ICP 2021 – Update for the Eurostat-OECD region

ICP Governing Board meeting, 14 March 2022
1. Country participation

- 49 countries in the Eurostat-OECD PPP Programme
- United Kingdom now contributing via the OECD
- For ICP 2021, Georgia and Ukraine are linked to the global comparison via Eurostat

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<th>Eurostat (36 countries)</th>
<th>OECD (13 countries)</th>
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<td>27 EU countries</td>
<td>12 OECD countries</td>
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<td>Spain</td>
<td>Sweden</td>
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Shaded blue: OECD member countries
1. Country participation

The OECD Council condemns the large scale aggression by Russia against Ukraine.

- Among other actions, all participation of Russia and Belarus in OECD bodies is suspended

- A final decision still needs to be taken regarding the use of any upcoming Russian data for PPP calculations
  - Detailed 2021 CPIs would at least allow extrapolating the latest (2020) PPPs for Russia, but not sure that they will be transmitted
  - Russia is supposed to fill in a specific Construction survey for ICP

- Further decisions may be taken in view of the geopolitical situation

- Given the uncertainty, a plan B should start to be discussed for the linking of the Central Asian countries coordinated by CIS STAT
1. Country participation

• The European Council condemned Russia’s military aggression against Ukraine and the involvement of Belarus in this aggression.
• The European Council also agreed on restrictive measures regarding EU engagement with Russia or Belarus.
• European Commission has stopped bilateral and multilateral contacts with these two countries.
• Russia was disinvited to PPP Country Meetings.
• Risks for Ukraine’s participation in ICP.
2. Survey implementation status

- The ICP 2021 cycle is integrated into the regular Eurostat-OECD PPP rolling survey Programme
2a. Consumer goods and services

- 6 surveys (2 per year):
  - 2020 – Services / Furniture and health
  - 2021 – Food, drinks and tobacco / Personal appearance
  - 2022 – House and garden / Transport, restaurants, hotels

- Inclusion/indication of ICP items in the regular surveys:
  - About 25% of Eurostat-OECD list
  - Highest share – almost 35% - in Food, drinks and tobacco survey

- Countries are encouraged to price ICP items, even if some are not considered important in certain markets
2b. Equipment goods

- 2 different surveys for European and non-European countries
- Countries coordinated by the **OECD**: price collection done in 2020, validation now completed
- Countries coordinated by **Eurostat**: price collection in Q2 2021, validation ongoing and to be finalised in May 2022
- Data validation for **Georgia and Ukraine** supposed to follow the same calendar as for Eurostat countries.
2c. Construction

- Specific ICP construction survey (collection of prices for a list of materials, labour, equipment hire and support information)
- 11 countries coordinated by Eurostat + GEO/UKR filling in this survey. Validation completed, data ready for transmission to ICP
- 2 countries coordinated by the OECD filling in this survey: United States and Russia
  - US data validated and ready for transmission
  - Russian data was expected for Q2 2022
3. Workshops and meetings

- OECD coordination meeting held in May 2021 (review of surveys, new data sources, metadata questionnaire etc.)
- Joint Eurostat-OECD PPP Workshop held in May 2021
- EU PPP Working Group held in Nov. 2021
- Eurostat Country meetings for consumer goods surveys held in mid-March 2022
- Eurostat Workshop on transaction data for PPPs to be held on 11 May 2022
4. COVID-19 risks and mitigation

- The COVID-19 pandemic has affected both price collection and the expenditures used in the calculation of 2020 and 2021 PPPs.
- Countries have managed to collect prices in 2020 and 2021 by using new modes of data collection (transaction data, internet prices).
- The COVID-19 had in 2020 a significant impact on both the level and structure of household consumption expenditures.
- Information notes to the users of PPPs have been published at the time of the PPP releases in June and Dec. 2021.
- COVID-related metadata being collected for ICP.
4. Risks – Ukraine

• Generally too early to assess
• Consumer good surveys 2019-2020-2021 have been completed
• Capital good surveys 2021 have been completed
• Annual surveys (e.g. dwelling stock, salaries, education, hospitals) to be submitted end 2022 and end 2023
• GDP breakdown for 2021 to be submitted end 2022 and end 2023
• CPI data for 2021 to be received around now
5. Other updates

- Feb. 2022: First release of 2021 GDP PPPs by the OECD (based on extrapolation with GDP deflators)

- End March 2022: GDP PPP flash estimates for 2021 to be released by Eurostat for the EU27 Member States (based on full use of latest available price data)

Thank you!