

FRIENDS OF LABOR STATISTICS

An Informal Network of Organizations and Individuals Reliant on BLS Statistics

July 14, 2015

Nora Kincaid
BLS Clearance Officer
Division of Management Systems
Bureau of Labor Statistics, Room 4080
2 Massachusetts Avenue NE.
Washington, DC 20212

Dear Ms. Kincaid,

In response to the request for comments issued by the Bureau of Labor Statistics (BLS) on May 15, 2015 (80 FR 28011), the undersigned members of the Friends of Labor Statistics wish to express support for the extension, without change, of BLS' International Price Program (IPP) U.S. Import and Export Price Indexes. The Indexes are Principle Economic Indicators, meaning that they are released on predetermined, widely announced specific dates/times because of their potential to affect the financial position of private individuals and firms through financial market reaction to them.

Our comment focuses on the necessity of the import and export price indexes for the proper performance of the functions of the BLS and of various other federal agencies and entities, including but not restricted to the Bureau of Economic Analysis and Bureau of the Census (Commerce Department), various agencies of the Treasury Department, the Board of Governors of the Federal Reserve Bank, the President's Council of Economic Advisors, and the Congressional Budget Office.

As the Background to your Notice indicates, the Indexes are important components of the calculation of the Gross Domestic Product (GDP) and inflation-adjusted trade flows, and they are critical to trade policy and monetary policy decision making. In addition, the Indexes are essential in calculating the U.S. Balance of Trade, the Terms of Trade for U.S. competitiveness, and the National Income and Product Accounts for the United States. These measures and their purposes are "practical" and indispensable.

Furthermore, there is no good substitute for the BLS Import and Export Price Indexes. To construct these price indices, BLS surveys U.S. exporters and U.S. importers to get current prices in a timely manner. It then uses a formula based on trade volumes to create an appropriate weighted overall index. Price indices are also made available by industrial sector to the public on a monthly basis. These indices are unique because only the BLS survey permits construction of a *trade-specific* price index constructed from a traded set of goods and services that can be very different from the set of *all* goods and services produced in the United States.

Thanks you for the opportunity to provide this comment in support of the extension of the BLS International Price Program (IPP) U.S. Import and Export Price Indexes

Sincerely,

The Council of Professional Associations on Federal Statistics (COPAFS), and
American Economic Association Committee on Economic Statistics (AESTat)

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