



Purchasing Power Parities (55)

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Purchasing Power Parities

1. GENERAL BACKGROUND

To establish, analyse and annually publish Purchasing Power Parities (PPPs) of the EU Member States, Candidate Countries and certain other European countries at the level of GDP and its components, in order to obtain reliable **volume and price level comparisons** across countries for economic analysis and the allocation of **Structural and Cohesion Funds** .



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2. THE ACQUIS (1)

Legal acts:

- Council Regulation No: 1164/94/EC of 16/05/1994: OJ: L 130 of 25/05/1994, instituting the cohesion funds
- Council Regulation No: 1267/1999/EC of 21/06/1999: OJ: L161 of 26/06/1999, establishing an Instrument for Structural Policies for Pre-accession
- Council Regulation No: 1260/1999/EC of 21/06/1999: OJ: L161 of 26/06/1999, laying down general provisions on the Structural Funds



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2. THE ACQUIS (2)

Other basis:

- The Statistical Programme of the European Communities 2003-2007 stipulates: "Work on drawing up the principal aggregates of the accounts in terms of purchasing power parities will be continued".
- Eurostat-OECD PPP Methodological Manual
- Guidelines for price collection



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3. MOST PROBLEMATIC ISSUES

- Availability of sufficient resources in the NSI to undertake all price and National Accounts related surveys (and the respective validation work), which are only undertaken for PPP purposes
- Close coordination with the National Accounts
- Certain surveys require special expert knowledge, e.g. construction and equipment goods



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4. FUTURE ACQUIS

Regulation concerning the production of Purchasing Power Parities (No: COM(2006)135)

- Proposal for a Regulation of the European Parliament and of the Council concerning the production of Purchasing Power Parities adopted by the Commission in March 2006;
- Adoption by Council and EP probably end 2006/ beginning 2007
- Formalizations of practice already in place



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5. SPECIFIC QUESTIONS

As a basis for a detailed screening, both countries should provide by end-2006 (first part) and end-2007 (second part) the PPP inventory according to the Eurostat structure.