4	102.1	102.3	May
101.1	101.8	101.4	101.8	102.0	101.7	101.6	102.8	100.5	102.2	102.3	June
101.1	101.8	101.2	101.7	101.7	101.7#	101.7	102.3	100.3	102.3	101.9	July
101.2\$	102.3	101.5	101.8	102.2	101.9\$	102.0	102.2	100.6	102.5	102.0	August

\* estimated    \$ provisional    # revised    ! definition differs    : Not available

TABLE III  
HARMONIZED INDICES OF CONSUMER PRICES  
RATE OF CHANGE (%)

	EICP	B	DK	D	EL	E	F	IRL	I	L	NL
	<b>Annual Average Rate of Change</b>										1996 = 100
<b>1996</b>	2.4*	1.8	1.9	1.2	7.9	3.6	2.1	2.2*	4.0	1.2	1.5
	<b>Annual Rate of Change</b>										(t/t-12)
<b>1996</b>											
January	2.7*	1.3	1.2	1.3#	7.8	3.8	2.0	2.3*	5.7	1.0	1.3
February	2.6*	1.3	1.4	1.2	8.1	3.6	2.1	2.3	5.3	0.9	1.1
March	2.6*	1.6	1.7	1.4	8.6	3.3	2.6	2.4*	4.7	1.0	1.4
April	2.6*	2.0	1.7	1.2	8.5	3.4	2.5	1.9*	4.6	1.2	1.4
May	2.6*	2.0	1.6	1.3	8.3	3.8	2.6	1.9	4.4	1.2	1.3
June	2.4*	1.9	1.8	1.1	7.9	3.6	2.5	1.9*	3.9	1.1	1.0
July	2.4*	1.5	2.3	1.2	8.0	3.7	2.5	1.9*	3.6	1.2	1.5
August	2.2*	1.2	2.2	1.2	7.7	3.7	1.7	2.0	3.5	1.3	1.3
September	2.2*	1.5	2.1	1.1	7.7	3.6	1.6	2.3*	3.3	1.1	1.4
October	2.3*	2.2	2.3	1.3#	7.7	3.6	1.8	2.2*	3.1	1.2	1.8
November	2.2*	2.1	2.1	1.3	7.4	3.3	1.6	2.1	2.9	1.3	1.7
December	2.1*	2.1	2.1	1.2	6.9	3.3	1.7	2.4*	2.9	1.3	2.0
	<b>Annual Rate of Change</b>										(t/t-12)
<b>1997</b>											
January	2.2*	2.2	2.6	1.7	6.6	2.8	1.8	1.8*	2.6	1.3	1.8
February	2.0	2.0	2.0	1.5#	6.5	2.5	1.7	1.7	2.3	1.5	1.6
March	1.7*	1.3	1.5	1.3	5.9	2.2	1.1	1.3*	2.2	1.3	1.3
April	1.5*	0.9	1.5	1.2	5.7	1.6	1.0	1.6*	1.9	1.1	1.2
May	1.5	1.5	1.9	1.4	5.4	1.3	0.9	1.4	1.7	1.1	1.7
June	1.6*	1.6	2.2	1.5	5.6	1.4	1.0	1.5*	1.6	1.2	1.7
July	1.7*	1.9	2.1	1.5#	5.2	1.5	1.1	1.5*	1.7	1.3	2.1
August	1.8\$	1.7	2.4	1.7	5.6	1.7	1.6	0.6	1.6	1.4	2.5

\* estimated    \$ provisional    # revised    ! definition differs    : Not available

TABLE III CONTINUED  
**HARMONIZED INDICES OF CONSUMER PRICES**  
 RATE OF CHANGE (%)

A	P	FIN	S	UK	EEAICP	IS	N
1.8	2.9	1.0	0.8	2.5*	2.4*	2.2	0.7
1.6	2.5	0.7	1.2	2.8*	2.7*	1.6	0.5
1.7	2.5	0.7	1.0	2.7*	2.6*	1.9	0.3
1.9	2.3	0.9	1.2	2.5*	2.6*	2.2	0.0
1.8	2.6	1.0	1.0	2.5*	2.5*	2.4	0.4
1.6	3.1	1.3	1.0	2.3*	2.6*	2.6	0.4
1.7	3.4	1.1	0.8	2.5*	2.4*	2.6	0.3
1.8	3.6	0.9	0.9	2.4*	2.4*	2.4	0.8
1.5	3.5	1.0	0.6	2.3*	2.2*	2.3	0.9
1.4	3.3	1.0	0.5	2.3*	2.1*	2.2	0.8
1.7	2.8	1.1	0.4	2.7*	2.3*	1.9	1.3
2.0	2.9	1.2	0.2	2.8*	2.2*	2.1	1.3
2.3	2.9	1.4	0.5	2.3*	2.1*	1.9	1.4
1.2	2.8	0.7	1.3	2.1	2.2*	2.0	3.2
1.4	2.4	0.6	1.1	2.0	2.0	1.9	3.4
1.2	2.3	0.8	1.0	1.8	1.7*	1.7	3.4
1.2	1.6	0.9	1.2	1.6	1.5*	2.2	2.7
1.3	1.9	0.9	1.2	1.6	1.5	1.5	2.8
1.0	1.6	1.1	1.7	1.7	1.6*	1.6	2.9
0.9	1.4	1.1	1.8	2.0	1.7*	1.6	2.0
1.3\$	1.6	1.6	2.2	2.0	1.8\$	1.5	2.1

TABLE IV  
**NATIONAL CPIs**  
 RATE OF CHANGE (%)



CH	US	JP	
1996 = 100			
0.8	2.9	0.1	<b>1996</b>
			<b>1996</b>
1.5	2.7	-0.5	January
0.8	2.7	-0.4	February
0.9	2.8	-0.1	March
0.9	2.9	0.2	April
0.7	2.9	0.2	May
0.7	2.8	0.0	June
0.7	3.0	0.4	July
0.6	2.9	0.2	August
0.6	3.0	0.0	September
0.8	3.0	0.5	October
0.7	3.3	0.5	November
0.8	3.3	0.6	December
			<b>1997</b>
0.8	3.0	0.6	January
0.8	3.0	0.6	February
0.5	2.8	0.5	March
0.5	2.5	1.9	April
0.6	2.2	1.9	May
0.5	2.3	2.2	June
0.5	2.2	1.9	July
0.5	2.2	2.1	August

\* estimated    \$ provisional    # revised    ! definition differs    : Not available

TABLE V  
**MAIN CATEGORIES OF HARMONIZED INDICES OF CONSUMER PRICES**  
 ANNUAL RATE OF CHANGE (%)

		EU	B	DK	D	EL	E	F
COICOP/HICP Group No	August 1997 / August 1996	<b>Annual Rate of Change</b>						
00.	HICP (all-items index)	1.8\$	1.7	2.4	1.7	5.6	1.7	1.6
01.	FOOD AND NON-ALCOHOLIC BEVERAGES	0.9*	2.7	4.2	1.8	5.9	-1.7	2.7
02.	ALCOHOLIC BEVERAGES AND TOBACCO	3.9*	4.0	2.1	2.3	8.8	7.1	4.7
03.	CLOTHING AND FOOTWEAR	0.8*	0.7	-0.2	0.4	5.2	1.9	0.7
04.	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	2.8*	1.9	3.3	2.8	0.1	3.7	1.4
05.	FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE OF THE HOUSE	1.0*	0.5	1.1	0.5	6.5	1.4	0.6
06A.	HEALTH	3.4*	0.7	0.2	0.5	0.7	0.2	2.8
07.	TRANSPORT	2.5*	3.3	3.2	1.7	5.5	2.6	1.3
08.	COMMUNICATIONS	-0.2*	-0.1	0.0	-0.2	4.7	-0.3	1.0
09.	RECREATION AND CULTURE	1.4*	0.3	-0.5	2.3	7.3	5.0	0.1
10A.	EDUCATION	3.3*	:	1.0	3.3	7.3	3.9	:
11.	HOTELS, CAFES AND RESTAURANTS	2.3*	0.1	2.7	0.8	7.9	3.2	1.8
12.	MISCELLANEOUS GOODS AND SERVICES	2.0*	0.6	2.4	1.7	9.5	1.9	:
COICOP/HICP Group No	August 1996 / August 1995	<b>Annual Rate of Change</b>						
00.	HICP (all-items index)	2.2*	1.2	2.2	1.2	7.7	3.7	1.7
01.	FOOD AND NON-ALCOHOLIC BEVERAGES	2.1	-1.4	2.4	1.2	7.6	3.8	:
02.	ALCOHOLIC BEVERAGES AND TOBACCO	2.9	1.7	3.6	0.3	10.2	8.2	:
03.	CLOTHING AND FOOTWEAR	1.8	0.5	2.1	0.7	9.1	2.8	:
04.	HOUSING, WATER, ELECTRICITY, GAS AND OTHER FUELS	2.6	3.3	3.4	1.3	7.5	3.8	:
05.	FURNISHINGS, HOUSEHOLD EQUIPMENT AND ROUTINE MAINTENANCE OF THE HOUSE	2.0	0.5	1.1	0.8	5.4	4.1	:
06A.	HEALTH	2.9#	1.0	0.2	0.6#	1.1	3.5	:
07.	TRANSPORT	2.6	3.3	2.1	1.8	5.8	4.4	:
08.	COMMUNICATIONS	1.9#	8.3	0.0	1.9	9.9	-0.1	:
09.	RECREATION AND CULTURE	1.1	0.5	-0.9	1.1	5.2	3.0	:
10A.	EDUCATION	3.5	:	1.9	3.4	10.4	4.9	:
11.	HOTELS, CAFES AND RESTAURANTS	2.7	1.7	3.2	1.3	9.7	3.5	:
12.	MISCELLANEOUS GOODS AND SERVICES	2.4#	1.1	3.4	0.7	10.6	2.6	:

\* estimated    \$ provisional    # revised    ! definition differs    : Not available

TABLE V CONTINUED  
**MAIN CATEGORIES OF HARMONIZED INDICES OF CONSUMER PRICES**  
 ANNUAL RATE OF CHANGE (%)

IRL	I	L	NL	A	P	FIN	S	UK	EEA	IS	N
<b>August 1997 / August 1996</b>									<b>Annual Rate of Change</b>		
0.6	1.6	1.4	2.5	1.3\$	1.6	1.6	2.2	2.0	1.8\$	1.5	2.1
1.5	-1.1	1.1	3.7	2.2\$	-0.5	2.1	1.2	-0.6	0.9*	2.2	3.0
2.6	3.7	-1.1	2.7	1.6\$	2.1	2.3	9.4	4.3	3.9*	3.0	7.9
-9.9	2.1	1.0	0.0	-0.3\$	0.6	-1.4	0.3	-1.9	0.8*	0.4	-2.1
1.0	4.9	3.1	5.2	2.5\$	4.2	3.0	5.1	1.6	2.8*	3.6	0.9
1.1	1.9	0.8	0.2	0.2\$	1.9	0.7	-1.3	0.4	0.9*	1.9	0.3
2.7	7.9	1.7	1.7	-2.7\$	5.0	0.5	1.7	4.3	3.4*	-9.4	1.3
3.7	1.3	1.1	2.7	1.2\$	3.4	1.9	3.1	6.0	2.5*	0.8	4.2
-1.7	0.7	-1.3	1.2	0.7\$	2.5	-0.3	-2.8	-3.2	-0.2*	-0.7	-1.7
1.2	0.8	1.5	1.0	-1.2\$	1.1	0.6	-1.0	1.3	1.4*	-0.3	1.9
5.3	2.0	0.0	2.3	5.7\$	4.6	4.3	-3.0	4.4	3.3*	:	6.3
1.8	2.5	2.5	1.1	2.7\$	2.2	2.5	0.8	3.5	2.3*	5.4	2.5
3.0	2.2	1.5	2.0	0.7\$	3.5	1.1	1.6	3.0	2.0*	0.2	2.3
<b>August 1996 / August 1995</b>									<b>Annual Rate of Change</b>		
2.0	3.5	1.3	1.3	1.5	3.5	1.0	0.6	2.3*	2.2*	2.3	0.9
2.3	3.7	1.5	-1.2	-0.5	3.5	-1.4	-5.8	:	2.1#	2.8	1.8
3.8	6.4	2.8	1.5	2.1	5.1	2.8	3.6	:	2.9	1.5	3.3
-1.4	3.8	-0.2	-1.1	-2.1	1.8	0.9	0.1	:	1.7	0.7	-3.4
2.5	2.3	3.1	5.3	5.9	1.2	3.4	4.5	:	2.6	3.6	3.2
1.9	3.5	1.1	-0.1	0.1	3.6	0.1	2.1	:	2.0	2.3	0.7
2.5	5.6	0.4	0.6	0.7	4.4	2.2	2.8	:	2.9#	7.6	0.5
2.2	3.4	1.5	0.2	3.4	4.4	1.7	0.9	:	2.5	5.3	-0.5
-3.0	-0.3	4.2	8.0	3.6	5.2	-4.9	1.8	:	1.8#	-4.1	-4.0
0.9	2.2	0.0	0.8	-0.6	2.5	0.2	0.9	:	1.1	-0.3	0.7
3.5	2.5	2.8	2.0	7.5	5.9	1.0	-4.0	:	3.5	:	2.9
3.3	3.7	0.9	2.1	2.5	3.8	1.0	2.0	:	2.7	-0.1	2.2
4.7	3.5	1.1	0.9	1.3	4.6	0.5	1.4	:	2.4#	2.9	1.7

\* estimated    \$ provisional    # revised    ! definition differs    : Not available

## EXPLANATORY NOTES

The Treaty on European Union sets a timetable for achieving Stage III of Economic and Monetary Union (EMU) by 1 January 1999 at the latest. One of the convergence criteria is to have sustainable price performance and an average rate of inflation over a year that does not exceed by more than one and a half percentage points that of, at most, the three best-performing Member States (in terms of price stability). Furthermore, to conform to the Protocol on the convergence criteria "inflation shall be measured by means of the Consumer Price Index on a comparable basis, taking into account differences in national definitions".

Harmonized Indices of Consumer Prices (HICPs) provide such a measurement and will be used in the assessment of inflation convergence as required under the Treaty. They will subsequently form the basis of the Monetary Union Index of Consumer Prices (MUICP). The HICPs are primarily designed to facilitate international comparisons of consumer price inflation across the European Union. The focus lies on comparability among the indices of the different Member States as well as their relative movements.

The HICPs are harmonized not only on coverage but also in several methodological aspects. The HICPs provide the best statistical basis for international comparisons of consumer price inflation and very considerable progress has been made in harmonizing methodologies. However, more work remains to be done to achieve further harmonization.

The product coverage of the HICPs has been extended as compared to the interim indices published during 1996. The HICPs now cover, for example, insurance for cars and dwellings' contents, package holidays, banking services, evening classes, and health goods that are obtainable without prescription. However, some difficult categories, such as health and educational services, are still not covered. Some CPIs include either imputed rents or mortgage interest payments in respect of owner occupiers. These are excluded from the HICPs.

In order to keep HICPs broadly in step with each other and up-to-date in terms of market developments, they will incorporate new products, such as mobile phones and personal computers, when they achieve a significant sales

volume. The HICPs must be shown to be based on samples sufficient to yield reliable and comparable results, taking account of the national diversity of products and of prices. The samples must be kept well up to date, in particular by banning the practice whereby "missing" prices are simply assumed to be equal to the last observed prices. In order to measure "pure" price changes, the prices included in the HICPs need to be adjusted for changes in the quality of the goods and services to which they relate. Certain extreme practices in this area, such as "automatic linking", have been ruled out. Furthermore, the HICPs have to be compiled using either a particular, specified, formula for combining sets of detailed price data to a price index number, or an alternative that can be shown to give similar results.

The analysis of sources of inflationary pressure requires a sub-division of the HICP into component parts. The HICPs are compiled using a version of the international classification COICOP (Classification Of Individual Consumption by Purpose) which has been specially adapted for the HICPs and is known as COICOP/HICP. The sub-indices and weights published by Eurostat are based on this classification. There is no "uniform basket" applying to all Member States.

The European Index of Consumer Prices (EICP) is calculated as a weighted average of the HICPs of the 15 EU Member States. The index is computed as an annual chain index allowing for country weights changing each year. The weight of a Member State is its proportion of final consumption expenditure of households in the EU total. The values of final consumption expenditure in national currencies are converted into purchasing power standards (PPS) using the purchasing power parities of final consumption. The country weights used in 1997 are national accounts data for 1995 at 1996 prices. The European Economic Area Index of Consumer Prices (EEAICP) is calculated in the same way, with the inclusion of Iceland and Norway.

More methodological details are given in the Eurostat news release "Harmonizing the way the EU measures inflation", No 21/97, of 5 March 1997, and in Regulations (EC) No 2494/95, No 1749/96 and No 2214/96.

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