

XIV. INTERNATIONAL COMPARISONS

This chapter presents some aggregated final results of the European Comparison Program (ECP) of Purchasing Power Parities for 2000 estimated by EUROSTAT as of 13.12.2002. Data refer to the 15 member states of European Union (EU), the 13 EU candidate countries (CCs), as well as some European developed countries which participate in this program as EFTA countries (Iceland, Norway and Switzerland). The ranking of the different countries for some indicators are monitored also. Countries are ranked according to volume indices of per capita GDP, as well as by comparative price level indices: overall and by main components of GDP.

In ECP, EUR is considered as numeraire currency as far as the EU-15 is chosen to be a base. Consequently, volume indices are expressed in per cent to EU-15=100; real values are expressed in terms of EUR PPS and PPPs are expressed in relation to EUR =1.00. The original PPPs are expressed in a standardized form to the base 'Whole region (EU-15) = 1', i.e. an imaginary 'average' currency, so called PPS = Purchasing Power Standard (EURO PPS).

Purchasing power parities (PPPs) are the rates of currency conversion into the currency of the base country using the prices of the selected representative commodities. They eliminate the differences in price levels between countries and equalise the purchasing power of different currencies. Thus, when expendi-

tures on GDP for different countries are converted into a common currency by means of PPPs, they are comparable between countries and reflect only differences in the volume of goods and services purchased.

The comparative price level indices provide a measure of the differences in price levels between countries by indicating for a given GDP component the number of units of the common currency needed to buy the same volume of goods and services in each country compared with EU-15. The price level indices for each partner country are calculated as ratios between PPPs and the respective national exchange rates - national currency/EUR.

The GDP at current prices converted to a common currency using PPPs is called real GDP (GDP in real terms).

Per capita GDP in real terms (in EURO PPS) is generally accepted as the quantification of the overall economic performance of countries compared with EU-15 or with other partner countries via EU-15.

Volume indices of per capita GDP in real terms reflect only differences between partner countries in the volume of goods and services finally consumed, i.e. the impact of the national prices of each country is eliminated.

Value indices are estimated from nominal per capita GDP i.e. GDP valued at current prices converted in EURO by official exchange rates.