Regulation (EC) No 1445/2007 of the European Parliament and of the Council of 11 December 2007 establishing common rules for the provision of basic information on Purchasing Power Parities and for their calculation and dissemination (Text with EEA relevance)

REGULATION (EC) No 1445/2007 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 11 December 2007

establishing common rules for the provision of basic information on Purchasing Power Parities and for their calculation and dissemination

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 285(1) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Economic and Social Committee[(1)],

Acting in accordance with the procedure laid down in Article 251 of the Treaty[(2)],

Whereas:

(1) In order to obtain a direct comparison of Gross Domestic Product (GDP) in volume terms between Member States, it is essential for the Community to have Purchasing Power Parities (hereinafter referred to as 'PPPs') which eliminate the differences in the level of prices between Member States.

(2) The Community PPPs need to be produced in accordance with a harmonised methodology, consistent with Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community[(3)] which lays down a framework for the construction of national accounts in the Member States.

(3) Member States are encouraged to produce data for regional PPPs.

(4) Council Regulation (EC) No 1083/2006 of 11 July 2006 laying down general provisions on the European Regional Development Fund, the European Social Fund and the Cohesion Fund[(4)] provides that the regions eligible for funding from the Structural Funds under the convergence objective are to be regions corresponding to level 2 of the common classification of territorial units for statistics within the meaning of Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS)[(5)]. The GDP per capita of such regions, measured in PPPs and calculated on the basis of Community figures for the period 2000 to 2002, is less than 75 % of the average GDP of the EU-25 for the same reference period. In the absence of regional PPPs, national

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PPPs should serve to establish the list of regions which could benefit from the Structural Funds. National PPPs can also be used to determine the amount of funds to be allocated to each region.

(5) Regulation (EC) No 1083/2006 provides that the Member States eligible for funding from the Cohesion Fund are to be those whose gross national income (GNI) per capita, measured in PPPs and calculated on the basis of Community figures for the period 2001 to 2003, is less than 90 % of the average GNI of the EU-25 and which have a programme for meeting the economic convergence conditions referred to in Article 104 of the Treaty.

(6) Article 1 of Annex XI to the Staff Regulations of officials of the European Communities, laid down in Regulation (EEC, Euratom, ECSC) No 259/68 of the Council[(6)] (hereinafter referred to as 'Staff Regulations') provides that, for the purposes of the review provided for in Article 65(1) of the Staff Regulations, the Commission (Eurostat) are to draw up every year before the end of October a report on changes in the cost of living in Brussels, the economic parities between Brussels and certain places in the Member States, and changes in the purchasing power of salaries in national civil services in central government.

(7) Every year the Commission (Eurostat) already collects basic information on PPPs from the Member States on a voluntary basis. This operation has become an established practice in the Member States. However, a legal framework is necessary to ensure the sustainable development, production and dissemination of PPPs.

(8) Provision of preliminary results on a regular basis, as is currently the practice, should be maintained in order to keep the most recent possible figures available.

(9) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission[(7)].

(10) In particular, power should be conferred on the Commission to adapt the definitions, to adjust the basic headings in Annex II and to define quality criteria. Since those measures are of general scope and designed to amend non-essential elements of this Regulation, inter alia by supplementing it with new non-essential elements, they must be adopted in accordance with the regulatory procedure with scrutiny laid down in Article 5a of Decision 1999/468/EC.

(11) Since the objective of this Regulation, namely the establishment of common rules for the provision of basic information on purchasing power parities and for their calculation and dissemination, cannot be sufficiently achieved by the Member States and can therefore be better achieved at Community level, the Community may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary in order to achieve that objective.

(12) The Statistical Programme Committee, established by Council Decision 89/382/EEC, Euratom[(8)], has been consulted in accordance with Article 3 of that Decision,

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HAVE ADOPTED THIS REGULATION:

Article 1

Objective

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

Article 2

Scope

1 The basic information to be provided shall be those data necessary to calculate and ensure the quality of PPPs.

That basic information shall include prices, GDP expenditure weights and other data listed in Annex I.

Data shall be collected with the minimum frequency provided for in Annex I. More frequent collection of data shall take place only in exceptional and justified circumstances.

2 PPPs shall be calculated from the national annual average prices of goods and services, using basic information relating to the economic territory of the Member States as provided for by the European system of national and regional accounts in the Community (hereinafter referred to as 'ESA 95').

3 PPPs shall be calculated in accordance with the basic headings as listed in Annex II, consistent with the related GDP classifications defined in Regulation (EC) No 2223/96.

Article 3

Definitions

For the purpose of this Regulation the following definitions shall apply:

(a) 'Purchasing Power Parities' ('PPPs') shall mean spatial deflators and currency converters that eliminate the effects of the differences in price levels between Member States thus allowing volume comparisons of GDP components and comparisons of price levels.

(b) 'Purchasing Power Standard' ('PPS') shall mean the artificial common reference currency unit used in the European Union to express the volume of economic aggregates for the purpose of spatial comparisons in such a way that price level differences between Member States are eliminated.

(c) 'Prices' shall mean the purchaser prices paid by the final consumers.

(d) 'Expenditure weights' shall mean the shares of expenditure components in current-price GDP.

(e) 'Basic heading' shall mean the lowest level of aggregation of items in the GDP breakdown for which parities are calculated.

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(f) 'Items' shall mean goods or services precisely defined for use in price observation.

(g) 'Actual and imputed rentals' shall have the meaning attributed to it in Commission Regulation (EC) No 1722/2005[9].

(h) 'Compensation of employees' shall have the meaning attributed to it in Regulation (EC) No 2223/96.

(i) 'Temporal adjustment factors' shall mean factors used to adjust average prices obtained at the time of survey to annual average prices.

(j) 'Spatial adjustment factors' shall mean factors used to adjust average prices obtained from one or more locations within the economic territory of a Member State to national average prices.

(k) 'Representative items' shall mean those which are, or are considered to be, in terms of relative total expenditure within a basic heading, among the most important items purchased in national markets.

(l) 'Representativity indicators' shall mean markers or other indicators identifying those items that Member States have selected as representative.

(m) 'Equi-representativity' shall mean a property required of the composition of the item list for a basic heading, each Member State being able to price that number of representative products which is commensurate with the heterogeneity of the products and price levels covered by the basic heading and its expenditure on the basic heading.

(n) 'Transitive' shall mean the property whereby a direct comparison between any two Member States yields the same result as an indirect comparison via any other Member State.

(o) 'Mistake' shall mean a use of incorrect basic information or an inappropriate application of the calculation procedure.

(p) 'Reference year' shall mean a calendar year to which specific annual results refer.

(q) 'Fixity' shall mean that when results are calculated originally for a group of Member States and then later the results are calculated for a wider group of Member States, the PPPs between the original group of Member States shall nevertheless be preserved.

Article 4

Roles and responsibilities

1 The Commission (Eurostat) shall be responsible for:

a coordinating the provision of the basic information;

b calculating and publishing PPPs;

c ensuring the quality of PPPs, in accordance with Article 7;

d developing and communicating methodology, in consultation with the Member States;

e ensuring that the Member States have the opportunity to comment on PPP results prior to publication and that due account be taken of any such comment; and

f drafting and disseminating the methodological manual referred to in point 1.1 of Annex I.

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2 Member States shall follow the procedure set out in Annex I when providing basic information.

Member States shall provide written approval of the survey results for which they are responsible, once the process of data validation has been completed, as specified in point 5.2 of Annex I, within a period of no longer than one month.

Member States shall approve the data collection methodology and check the plausibility of data, including items of basic information provided by the Commission (Eurostat).

Article 5

Transmission of basic information

1 Member States shall transmit the basic information listed in Annex I to the Commission (Eurostat) in accordance with the existing Community provisions on transmission of data.

2 The basic information listed in Annex I shall be transmitted in the technical format and within the time periods specified in that Annex.

3 In cases where items of basic information are supplied to Member States by the Commission (Eurostat), the Commission shall transmit a method statement to enable the Member States to conduct a plausibility check.

Article 6

Statistical units

1 The basic information listed in Annex I shall be obtained either from statistical units as defined in Council Regulation (EEC) No 696/93[(10)] or from other sources which yield data meeting the quality requirements specified in point 5.1 of Annex I. Each Member State shall notify the type of the statistical unit or source to the Commission when transmitting the data.

2 The statistical units called upon by the Member States to provide data or to cooperate in data collection shall allow monitoring of the prices actually charged and shall give honest and complete information at the time it is requested.

Article 7

Quality criteria and control

1 The Commission (Eurostat) and the Member States shall set up a system for quality control based on reports and assessments as specified under point 5.3 of Annex I.

2 Member States shall provide the Commission (Eurostat), at its request, with all information necessary to evaluate the quality of the basic information listed in Annex I.

Member States shall also provide the Commission (Eurostat) with the details and the reasons for any subsequent changes in the methods used or any deviation from the methodological manual specified in Annex I.

3 Member States shall provide the Commission (Eurostat) with quality reports on the surveys for which they are responsible, as specified in Section 5 of Annex I.