

VOORBURG 2003

**Mini presentation on the development of a
Corporate Services Price Index (CSPI) for
Sea and Coastal Freight**

UK OFFICE FOR NATIONAL STATISTICS

Industry (1)

- **Efficient shipping industry essential to UK economy - 95% of external trade by weight and 77% by value moves by water.**
- **Dramatic decline in UK merchant fleet - number of vessels of more than 500 tons fell by 20% between 1991 and 2001**
- **UK shipping industry one of the more efficient operators, carrying more than 4% of all global trade.**

Industry Structure (1)

- **UK SIC is 61.10/2 which includes:**
 - **transport of freight over water, whether scheduled or not**
 - **transport by towing or pushing of barges, oil-rigs, etc***
 - **rental of ships and boats with crew for transport of freight***

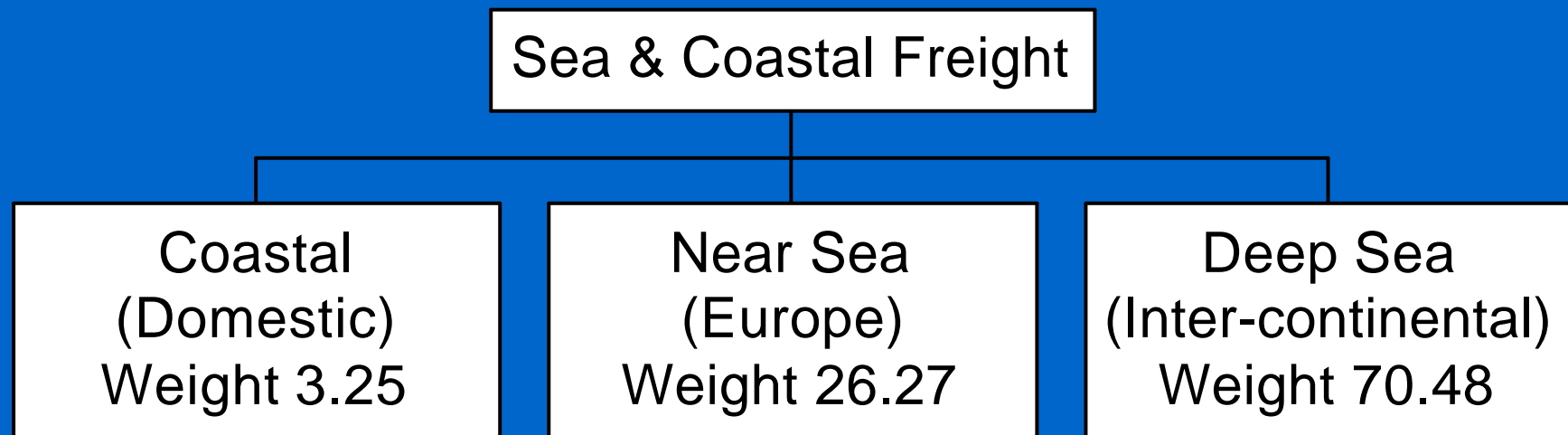
(* These activities are not considered to be economically significant in the UK and are excluded from the CSPI.)

Industry Structure (2)

- **Freight transport on inland waterways also excluded (classified elsewhere in UK SIC)**
- **CPC and the EC's CPA are more explicit and categorise by broad cargo types**
 - **Similar product classification attempted for CSPI but not sustainable.**

Industry Structure (3)

- structure used for CSPI
- weights based on year 2000 turnover data)



Methodology - Sampling and Recruitment

- **initial sample in 1995 was 70 enterprises (8% of population) - stratified on the basis of turnover**
- **response: just 20 responders providing sustainable item specifications**
- **further sample attrition**
- **recent recruitment exercise has added 6 more enterprises and 11 price quotations**
- **range of services covered still does not allow for the expansion of the industry structure to include further categorisation by cargo types**

Methodology - Pricing Mechanisms (1)

- **actual transaction prices for contracts or tariff rates charged for particular routes and cargoes**
- **where applicable, discounted rates are provided**
- **predominance of price quotations for containerised freight, mainly on scheduled routes and services**

Methodology - Pricing Mechanisms (2)

Some examples of item specifications are:

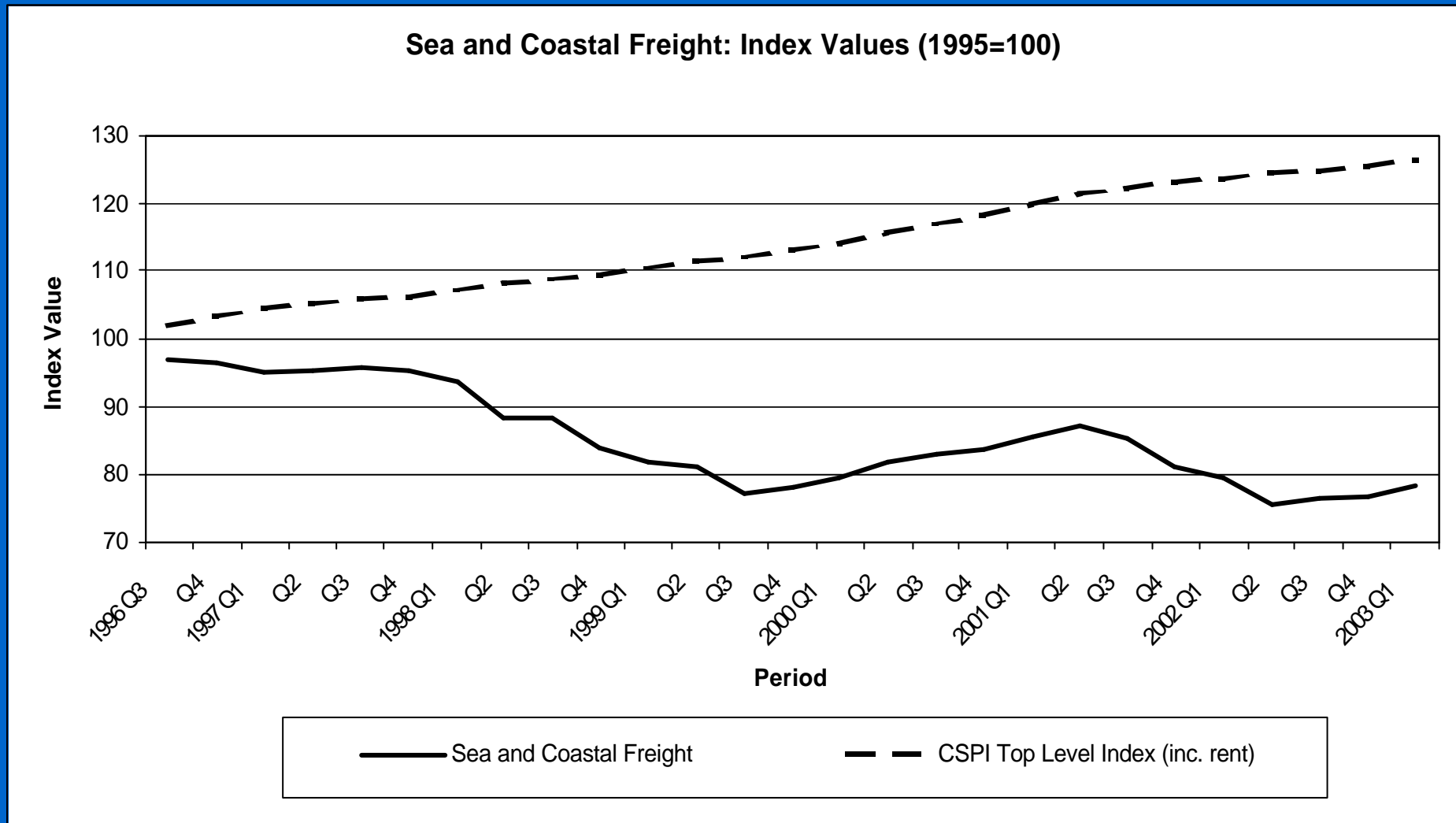
- **Transportation of 6000 tons of clean petroleum products from Immingham to Thames**
- **Transport of a 20 foot container, Teesport to Rotterdam**
- **Transport of 40 tonnes of steel, Liverpool to Baltimore**
- **Vehicle freight –Transportation of 2 cars in a 40 foot container from Felixstowe to Port Kelang (Malaysia)**

Issues and challenges

- **examine ways of improving quality and robustness of current sample, without placing undue burden on data suppliers**
- **more detailed categorisation of services by cargo type ?**
- **obtain a better understanding of current item specifications and prices**
- **alternative pricing mechanisms ?**
- **improve knowledge and understanding of current industry practices/industry consultation**

Results (1)

Index movements compared to top-level CSPI



Results (2)

Percentage change on same quarter in previous year
compared to top-level CSPI

