Harmonised indices of consumer prices and house price index

2014/0346(COD) - 09/12/2014 - Legislative proposal

PURPOSE: to establish a common legal framework for the production of harmonised indices by Member States.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: harmonised indices of consumer prices (HICP) are designed to measure inflation in a harmonised manner across Member States. The Commission and the European Central Bank use the HICP in their assessment of price stability in Member States under Article 140 of the Treaty on the Functioning of the European Union.

Harmonised consumer price indices are essential for assessing and measuring: (i) **convergence in terms of price stability within the EU**; and (ii) **the results of euro area monetary policy**, in terms of achieving the objective of price stability.

In October 1995, a Council Regulation on harmonised indices of consumer prices (HICP) was drafted and adopted, followed by 20 implementing regulations in the following 17 years.

Certain parameters have changed since the adoption of the original framework: (i) the development of the European Statistical System (ESS); (ii) the technical aspects of data collection and index compilation have changed dramatically due to the rapid rate of technological progress in recent years; (iii) the Lisbon Treaty established a new comitology set-up.

These various changes all **necessitate redrafting of the legislation on HICP** so as to modernise and rationalise the legal basis and adapt it to today’s needs, both actual and potential.

CONTENT: the objective of this proposal is to establish a common legal framework for the production of harmonised indices by Member States, which involves collecting, compiling, processing and submitting harmonised consumer price indices.

The proposal for a revised HICP Regulation seeks to create a **single legal measure** covering all uniform conditions. It would combine the different implementing regulations into a single one, which would give stakeholders and Member States greater clarity and make administration easier and more effective.

This proposal **simplifies and clarifies the requirements** for the compilation of these indices. It enshrines the principles of the European Statistics Code of Practice relating to commitment to quality, sound methodology, cost-effectiveness, relevance, accuracy, reliability, coherence and comparability.

DELEGATED ACTS: the proposal contains provisions empowering the Commission to adopt delegated acts in accordance with Article 290 of the treaty on the Functioning of the European Union.