



**Assessment of sources and methods used in the
provision of basic information for Purchasing
Power Parities (PPPs)**

COUNTRY: SPAIN

2012



CONTEXT

1. This report is written in the context of the implementation of article 7 (on quality criteria and control) of Regulation (EC) No 1445/2007 of the European Parliament and of the Council of 11 December 2007 establishing common rules for the provision of basic information on Purchasing Power Parities and for their calculation and dissemination (the "PPP Regulation").
2. The PPP Regulation requires all Member States to maintain documentation which gives a full description of the manner in which the Regulation has been implemented (the "PPP Inventory"). It requires Eurostat to assess each Member States' compliance with the PPP Regulation at least once every six years and to publish a report, based on the assessment, on its website.
3. The current assessment report is based on the information presented by the Spanish National Statistical Institute (NSI) in the "PPP Inventory" (version from 2010), as well as on other data and reports prepared by the Spanish NSI in the context of the PPP program. In addition, the information provided during a visit to the Spanish NSI on 11 May 2012 is taken into account.

ORGANISATIONAL ISSUES

4. The Purchasing Power Parities (PPP) Unit of the Spanish NSI is part of the Sub-Directorate General of Short-Term Statistics and Prices, a division of the Sub-Directorate General for Company Statistics.
5. The PPP Unit includes the PPP Unit Head, responsible for coordination of all work connected with the PPP exercise and the PPP Section Head with responsibility to oversight the Consumer Goods price surveys, performing duties relating to filling in requested questionnaires and calculation of spatial adjustment coefficients. In addition, the Unit consists of an Administration Specialist and three Administrative auxiliaries. All members of the Unit work full-time on PPP matters.
6. In addition, Spanish NSI has outsourced the work relating to the Equipment goods survey and the Construction survey as well as the price collection for the Consumer Goods price surveys.
7. The Consumer Price Index, Household Budgets and National Accounts Units provide data to the PPP Unit.
8. The NSI of Spain does not publish PPP results. Therefore, it is recommended to explore the possibilities of publication of relevant data on the NSI website.

FINDINGS BY PPP SURVEY

Consumer goods and services

9. Price collection is carried out in the capital city Madrid, divided into six geographical areas as price differences can exist from some areas to others. For the



purpose of calculating national average prices, spatial adjustment factors are determined on the basis of CPI data. Spain should investigate the possibility of increasing the number of items per BH used for the calculation of these factors.

Housing services

10. Spain should carefully check the data for actual rents, which seem rather high compared to similar countries.
11. Spain should check the consistency of the underlying data for imputed rents with the national accounts.
12. Spain should investigate the possibility of including data on secondary dwellings (e.g. by liaising with the national accounts).
13. Spain should check whether the definition of central heating is in line with the guidelines for the survey.

Compensation of government employees

14. Spain should use national accounts data to estimate actual and imputed social contributions.

Expenditure weights

15. Complete the missing parts of the expenditure breakdown (in particular on gross fixed capital formation).

CONCLUSIONS AND SUMMARY OF ACTION POINTS FOR INE SPAIN

16. Spain complies well with the PPP Regulation. Its data are in general of sufficient quality and the resulting PPPs are plausible. In the previous sections, nevertheless, some improvement points were raised which are summarised in the table below.

Area	Action points
<i>Organisation</i>	None
<i>Consumer goods and services</i>	(1) SAFs: investigate the possibility of increasing the number of items per BH
<i>Housing services</i>	(2) Check the data for actual rents (3) Check the consistency of imputed rents with the national accounts (4) Investigate the possibility of including data on secondary dwellings (5) Check the definition of central heating.
<i>Compensation of government employees</i>	(6) Use national accounts data to estimate actual and imputed social contributions
<i>Education</i>	None
<i>Gross fixed capital formation</i>	None
<i>Final expenditure on GDP</i>	(7) Complete the missing parts of the expenditure breakdown (in particular on gross fixed capital formation)