

TABLE OF CONTENTS

Foreword	i
Acknowledgments	ii
Executive Summary	1
Introduction	1
Background.....	1
Data requirements	4
Organisation of comparisons.....	8
Collection and editing of data.....	9
<i>Consumer goods and services</i>	9
<i>Government services</i>	14
<i>Capital goods and services</i>	16
Computation of PPPs	19
Publication of results	21
Updating and revising results	22
Chapter 1: International comparisons of GDP	25
Introduction	25
Gross domestic product (GDP)	25
Eurostat-OECD approach.....	25
Exchange rates.....	26
Purchasing power parities (PPPs).....	29
Price and volume measures	29
Nominal value measures	30
Users and uses of PPPs.....	30
Limitations of price and volume measures	31
Chapter 2: Data requirements and organisation	35
Introduction	35
<i>Part I: Data requirements</i>	35
Background.....	35
Consistency	35
Comparability.....	36
Representativity	36
Primacy of volume comparisons.....	37
Actual data requirements.....	38
<i>Part II: Organisation</i>	39
Background.....	39
Rolling benchmark approach.....	40
The 2005 comparison.....	42
Linking groups	43
Responsibilities.....	43
Chapter 3: Final expenditure on GDP and its classification	47
Introduction	47
Final expenditure on GDP	47
Actual and imputed expenditures	47
Individual and collective consumption expenditures	48
Actual individual and collective consumption	49
Market and non-market services	49
Gross capital formation.....	50
Structure of the classification.....	51

Derivation of actual individual consumption	51
Treating market and non-market services	52
Main aggregates	53
Presentation of the classification	54
Correspondence with COICOP, COPNI, COFOG 98 and CPA 96	56
Classification by type of product	56
Reporting and validation of expenditure data	57
Statistical discrepancy	60
Chapter 4: Consumer goods and services	61
Introduction	61
Background	61
Product selection	63
Group product lists	65
Overlap products	66
Product specifications	67
Price collection	71
Selection of outlets	72
Number of products to be priced per basic heading	73
Number of price observations per product	74
Prices to be collected	76
Medical goods and services	77
Seasonal products	77
Assigning representativity indicators	78
Housing services and the rent survey	80
Reporting and validation of prices	84
From average survey prices to national annual prices	89
Annex to chapter 4: Quantity approach for housing services	90
Chapter 5: Government services	95
Introduction	95
Individual and collective services	95
Market and non-market services	95
Treatment of non-market services	96
Treatment of market services	97
Reference PPPs	97
Survey of compensation of employees	100
Reporting prices	102
Validation of prices	104
Annex to chapter 5: Productivity adjustments	105
Chapter 6: Capital goods and services	109
Introduction	109
<i>Part I: Pricing equipment goods</i>	<i>109</i>
General approach	109
Product specification	110
Representativity	111
Pre-survey	111
Equivalent products	112
Reporting items and their prices	113
Source of prices	114
Validation of prices	114
<i>Part II: Pricing construction projects</i>	<i>115</i>
General approach	115
Standard construction projects	115
Variants and compromise quantities	117
Flexibility in interpretation	117
Unit prices	118

Reporting prices	119
Sources of prices.....	119
Validation of prices	121
<i>Part III: Estimation of PPPs for GFCF in interim years.</i>	122
Chapter 7: Calculation and aggregation of PPPs	125
Introduction	125
<i>Part I: Calculation of PPPs for a basic heading</i>	125
Overview of the calculation procedure	125
Calculation of binary PPPs: Fisher type PPPs	126
Achieving transitivity: EKS PPPs.....	126
A modified version of the Fisher type approach: EKS-S method.....	127
CPD method	129
CPD and EKS methods compared.....	129
<i>Part II: Aggregation of PPPs above the basic heading</i>	130
EKS method.....	130
Additivity	130
Gerschenkron effect	130
GK method.....	130
EKS and GK aggregation methods compared	131
Missing PPPs and reference PPPs	131
Chapter 8: Presentation, dissemination and updating of results	137
Introduction	137
Fixity	137
Presentation of Eurostat-OECD results.....	137
PPPs for country groups.....	140
Purchasing power standards (PPS)	141
Selected GK results.....	141
Publication of annual results.....	142
Publication of survey price level indices.....	143
Access to data and results	143
Global extrapolation.....	144
Nowcasting	144
Revision of PPPs	145
Annex I: Brief history of the programme.....	147
Introduction	147
International Comparison Project	147
European Comparison Programme.....	149
Eurostat-OECD PPP Programme	150
The "great debate"	151
Fixity	152
The Castles report	152
ECP reform	153
Annex tables	155
Annex II: Classification of final expenditure on GDP.....	161
Annex III: Survey cycle coverage.....	201
First year of cycle: survey 1 – Food, drinks and tobacco	202
First year of cycle: survey 2 – Personal appearance	205
Second year of cycle: survey 1 – House and garden.....	207
Second year of cycle: survey 2 – Transport, restaurants and hotels	210
Third year of cycle: survey 1 – Services.....	212
Third year of cycle: survey 2 – Furniture and health	215

Annex IV:	Quaranta editing procedure.....	217
Annex V:	Calculation and aggregation of PPPs.....	223
	Introduction	223
	<i>Part I: Calculation of PPPs for a basic heading.....</i>	223
	Basic headings, representative products and quasi expenditure weights.....	223
	Stages of calculation.....	223
	<i>Part II A: Aggregation of basic heading parities: EKS method.....</i>	229
	Stages of calculation.....	229
	<i>Part II B: Aggregation of basic heading parities: GK method.....</i>	236
	Introduction	236
	Progression of a round	237
Annex VI:	Differences between Eurostat and OECD comparisons.....	243
	Introduction	243
	Timetable and organisation	243
	Expenditures	243
	Consumer goods and services	244
	Rents.....	245
	Government services.....	245
	Capital goods	245
	Calculation and aggregation of PPPs	246
	Presentation of results	246
	Updating PPPs for GDP between benchmark calculations	246
Annex VII:	Glossary of terms and abbreviations	247