

Purchasing Power Parities and Prices

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Methodology for Producer Price Indices

Purpose

The measurement of prices and volumes in the service sector is a significant statistical challenge. Yet, services account for a large part of OECD economies' employment and value-added and their measurement is key. The present activity is designed to advance methodological work on producer price indices (PPI), in general, and for service industries, in particular. Specifically, a methodological guide is under development to propose best practices. The guide will supplement the recently published PPI Manual. Another objective is to take stock of available statistical series in this field in member countries.

Objectives and outputs

For 2005, the objective is to advance a common understanding and methodology for PPIs in selected service industries. An inventory of available PPIs for service industries in member countries will be updated and developed further.

A third objective is to successfully contribute to the development of methodological guidelines in this area. This project is carried out jointly with Eurostat and several member countries that will collaborate to draft best practice guidelines for services PPI.

Main Developments for 2005

General aspects:

A methodological guide for developing services PPIs will be finalised and published, in co-operation with Eurostat. Inventory on service PPIs will be updated and further developed.

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Purchasing Power Parities

Purpose

Produce reliable and timely Purchasing Power Parities (PPPs) data for OECD member countries. PPPs are an important tool to compare levels of real income or real output across countries with indicators such as GDP per capita and relative price levels between countries.

Objectives and outputs

Organise data collection for the 2005 round which started in 2003 and covers 45 countries (30 OECD countries and 15 non-member countries). Work closely with Eurostat to further harmonise the methodology employed. Organise annual meetings with non-European OECD countries ("The Pacific Group") to have closer relationships with countries at all stages of the round. Participate in the ad-hoc task forces set up by Eurostat to discuss various issues associated with PPPs.

Provide technical input into the 2005 round of the ICP currently being organised by the World Bank.

Databases

Purchasing Power Parities

Main Developments for 2005

General aspects:

The OECD started drafting a manual on the methods and procedures used by the OECD and Eurostat. The manual will be completed towards the end of 2004.

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Purchasing Power Parities for Non-Member Economies

Purpose

To calculate benchmark purchasing power parities (PPPs) for selected non-member countries either specifically within the OECD PPP Programme or more generally for the European Comparison Programme. PPPs are currency converters that equalise price levels between countries; they are necessary in order to make inter-country price and volume comparisons of GDP and its component expenditures.

Objectives and outputs

Contribute to the organisation of the 2005 round of the OECD PPP Programme. Non-members covered include Bulgaria, Croatia, Cyprus, Estonia, Israel, Latvia, Lithuania, Macedonia, Malta, Romania, the Russian Federation and Slovenia.

Continue organising, in collaboration with Eurostat and the Statistical Office of the Republic of Slovenia, the inclusion of Albania, Bosnia and Herzegovina, Croatia, Macedonia, Serbia and Montenegro in the 2005 round of the OECD PPP Programme.

Non-member countries involved in the activity:

Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Cyprus, Israel, Latvia, Lithuania, Macedonia, Malta, Romania, Russian Federation, Slovenia, Yugoslavia

Databases

Purchasing Power Parities for non-member Countries

Main Developments for 2005

General aspects:

No major changes.