

Move to an annual PPP calculation at the OECD

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» Introduction

- The OECD collects and validates survey data and GDP expenditure weights for 12 countries: 11 non-European OECD countries + UK
- Each PPP calculation (at all levels) is made for all the countries of the Programme, i.e. Eurostat + OECD countries (48 countries in total), not for non-European countries only
- Until 2016, the calculation was done every three years with many differences with the Eurostat programme
- From 2016, less differences and same frequency

» Main differences with Eurostat

	Eurostat	OECD
Institutional framework		
PPP regulation	Approved by the European Parliament and Council in December 2007	-
Rules for the PPP programme	Established by the PPP regulation	Partially Eurostat rules w/o regulation
Resources	Funds from the EU	-
Basic data requirements		
National prices	Prices of capital city + Spatial Adjustment Factors (SAFs)	National prices
Price collection	Observations	Average prices
Classification	Classification with 258 BHs (until 2024) Classification with 269 BHs (from 2025)	Classification with 189 BHs (until 2024) Classification with 203 BHs (from 2025)

» Main differences with Eurostat (2)

	Eurostat	OECD
Composition of surveys		
All CGS surveys	European list	European list + non-European items – “too European items”
Telecommunication services	Items from the Services survey	OECD data: price of packages (Mobile+Internet)
Air tickets	Item list	Bilateral routes + main European destinations
Timing of CGS surveys		
Collection for survey year T	May-June T/October-November T	April-October T/ October T-April T+1
Inclusion in the calculation	As soon as ready	In December T+1
Frequency of survey data collection		
Construction	Every year	Every three years on benchmark years
Equipment	Every two years	Every three years on benchmark years
Telecommunication services	Every three years	Every year

» Common methodology with Eurostat

- Interdependence of Eurostat and OECD: 26 European countries are OECD members; comparison vs. USA, Japan
- Same surveys as in European countries are conducted in OECD countries to cover GDP:
 - Consumer goods and services: 6 surveys
 - Government consumption: 4 surveys
 - GFCF: 2 surveys
 - National accounts data: breakdown of expenditure weights on GDP according to the OECD classification
- Same method of calculation: EKS method at basic heading level and for the aggregation up to GDP

Survey cycle before 2016

Survey	Dec-13		
	2009	2010	2011
01. Food, drinks and tobacco	☼		► 2009-I
02. Personal appearance	☼		► 2009-ii
03. House and garden		☼	► 2010-I
04. Transport, restaurants and hotels		☼	► 2010-II
05. Services			☼
05A Electricity and Gas			☼
05B Telephone			☼
06. Furniture and health			☼
07. Equipment goods			☼
08. Construction projects			☼
09. Compensation of government employees			☼
10. Hospitals			☼
11A. Housing			☼
11B. Housing			☼
12. Education			☼
13. GDP expenditure weights			☼

- 2 consumer goods and services surveys per year
- PPP calculation for one year only (benchmark year)
- Estimation of non-benchmark years

Geomean ext./ret. PPPs for GDP, AIC and HFC for intermediate years

2008	2009	2010	2011
PPPs calc	→	→	
	←	←	PPPs calc

- Data for one cycle never used again
- Publication of results: PPPs for GDP, Actual Individual Consumption and Household Final Consumption every year and detailed results on benchmark years

➡ Calculation of PPPs for one year every three years

» Gradual move to an annual calculation

- After more than 20 years of a PPP calculation every three years, the OECD made a proposal to move to an annual calculation
 - Two proposals to improve PPPs in non-benchmark years were presented to countries in 2014:
 - a proposal with immediate effect without any additional data requests for countries: change in the extrapolation method for PPPs using more detailed extrapolations instead of a global extrapolation in 2015
 - a longer-term proposal: gradually move to an annual calculation of PPPs starting from the year 2016 for 2013 to 2015 data
- ➡ Countries agreed to move to an annual calculation without changing GFCF surveys' frequency

» Survey cycle since 2016

		Dec-25		
Data required	Survey	2022	2023	2024
Prices	01. Food, drinks and tobacco	► 2021-I	2024-I ◀	☀
	02. Personal appearance	► 2021-II	2024-II ◀	☀
	03. House and garden	☀	► 2022-I	► 2022-I
	04. Transport, restaurants and hotels	☀	► 2022-II	► 2022-II
	05. Services	2023-I ◀	☀	► 2023-I
	05A Electricity	☀	☀	☀
	05B Telephone	☀	☀	☀
	06. Furniture and health	2023-II ◀	☀	► 2023-II
	07. Equipment goods	► 2020-2023 ◀	☀	► 2023
	08. Construction projects	► 2020-2023 ◀	☀	► 2023
	09. Compensation of government employees	☀	☀	☀
	10. Hospitals	☀	☀	☀
Quantity and quality indicators	11A. Housing	☀	☀	☀
	11B. Housing	☀	☀	☀
Expenditures	12. Education	☀	☀	☀
	13. GDP expenditure weights	☀	☀	☀

- Same rolling approach as Eurostat: 2 consumer goods and services surveys per year
- All surveys for government consumption are done every year for 3 years
- Data used for different calculated years
- 3 years calculated each December: t-3, t-2, t-1
- Publication of detailed results every year since 2023, starting in 2020

➡ **Calculation of PPPs for 3 years every year**

» Temporal adjustment factors

- Consumer goods and services: countries provide the OECD with detailed Consumer Price Indices (CPIs) at the basic heading level for 2 purposes:
 - Annualise price surveys: e.g. the price collection of the Food survey was made in October 2024, CPIs needed to get 2024 average prices
 - Extrapolate/retropolate PPPs at the basic heading level to calculated years: e.g. BH PPPs for the 2021 Food survey extrapolated to 2022 to be used in the calculation of the year 2022
- GFCF surveys: deflators from the OECD Annual and Quarterly National Accounts databases

» Still differences with Eurostat

- Ideally, the OECD would follow exactly Eurostat's survey cycle; but this is not possible without more resources
- Main difference with Eurostat: still GFCF surveys (Equipment goods + Construction) every three years
- Attempt to get data every two years for the Equipment goods survey, but the proposal was rejected by countries in 2023

» Benefits from an annual calculation

- More reliable results which are revised 3 times before finalisation
- More continuity in the collection of data which benefit a lot to countries:
 - less issues when people leave
 - easier for them to compile data for the OECD as a routine
 - growing importance of the PPP programme in NSIs
- More continuity in the collection of data which benefit a lot to the OECD:
 - more exchanges with countries
 - easier to validate the data for annual surveys with the possibility of comparing with previous year's submissions
 - more regular results for users



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