

**Progress Report – Bureau of the Census/Bureau of Labor Statistics
United States
Voorburg Group, 18th Meeting – Tokyo, Japan
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1. Producer price indexes – The main achievements for 2002-2003 are as follows:

- Publication of the Insurance Agents and Brokers industry and the Investment Advice industry;
- Commenced calculation of research indexes preparatory to publication for Retail Home Furniture Stores and Retail Building Material Dealers;
- Performed a sample augmentation and directed substitution to minimize new item bias in the Prepackaged Software industry and Data Processing Services industry;
- Researched the possibility of Internet repricing for Air Passenger fares; and
- Explored and rejected the use of secondary data sources for pricing private line telecommunications;

The main challenges facing the PPI program include the following:

- Meeting the quality adjustment challenge by finding creative solutions to permit explicit quality adjustment and thereby increase data user acceptance of these data; and
 - Solve the “reference rate” problem for the Banking industry.
2. Classification of service activities and products – during the last two years, the United States has continued work on the development of the North American Product Classification System (NAPCS). The initial phases of this project are focusing exclusively on the development of detailed products for service industries. Phase I addressed portions of the Professional, Scientific, and Technical Services; Administrative and Support and Waste Management and Remediation Services; Information; and Finance and Insurance Sectors of NAICS. Phase II focused primarily on industries in the Education; Health Care and Social Assistance; Arts, Entertainment and Recreation; Accommodation and Food Services; and Transportation sectors of NAICS. Phase III of the NAPCS initiative will begin in early 2004. The subjects for study include the balance of the Transportation Sector, Real Estate, Rental and Leasing, Membership Organizations, Personal Services, and other areas of services not addressed during Phases I and II. The balance of service industries is anticipated to be substantially complete by mid-2005.

The NAPCS products will be tested in the Service Annual Survey and the Economic Census on a flow basis as they become available. The 2002 Economic Census included all products available by mid-2000.

The primary challenge in the coming years is budgetary. Adequate funding for development initiatives is critical to our continued success. The 2003 budget provided considerable new funding for services initiatives and we are hopeful for continued budgetary support in 2004.

3. Information Society statistics – the 2001 and 2003 Service Annual Survey (SAS) incorporated NAPCS products for the majority of the Information Sector industries. The final products were for motion picture and sound recording industries that will be covered in the 2003 SAS. The 2002 Economic Census also includes substantial coverage of detailed information industry service products for the first time. While the results of the test in the Census are not yet available, preliminary results for single units are promising.
4. Ad Hoc Issues – (c) short term indicators. The Census Bureau is currently preparing to introduce a new indicator, the Quarterly Services Survey. This activity, as well as other Census Bureau initiatives in the area of services, is covered in greater detail in the presentation, “Improved Measurement of the Services Sector by the U.S. Census Bureau”. The complete paper is posted on the Voorburg Web site.