

Foreword

For the last three decades, Eurostat and OECD have worked together in producing and publishing Purchasing Power Parities (PPPs) for their respective member countries. PPPs are essential tools for the comparison of price and volume levels of GDP and other indicators. The common programme is called the "Eurostat-OECD PPP Programme".

The full methodology underlying the Programme is described in this second edition of the Eurostat-OECD Methodological Manual on Purchasing Power Parities. It updates and replaces the first edition of the manual that was published in 2006. The manual describes the organisation of the work and the data collection, validation and calculation methods as applied for the reference year 2011. Finally, the manual looks ahead at future developments in key areas such as health services and the further integration of PPP and CPI data collection.

The manual has three specific objectives: first, to provide essential methodological guidelines on the international price and volume comparisons of GDP to those directly engaged in the Programme, i.e. to practitioners in Eurostat, the OECD and National Statistical Institutes (NSIs) of participating countries; second, to communicate effectively on the objectives and outcomes of the Programme to key users – politicians, journalists, academics, researchers – and importantly, to advise these users on the use and interpretation of comparison results; and third, to provide a single point of reference on the Eurostat-OECD PPP Programme, accessible to teachers, students and the general public interested in PPPs and related statistics.

In addition to the methodological advances made, we are pleased that the earlier problems of incomplete country coverage and timeliness, which were considered as impediments to the wider use of PPPs have now by and large been addressed. Eurostat and OECD co-operate with the World Bank in the revitalized International Comparison Programme, to produce global PPP data. In 2008, a world comparison was published for 2005 for 147 countries, while at the end of 2013 the results of a world comparison for 2011 covering some 180 countries are to be released.

We trust that this edition of the Eurostat-OECD Methodological Manual on Purchasing Power Parities will foster a better understanding and greater use of PPPs in international price and volume comparisons of GDP.



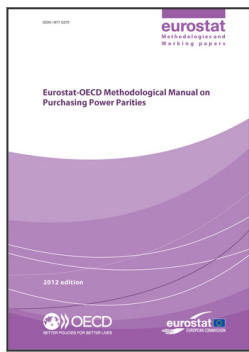
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