

# Producer price indices in industrial production sold in France - Base 2005

## Main aggregates - Stopped series

Producing organisation: INSEE

- [Read the “Informations Rapides” related to this indicator.](#)

### Introduction

- [Presentation sheet of the OPISE survey](#) (pdf - in French - 203 kB).

### Goals

Producer price and import price indices serve an important national and European, even international, purpose. They are associated with the European regulation on short-term statistics (CE “STS” regulation No [1165/98](#) of the council of the 19th May 1998, modified by the CE regulation No [1158/2005](#) of the council of the 6th July 2005).

**These indices allow:**

- **Economists to evaluate and analyze economic trends.**  
Numerous public and private, French, European and global organizations use them as economic indicators ([ECB](#), [IMF](#), [OECD](#), etc.) and benefit from the monthly tracking of prices across the different markets at all stages of the production process.  
We are required to send these indices to Eurostat on a monthly basis under European regulation on economic statistics (STS regulation). In particular, the aggregation of member states' price indices allows an industrial producer price index to be established for the whole of the European Union. Additionally, import and producer price indices for foreign markets allow the BCE to analyze flows inside and outside the Eurozone;
- **National accountants to deflate production which comes from businesses' structural indices** and as such carry out the division between development of the activity in volume and development of prices (“price-volume share”). From this they can then track the evolution of gross domestic product;
- **Businesses and local collectivities to escalate contracts.**  
Only “market prices” series displayed in group “Producer price indices of French industry for the French market” are to be used for the purpose of contract escalation, and preferably the definitive data because they are permanent in the database. The last three monthly values of these series are provisional and overwritten when the data are updated, the other ones are definitive, except in case of strong mistakes corrected and highlighted in [BDM news](#).  
Businesses and business federations can also use these indices to track the development of import prices and go back to their field and evaluate their competitiveness compared to their competitors. It should be noted that INSEE makes a large number of price indices available

but takes no position on the uses of an index and the choice of the indicators, decisions which are the sole responsibility of the co-contracting parties.

## Themes tackled

The four main indicators calculated are the following:

1. **The industrial producer price indices for the French market:**

They measure the development of transaction prices of goods and services which come from French industrial activities and are sold on the French market. The measurement is conducted at base prices (excluding VAT, excluding product tax, product subsidies not deducted), in accordance with European regulation. However, “market prices” series (excluding VAT, excluding product tax, product subsidies not deducted) are also available, particularly for contract indexation purposes;

2. **Industrial producer price indices for foreign markets:**

They track the development of transaction prices (converted into Euros, therefore including exchange effects) of goods and services from French industry activity designed to be sold on foreign markets. The measurement uses free on board (FOB) prices, which is to say it is recorded on the French border in accordance with European regulation No [1165/98](#). All exports are taken into account whether they be internal to companies or not. Foreign markets distinguish the Eurozone from the rest of the world;

3. The combination of the two indices above determines **the industrial producer price indices for all markets** (French markets and foreign markets);

4. **Import and industrial products price indices:**

They track the development of transaction prices (converted into Euros, therefore including the effects of variation) of goods and services from foreign industrial activity sold on the French market. The measurement covers cost, insurance and freight (CIF) prices, which is to say that it is assessed at the French border exclusive of Customs and Excise and import taxes, in line with European regulation No [1165/98](#). All imports are taken into account whether they be internal to companies or not.

These four indicators are completed on some activity sectors by:

- **The industrial products resale price indices** which measure the evolution of the prices of industrial products imported and then resold as they are on the French market;
- And **price indices for the domestic range of industrial products** which are the product of aggregating the resale price indices of industrial products and industrial producer price indices for the French market. They track the prices of industrial products traded in France, wherever they may be produced.

## Statistical field covered

In line with European regulations, the field of industry covered by the producer price indices includes sections B to E of the CPF revision 2 from 2008, except for the following products:

B07.21 - Uranium and thorium ore

C24.46 - Processed nuclear combustibles

C25.4 - Arms and munitions  
C30.1 - Ships and boats  
C30.3 - Aircraft and space engines  
C30.4 - Military combat vehicles  
E37 - Collection and treatment of used water, sewage sludge  
E38 - Collection, treatment and elimination of waste and recuperation of materials  
E39 - Pollution control and other waste management services

For import and industrial product price indices, the field is made up of sections B to D and does not include the following products:

B09 - Support services for extraction industries  
C18 - Printing and reproduction work  
C33 - Repair and installation to machinery and equipment  
E36 - Natural water, treatment and distribution of water

This field was established progressively: whilst producer price indices for the French market have been published since 1980 (then known as industrial sales price indices), the observation of producer prices for foreign markets began in 2001 and that of imported industrial product prices generally began in October 2005. In March 2009, the rate of coverage for industrial production prices was established at 96.0% for the French market and 95.0% for foreign markets; it reaches 93.0% for the prices of importation of industrial products.

These rates of coverage apply to all industrial sectors for which the price indices are calculated monthly, including those for which the data is not published, often for statistical secrecy. They are measured against the field defined by European regulation, in base 2005.

Before the transaction price measure became available for commercialised production on foreign markets or for importation of industrial products, the development of these two types of products was evaluated by approximation with the help of foreign trade unitary value indices.

These unitary value indices are compiled by INSEE using statistics in value and in quantity (mass or number of units) provided by the general discretion of Customs and Excise.

## **Technical characteristics**

### **1. Methodology**

The calculation of industry price indices is harmonized within the European Union.

Industrial price indices measure the raw price developments (not seasonal adjustment corrected). They are chained Laspeyres indices. The price developments are weighted by the business figures in value for producer price indices and by the import charges for import and industrial product price indices.

The weightings are updated regularly - every five years. At a detailed level (much more precise than the 4-figure CPF), they correspond to data sent by businesses questioned (business figures or import charges. On a more aggregated level, they come from 2005's national accounts (base 2005)).

Since the transition to base 2005 and CPF rev. 2 in March 2009, the producer price indices for the French market and all other markets are measured not only from market prices, but also, and more especially, on base prices (with or without domestic tax on oil products-TIPP- domestic tax for the consumption of natural gas -TICGN-, general tax for polluting activities -TGAP-, tobacco taxes,

excise taxes on alcohol, etc., and after or before product subsidies respectively). Whilst tax handling is harmonized among the different countries of the European Union since base 2000, it is nevertheless still varied over time- the base 2000 indices were calculated including non-deductible taxes other than VAT, whilst those in base 1995 did not include them.

## **2. Information sources**

The indices are calculated using monthly price statements (or quarterly for some sectors) of some 26,000 products collected from a sample representing 3,900 businesses within the framework of a compulsory survey “Observation of Business Service and Industry Prices” (OPISE). This survey is part of an annual program of public service statistical surveys analysed by the [Conseil National de l'Information Statistique](#) (National Council of Statistical Information) and published by decree in the Journal Officiel at the start of the year.

## **3. Survey procedure**

The operation brings together professional bodies, businesses and INSEE. The businesses surveyed are sampled using existing INSEE survey data. Each business selected is visited by an INSEE engineer-interviewer. During the interview the transactions to be monitored are decided upon, chosen to be both representative of the business's price developments and easily accessible in order to limit -as far as possible- the time the company will have to devote to responding to the questions. The questionnaire is therefore tailored individually to each business participating in the survey. The data is then collected monthly or quarterly by post or electronically. The information is regularly updated to best represent the recent structure of goods and services. As such, the sample for each sector is refreshed every five years.

## **4. Statistical units**

Companies.

## **5. Operational period**

Monthly.

## **6. Other specifications**

The date at which the level of an index was equivalent to 100 is called the reference date. The indices are published in reference 2005 since the start of April 2009, which means that the monthly index average for the year 2005 is equal to 100. For indices introduced after 2005, the reference date is the month that the index was created.

The year from which the weightings were taken for aggregated indices is called the base year. It is also 2005 for current series. Changes to the base year, the reference date and classifications have been concomitant.

Industry price indices are available around 30 days after the end of the reference month. They are provisional for a period of three months. Revisions integrate businesses' late responses and changes to the weightings within the framework of continued renovation of the indices. It is recommended, in the index clauses of contracts, to refer to the latest definitive indices published.

## 7. Weightings

The below Excel file provides a table of weightings for each class of products, for each of the published indicators and the total field of industry according to the European and French conventions, and what is actually observed.

- [Table of weightings of Production and import price indices in base 2005](#) (xls - in French - 74 kB).

## 8. Aggregations

In addition to the aggregations specific to the official nested classification CPF rev.2, the European Regulation “MIGS” No [656/2007](#) defines industrial clusters by destination (consumer goods, intermediate goods, etc..).

## For further information

- “The French producer price indices and business-service price indices”, Insee Méthodes No 89.