



An Phríomh-Oifig Staidrimh
Central Statistics Office

information notice

The inclusion of Tobacco products in the Irish Consumer Price Index

Explanatory Note

1. The Consumer Price Index (CPI)

The CPI is designed to measure changes in the general level of prices paid by all private and institutional households in the country and by tourists on holiday within Ireland. To do this accurately, the full range of consumer goods and services available on the domestic market must be included in the index.

It should be noted that the CPI is the most widely used measure of consumer inflation.

The expenditure weights used in the index reflect the average expenditure by all households on various categories of goods and services. Tobacco products currently represent 2.7% of consumer expenditure covered by the CPI. This shows that considerable expenditure is incurred by households on tobacco products. Therefore, in order to provide an accurate measure of inflation it is crucial that tobacco products are included in the CPI.

2. International recommendations on Tobacco products and the CPI

The Irish CPI reflects both expenditure and price change of tobacco products. This is both EU and international practice for the measurement of inflation. For example, section 8 of the 1987 International Labour Organisation (ILO) Resolution concerning Consumer Price Indices (which is applied world wide) explicitly states that

“ideally, the consumer price index should relate to all goods and services (including imports) acquired, used or paid for by the reference population for non-business purposes, without any omission of tobacco or other things which may be regarded as non-essential or undesirable”

The EU Harmonised Indices of Consumer Prices (HICP) also reflects both expenditure and price change of tobacco. This is a legal requirement set out in Council Regulation (EC) No. 2494 of 23 October 1995. This specifies (Article 3) that

“the HICP shall be based on the prices of goods and services available for purchase on the economic territory of the Member State for the purpose of directly satisfying consumer needs” (i.e. including tobacco products).

3. Publication of a CPI and/or a HICP sub-index excluding tobacco products

1. The CSO facilitates users by compiling and publishing a CPI sub-index excluding tobacco products.
2. EUROSTAT publishes a HICP sub-index excluding tobacco products for Ireland and EU member states:
http://epp.eurostat.ec.europa.eu/portal/page/portal/hicp/publications/data_in_focus.

Further Information

A detailed explanation of the compilation of the CPI is contained in Consumer Price Index Introduction of Updated Series (Base: December 2011=100) which is available on the CSO website.

Enquiries to:

CSO, Skehard Road, Cork, Ireland
LoCall 1890 313 414 (ROI)
0870 876 0256 (UK/NI)
Tel: 021 453 5000
01 498 4000
Fax: 021 453 5433
E-mail: cpi@cs0.ie
Internet: <http://www.cs0.ie>

August 2014