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First results of new harmonized system

EU ANNUAL INFLATION: 2.2% IN JANUARY

EU* annual inflation in January was 2.2%. This is as measured by the new Harmonized Indices of Consumer Prices (HICPs), published today for the first time by **Eurostat, the Statistical Office of the European Communities in Luxembourg**.

A year earlier the corresponding **EU** rate was 2.7%. However, this January it was higher than last January in eight Member States. Biggest rises over the year were in **Denmark** (from 1.2% to 2.6%) and **Belgium** (1.3% to 2.2%).

In five **Member States**, January's inflation rate under the new system was lower than a year before. There was a big fall in **Italy** - from an estimated 5.7% to 2.6%.

Lowest rates this latest month were in **Finland** (0.9%), **Luxembourg** (1.3%), and **Sweden** (1.3%); highest in **Greece** (6.6%), **Portugal** and **Spain** (both 2.8%).

Annual inflation in the whole **European Economic Area** was also 2.2% in January. And in January last year it was also 2.7%. In **Iceland** the rate was 2.0% compared with 1.6% last January. In **Norway** it was up to 3.2% from 0.5% a year before.

The EU average figure is the European Index of Consumer Prices (EICP), calculated from the 15 Member States' HICPs.

Designed for international comparison

HICPs will be used for the decision on which Member States meet the criterion on price stability for European Economic and Monetary Union (EMU) and will be used by the Commission and the European Monetary Institute (EMI) in their convergence reports. HICPs are harmonized inflation figures required under *Article 109j of the Treaty on European Union* (Maastricht Treaty).

HICPs are designed for international comparison of consumer price inflation, although Member States are free to apply them for domestic uses such as indexation or wage bargaining. The focus is on comparability among the indices of different countries as well as on their relative movements. They are not intended to replace national consumer price indices (CPIs) - many Member States are likely to continue using their CPIs for domestic purposes.

Eurostat - collaborating closely with national statistical institutes and drawing on expert advice of academics working in the field of price indices - has been working for over three years to harmonize the different methods used by Member States to compile national CPIs. The methodological details of how HICPs are constructed are given in news release 21/97, *Harmonizing the way the EU measures inflation*.


A news release will be published each month by Eurostat with information on the overall HICP. More detailed information can be obtained from the publication: *Statistics in focus*, Economy and finance, *Harmonized indices of consumer prices*. About 100 HICPs sub-indices with corresponding weights are available on Eurostat's database *Newcronos* through Eurostat's Data Shop network.

Harmonized Indices of Consumer Prices (HICPs) in ascending order of inflation
(percentage change)

Table 1

 eurostat	<u>Jan 97</u> <u>Jan 96</u>		<u>Jan 97</u> <u>Jan 96</u>
EU15*	2.2p	Belgium	2.2
Finland	0.9	Denmark	2.6
Luxembourg	1.3	Italy	2.6
Sweden	1.3	Spain	2.8p
Austria	1.6p	Portugal	2.8
Germany	1.7	Greece	6.6
France	1.8		
Netherlands	1.8	Iceland	2.0
Ireland	1.9p	Norway	3.2
United Kingdom	2.1	EEA	2.2p

Table 2**

 eurostat	<u>Dec 96</u> <u>Dec 95</u>	<u>Nov 96</u> <u>Nov 95</u>	<u>Oct 96</u> <u>Oct 95</u>	<u>Jan 96</u> <u>Jan 95</u>
EU15**	2.1e	2.2e	2.3e	2.7e
Finland	1.7	1.6	1.6	1.4
Luxembourg	1.3p	1.4p	1.2p	1.0p
Sweden	0.5	0.2	0.4	1.2
Austria	2.2p	2.2p	2.1p	1.3p
Germany	1.2	1.3	1.2	1.2
France	1.7	1.6	1.8	2.0
Netherlands	2.0	1.7	1.8	1.3
Ireland	:	2.3	:	:
United Kingdom	:	:	:	:
Belgium	2.1	2.1	2.2	1.3
Denmark	2.1	2.1	2.3	1.2
Italy	2.9e	2.9e	3.1e	5.7e
Spain	3.3p	3.3p	3.6p	3.8p
Portugal	2.9	2.9	2.8	2.5
Greece	6.9	7.4	7.7	7.8
Iceland	1.9	2.1	1.9	1.6
Norway	1.4	1.3	1.3	0.5
EEA	2.1e	2.2e	2.3e	2.7e

e = estimated; p = provisional; : = not available

* The new European Index of Consumer Prices (EICP).

** Member States are not required by Council Regulation (EC) no 2494/95 to provide harmonized data for 1995, it is done on a voluntary basis. Therefore, the EU average is not strictly speaking an EICP.

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