



DEPARTMENT OF LABOR

Bureau of Labor Statistics

Information Collection Activities; Comment Request

AGENCY: Bureau of Labor Statistics, Department of Labor.

ACTION: Notice of information collection; request for comment.

SUMMARY: The Department of Labor, as part of its continuing effort to reduce paperwork and respondent burden, conducts a pre-clearance consultation program to provide the general public and Federal agencies with an opportunity to comment on proposed and/or continuing collections of information in accordance with the Paperwork Reduction Act of 1995. This program helps to ensure that requested data can be provided in the desired format, reporting burden (time and financial resources) is minimized, collection instruments are clearly understood, and the impact of collection requirements on respondents can be properly assessed. The Bureau of Labor Statistics (BLS) is soliciting comments concerning the proposed revision of the International Price Program (IPP) U.S. Import and Export Price Indexes. A copy of the proposed information collection request can be obtained by contacting the individual listed below in the Addresses section of this notice.

DATES: Written comments must be submitted to the office listed in the Addresses section of this notice on or before [INSERT DATE 60 DAYS AFTER PUBLICATION IN THE *FEDERAL REGISTER*].

ADDRESSES: Send comments to Nora Kincaid, BLS Clearance Officer, Division of Management Systems, Bureau of Labor Statistics, Room G225, 2 Massachusetts Avenue, N.E., Washington, DC 20212. Written comments also may be transmitted by email to BLS_PRA_Public@bls.gov.

FOR FURTHER INFORMATION CONTACT: Nora Kincaid, BLS Clearance Officer, at 202-691-7628 (this is not a toll free number). (See Addresses section.)

SUPPLEMENTARY INFORMATION:

I. Background

The U.S. Import and Export Price Indexes, produced by the Bureau of Labor Statistics' International Price Program (IPP), measure price change over time for all categories of imported and exported products, as well as selected services. The IPP has produced the U.S. Import Price Indexes (MPI) continuously since 1973 and the U.S. Export Price Indexes (XPI) continuously since 1971. The Office of Management and Budget has listed the Import and Export Price Indexes (MXPI) as a Principal Federal Economic Indicator since 1982. The indexes are widely used in both the public and private sectors. The primary public sector use is the deflation of the U.S. monthly trade statistics and the quarterly estimates of U.S. Gross Domestic Product; the indexes also are used in formulating U.S. trade policy and in trade negotiations with other countries. In the private sector, uses of the Import Price Indexes include market analysis, inflation forecasting, contract escalation, and replacement cost accounting.

The MXPI are closely followed statistics and are viewed as a key indicator of the economic environment. The U.S. Department of Commerce uses the monthly statistics to produce monthly and quarterly estimates of inflation-adjusted trade flows. Without continuation of data collection, it would be extremely difficult to construct accurate estimates of the U.S. Gross Domestic Product. In fact, a budget proposal to curtail publication of the export price indexes beginning in FY15 was not supported by the Commerce Department which explained that a viable substitute is not available.

Additionally, Federal policymakers in the Department of Treasury, the Council of Economic Advisers, and the Federal Reserve Board utilize these statistics on a regular basis to improve these agencies' formulation and evaluation of monetary and fiscal policy and evaluation of the general business environment.

II. Current Action

Office of Management and Budget clearance is being sought for a revision of the U.S. Import and Export Price Indexes information collection. The IPP revision is a transition from using survey data as a source of prices for approximately a third of the current sample of merchandise goods to using administrative data from the Census Bureau as an alternative source. This revision to data collection is in line with past actions to modernize data collection and to reduce reporter burden. Modernization was introduced in 2003 with the IPP web application. In 2018,

paper surveys were eliminated, and the web application became the near universal method for respondents to update their data online and more rapidly than previously.

The IPP has implemented several systems changes over the years in order to reduce burden for web respondents. In 2019, the IPP adopted the use of a new web application format/layout. Previously, the web survey used separate pages for each part of the repricing process; now, the web application utilizes modal windows in combination with separate pages. In September 2022, the Program introduced new functionality (referred to internally as "Web Lite"), which allows respondents to upload files of price information without using a login; the files are reviewed by analysts who manually enter the price data into IPP's repricing application.

The current revision is focused on the planned implementation of an alternative data source for some of the Import and Export Price Indexes (MXPI); the data source is administrative data in the form of trade transaction records of shipments reported by U.S. importers and exporters. Beginning in fiscal year 2025, the IPP will calculate unit value indexes based on the trade transaction records from the Department of Commerce for a range of homogenous commodity and product areas and will calculate upper level price indexes by blending these unit value indexes with directly collected survey data for the other product areas, to calculate and publish the MXPI for

merchandise goods. This approach is based on new research and new statistical methods.

Historically, unit value indexes have not been considered a good substitute for directly collected data in the calculation of price indexes for any but the most homogenous of commodities. The use of unit value indexes in the statistical community has been limited to homogenous commodities due primarily to the potential for unit value bias, which is a measurement of a price trend that imprecisely measures price changes due to product composition or quality change, instead of price changes due to markets. Advances and improvements in coverage, accuracy, and level of detail of the trade transaction records have improved, and new statistical methods for addressing and mitigating unit value bias have recently been developed. The necessity to address a recent downward trend in IPP's traditional data collection, in light of these improvements, prompted the Program to consider the use of unit value indexes in the MXPI.

In 2018, the IPP launched a major research initiative to analyze the fitness for use of unit value indexes based on administrative trade data in place of directly collected data for more homogenous product areas. With the application of new methods for mitigating unit value bias, the IPP has constructed research import and export price indexes based on administrative trade data for January 2012 through December 2021. Comparison of the research data sets to official (published and unpublished) import and

export price indexes were sufficiently robust to indicate that unit value indexes based on administrative trade data can be used in place of directly collected data for many of IPP's homogenous product price indexes. Additional details and research data sets are accessible from the MXP Research page (<https://www.bls.gov/mxp/data/research.htm>).

This new data source also allows for the expansion of published lower-level indexes and improves index quality; while the existing MXPI are based entirely on a modified Laspeyres formula (as current trade weights are not available), the availability of current period weights in the administrative trade data allows the IPP to apply a Tornqvist formula to lower-level aggregates. (The Tornqvist formula is considered superior to the Laspeyres formula for handling substitution bias, a well-known problem for fixed-basket price indexes which do not account for consumer expenditure switching from relatively more expensive products to cheaper ones as prices change.)

In addition to the expansion of published indexes and improvement in index quality, the implementation of the unit value indexes will result in a considerable drop in respondent burden as fewer companies will be contacted because fewer survey-based prices will be needed to support publication of the MXPI. A detailed technical explanation regarding the use of the alternative administrative data source and the methodological approach used to integrate the data source into the official MXPI are available in IPP's Federal Register Notice published on September 11,

2023

(<https://www.federalregister.gov/documents/2023/09/11/2023-19486/comment-request>).

III. Desired Focus of Comments

The Bureau of Labor Statistics is particularly interested in comments that:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility.
- Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used.
- Enhance the quality, utility, and clarity of the information to be collected.
- Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, e.g., permitting electronic submissions of responses.

Title of Collection: International Price Program (IPP)
U.S. Import and Export Price Indexes.

OMB Number: 1220-0025

Type of Review: Revision of a currently approved collection.

Affected Public: Private Sector, Business or other for-profits.

Form	Total Respondents	Frequency	Total Responses	Average Time per Response (hours)	Estimated Total Burden Hours
Form 3008		Annually			
Imports	900		900	1.0	900
Exports	400		400	1.0	400
Total	1300		1300		1300
Repricing Form		Monthly			
Imports	1200	8.8 ¹	10560	.4777 ²	5045
Exports	850	9.0 ¹	7650	.4320 ³	3305
Total	2050		18210		8350
TOTALS	////////	////////	19510	////////	9650

¹ During initiation, the respondent determines how many months he/she will need to supply data in a given year based upon how often the company changes its pricing information. The average company is requested to supply information 9.0 months per year for exports and 8.8 months per year for imports.

² Time to reprice is based upon 5 minutes of response time per item x 5.732 items = 28.660 minutes/60 = .4777 hours.

³ Time to reprice is based upon 5 minutes of response time per item x 5.184 items = 25.920 minutes/60 = .4320 hours.

Comments submitted in response to this notice will be

summarized and/or included in the request for Office of Management and Budget approval of the information collection request; they also will become a matter of public record.

Signed at Washington, D.C., on this 12th day of January 2024.

Leslie Bennett,

Chief, Division of Management Systems

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