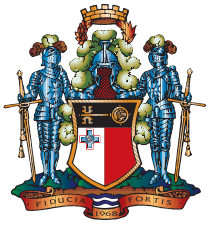
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INTRODUCTION OF ECOICOP VERSION 2 IN THE HICP

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INTRODUCTION OF ECOICOP VERSION 2 IN THE HICP

1. Introduction

The Harmonised Index of Consumer Prices (HICP) is the main indicator used to measure consumer price inflation in the European Union. It ensures that inflation rates are compiled using a harmonised methodology across Member States, allowing accurate comparisons of price developments within the EU.

To organise the wide range of goods and services purchased by households, the HICP uses a standard classification system that groups consumer expenditures into categories reflecting their function or purpose. From the reference month of January 2026, the HICP adopted ECOICOP (European Classification of Individual Consumption According to Purpose) Version 2. This update forms part of a broader set of methodological improvements introduced in the HICP.

The adoption of the ECOICOP Version 2 is motivated by a number of considerations. Firstly, it aims to make the classification more relevant with regards to current economic needs and consumption patterns. Moreover, the new classification allows for a clearer and more consistent structure for the classification of consumer goods and services. In addition, this version of COICOP satisfies the requirements for the classifications of different domains, including national accounts data, household budget surveys and purchasing power parities. Lastly, it strengthens the ability to compare European statistics with those of other countries.

2. Background

2.1 How is ECOICOP v2 structured?

The ECOICOP structure under ECOCIOP v2 is organised into 13 divisions (CP01–CP13), each referring to a broad area of household consumption.[1] These divisions systematically classify all goods and services purchased by households, providing a coherent and harmonised basis for compiling inflation statistics across the EU.

ECOICOP Version 2 is fully aligned with COICOP 2018, the latest revision of the international classification adopted by the United Nations.[2] The implementation of ECOICOP version 2 aligns the classification used in European statistics with this updated international framework. This alignment enhances comparability between European statistics and those produced in other parts of the world and ensures that EU price statistics follow the most up-to-date statistical standards. In fact, ECOICOP version 2 is identical to the UN COICOP 2018 to the 5th digit.

2.2 Why revise the classification?

The previous ECOICOP classification had been in use for several years and required updating to better reflect changes in consumer behaviour and developments in the economy which are more in line with current conditions.

A number of reasons motivated the change from the previous ECOICOP version to ECOICOP version 2. Firstly, the emergence of new goods and services due to technological progress and

[1] These include CP01 ‘Food and nonalcoholic beverages’, CP02 ‘Alcoholic beverages, tobacco and narcotics’, CP03 ‘Clothing and footwear’, CP04 ‘Housing, water, electricity, gas and other fuels’, CP05 ‘Furnishings, household equipment and routine household maintenance’, CP06 ‘Health’, CP07 Transport, CP08 ‘Information and communication’, CP09 ‘Recreation, sport and culture’, CP10 ‘Education services’, CP11 ‘Restaurants and accommodation services’, CP12 ‘Insurance and financial services’ and CP13 ‘Personal care, social protection and miscellaneous goods and services’.

[2] For further information see Classification of Individual Consumption According to Purpose (COICOP) 2018.

innovation led to the introduction of products and services that were not included in the previous classification. In addition, some categories which were included in the ECOICOP 2015 became obsolete, while others have changed and needed to be classified in a different way. Moreover, consumption patterns have evolved significantly, especially due to the growth of digital services such as subscription services. Furthermore, the distinction between some product categories in ECOICOP 2015 had become less clear over time. For instance, smart watches features made it difficult to classify under the old version. Updating the classification helps ensure that the HICP continues to accurately represent modern household consumption and improves the usefulness of the index.

3. Key changes introduced with ECOICOP Version 2

3.1 Revisions across divisions

The revisions brought about by the introduction of ECOICOP Version 2 were most notable in divisions CP08 and CP09. Division CP08 has been renamed 'Information and Communication' from 'Communications'. It incorporates products and services previously found in Division CP09 such as computers, televisions, and streaming services. This reallocation sharpens the conceptual boundaries between communication-related goods and recreational items while ensuring greater consistency with current market realities. It also adds new products and services such as information and communication equipment and information and communication services.

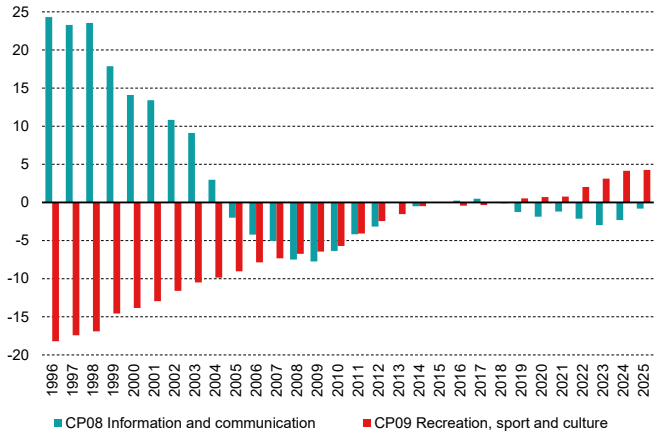
Meanwhile, division CP09, now titled 'Recreation, sport and culture', was further updated through the inclusion of games of chance beginning with the 2026 index. However, this addition has no practical impact for Malta, as Eurostat does not yet publish an HICP index for games of chance for Malta.

Furthermore, division CP07 'Transport', which previously focused on the transportation of passengers, now also includes the transportation of goods (delivery fees). The latter were previously subsumed into the prices of goods. However, this did not result in material changes to the inflation rate for this division.

At the same time, new classes and subclasses for services such as repair, maintenance, installation, and rental of products have been created.

On average, from 1996 to 2025, the price index for CP08 increased by 2.9% while that for CP09 declined by 5.4%, compared to the price index under ECOICOP1, with the largest changes occurring in the earlier years, particularly from 1996-2004 (see Chart 1). In the earlier years, the price index for CP08 increased relative to the

Chart 1
DIFFERENCES IN DIVISIONS (ECOICOP2 vs. ECOICOP1)
(percentage change in the Index 2015=100)



Sources: Eurostat; own calculations.

index under ECOICOP1 while that for CP09 declined. This pattern however reversed, particularly from 2019 onwards.

3.2 Introduction of new division

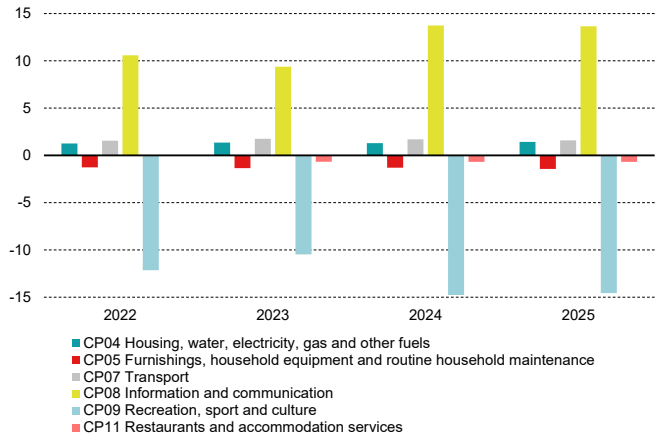
Additionally, an important change which also occurred with the new ECOICOP2 is the introduction of a new division: CP13 'Personal care, social protection and miscellaneous goods and services'. This change came about due to the heterogeneity of division CP12 under ECOICOP1 'Miscellaneous goods and services'. Therefore, under ECOICOP2, this division was split into two, being: CP12 'Insurance and financial services' and the aforementioned CP13, which includes the remaining items that were previously part of division CP12. No new sub-indices were added to these two divisions.

3.3 Harmonised index reference period update and introduction of new weights

The 2026 HICP update introduces a new harmonised reference period of 2025 = 100, reflecting Eurostat's shift to a new index base as part of the broader methodological overhaul for January 2026. With the rollout of ECOICOP version 2, a revised set of expenditure weights has been implemented, derived from the Household Final Consumption Expenditure (HFCE) data in national accounts. These new weights were introduced with the January 2026 release and aim to better capture modern consumption behaviour including the rising prominence of digital communication tools, subscriptionbased services, and evolving recreation patterns.

A shift in weights may be noted in divisions: CP04, CP05, CP07, CP08, CP09 and CP11 as shown in Chart 2. The weights in CP04 increased slightly while those in CP05 declined as 'Services for the maintenance, repair and security of the dwelling' shifted between these two categories. Similarly, a shift in weights is evident across CP08 and CP09. Meanwhile, weights in CP07 increased slightly due to the addition of delivery fees which were previously found under division CP11 as these were previously classified together with the delivery products.

Chart 2
DIFFERENCES IN WEIGHTS ACROSS DIVISIONS
(total item weights = 1000)



Source: Eurostat.

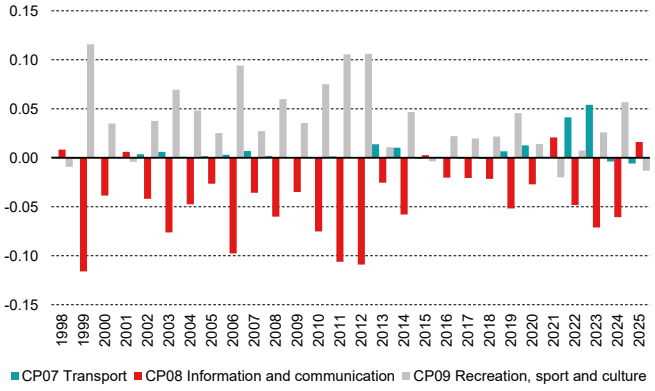
4. Impact on HICP compilation

4.1 Effect on published inflation figures

Under the 2026 transition to ECOICOP v2, the headline HICP remains unchanged to the second decimal place for back data up to 2025, as Eurostat requires full continuity in the published overall inflation rate. However, underlying subindices may differ, reflecting the introduction of the new classification structure, the reallocation of products between categories, and the adoption of updated expenditure weights.

Chart 3 displays annual differences in inflation contributions for selected COICOP divisions when moving from ECOICOP1 to ECOICOP2. Most differences fall within a narrow range around zero, indicating small shifts in divisional contributions over time due to the reclassification and reweighting. Shifts in contributions to overall HICP may be noted for divisions CP08 and CP09, whereby on average contributions for the latter increased marginally while those for CP08 declined by an equal amount. Overall, the chart illustrates while ECOICOP2 left the overall inflation path intact, consistent with Eurostat's requirement for continuity in allitems index, specific components have been materially affected.

Chart 3
DIFFERENCES IN CONTRIBUTIONS FOR SELECTED DIVISIONS (ECOICOP2 vs. ECOICOP1)
(percentage points)



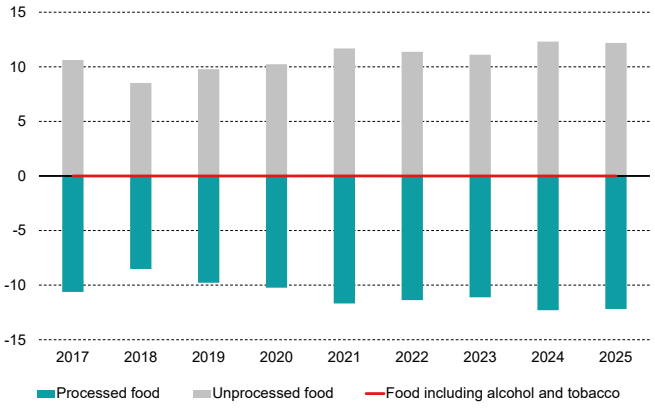
Source: SDW.
Notes: The selected divisions are the ones for which there were changes in contributions.

4.2 Four main special aggregates

The four main special aggregates food (including alcohol and tobacco), NEIG, energy, and services retain exactly the same weights under ECOICOP v2 as in the previous classification, as the reclassification of sub-items is generally within the same broad aggregate. The only exception is within the food subcomponents as a number of items were reclassified from processed to unprocessed food, producing a mirrored shift in weights. This shift is evident from 2017 onwards (see Chart 4), whereby the weight reduction in processed food matches the increase in unprocessed food, reflecting a pure reallocation rather than any change in weight assigned to total food. Therefore, while the internal composition of processed and unprocessed food has changed, the overall weighting of food inflation remains fully preserved across the two versions.

The shift to ECOICOP v2 has modernised the HICP framework while fully preserving the headline inflation rate up to 2025, ensuring continuity for users. Although subindices and some internal aggregates have been reallocated and updated, these changes improve the accuracy of how current consumption patterns are reflected. Overall, the new structure strengthens the robustness and relevance of inflation measurement without altering longterm inflation trends.

Chart 4
DIFFERENCES IN WEIGHTS FOR FOOD COMPONENTS
(total item weights = 1000)



Source: Eurostat
Notes: Prior to 2017, there were no changes in weights for processed and unprocessed food items between ECOICOP1 and ECOICOP2.

ANNEX

Table 1
MAPPING TABLE OF ECOICOP DIVISIONS

Code	ECOICOP Ver.1	ECOICOP Ver.2
CP01	Food and non-alcoholic beverages	Food and non-alcoholic beverages
CP02	Alcoholic beverages, tobacco and narcotics	Alcoholic beverages, tobacco and narcotics
CP03	Clothing and footwear	Clothing and footwear
CP04	Housing, water, electricity, gas and other fuels	Housing, water, electricity, gas and other fuels
CP05	Furnishings, household equipment and routine household maintenance	Furnishings, household equipment and routine household maintenance
CP06	Health	Health
CP07	Transport	Transport
CP08	Communications	Information and communication
CP09	Recreation and culture	Recreation, sport and culture
CP10	Education	Education services
CP11	Restaurants and hotels	Restaurants and accommodation services
CP12	Miscellaneous goods and services	Insurance and financial services
CP13		Personal care, social protection and miscellaneous goods and services