Price policy: common rules for the provision of basic information on Purchasing Power Parities PPPs, for their calculation and dissemination

2006/0042(COD) - 11/12/2007 - Final act

PURPOSE: to establish common rules for the provision of basic information on Purchasing Power Parities and for their calculation and dissemination

LEGISLATIVE ACT: Regulation (EC) No 1445/2007 of the European Parliament and of the Council establishing common rules for the provision of basic information on Purchasing Power Parities (PPPs) and for their calculation and dissemination.

CONTENT: The objective of this Regulation is to establish common rules for the provision of basic information on PPPs, and for their calculation and dissemination.

PPPs are currency conversion rates that convert economic indicators expressed in national currencies to a common currency and, at the same time, take account of price level differences and thus allow pure volume comparisons of Gross Domestic Product (GDP) and its aggregates between countries.

In order to obtain a comparison of Gross Domestic Product (GDP) in volume terms between Member States, the Community needed to have Purchasing Power Parities (PPPs) which reflected the differences in the level of prices between Member States. Economic aggregates converted into a common currency using PPPs have a wide range of uses in the Commission. PPPs are economically and politically vital indicators for the EU.

The Commission (Eurostat) collected basic information on PPPs from the Member States on a voluntary basis. Whilst this operation had become an established practice in the Member States, a legal framework was necessary to ensure the sustainable development, production and dissemination of PPPs. This regulation prvides such a framework. Its purpose is to codify what was already being done by the Member States and Eurostat to calculate annual PPPs, and hence to give the work a statutory basis. The setting-up of a legal basis for PPPs should improve the transparency, timeliness and quality of the entire process of PPP production, both within the national statistical institutes (NSIs) and in Eurostat.

Member States will receive from the Commission a financial contribution of a maximum of 70 % of the costs eligible under the Commission's grant rules. The amount of such financial contribution shall be fixed as part of the annual budgetary procedures of the EU. The budget authority shall determine the appropriations available each year.

The provisions of the Regulation shall be reviewed five years after its entry into force. It shall be revised, if appropriate, on the basis of a Commission report and proposal, submitted to the European Parliament and the Council.

ENTRY INTO FORCE: 09/01/2008.