



**Assessment of sources and methods used in the  
provision of basic information for Purchasing Power  
Parities (PPPs)**

**COUNTRY: Spain**

**2020**

## CONTEXT

1. This report is written in the context of the implementation of article 7 (on quality criteria and control) of 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 (the "PPP Regulation").
2. The PPP Regulation requires all Member States to maintain documentation which gives a full description of the manner in which the Regulation has been implemented (the "PPP Inventory"). It requires Eurostat to assess each Member States' compliance with the PPP Regulation at least once every six years and to publish a report, based on the assessment, on its website<sup>1</sup>.
3. The current assessment report is based on the information presented by the Spanish National Statistics Institute (Instituto Nacional de Estadística, INE) in the "PPP Inventory of sources and methods", version 2018, as well as on other data and reports prepared in the context of the PPP program. In addition, the information provided during a visit to INE on 3 February 2020 is taken into account.
4. The previous assessment report for Spain was published in 2012. All action points identified in that report were carried out and closed.

## ORGANISATIONAL ISSUES

5. In Spain, the Purchasing Power Parities team belongs to the Price Statistics and Household Budget Survey division. Currently, the team consists of four members fully assigned to the PPP work. Capital goods surveys are subcontracted to external experts. The PPP team maintains good relations with other departments which are responsible for providing other data needed for the annual PPP calculation.
6. The PPP project is managed by the PPP National Coordinator and is supported by three permanent team members. All employees work full time on the PPP program. The PPP team carries out all product analyses for the consumer goods price surveys and conducts the price collection. Generally, the PPP team shows a very good understanding of the specific PPP requirements. The prices are collected only in the capital of Spain, Madrid.
7. Information on housing services is provided by the Household Budget Survey unit and treated further by the PPP team. Main data source is the Household Budget Survey.
8. The data on compensation of government employees are sourced from administrative data managed by the Ministry of Economy and Autonomous Administration (AC) and where necessary further processed by the PPP team.
9. The hospital survey is conducted in collaboration with the Ministry of Health (MoH) who are the main data source for the Health Care Statistics.

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<sup>1</sup> <https://ec.europa.eu/eurostat/web/purchasing-power-parities/methodology/assessment>

10. The equipment goods survey and construction survey are outsourced. The contractors carry out the pre-survey, the price collection and partly the validation in close cooperation with the PPP team.
11. Eurostat publish PPP results in June and December each year. INE does not publish PPP results.

## **FINDINGS BY PPP SURVEY**

### **Housing services**

For estimation of imputed and actual rents, Spain is using the stratification method. This approach requires that the data reported in the PPP survey are consistent with the data on which the expenditure estimates on rents in the National accounts are based. As there are differences in the expenditures reported by the PPP unit and National accounts, it is required to make explicit checks and differences are to be explained in the PPP Inventory.

## **CONCLUSIONS AND SUMMARY OF ACTION POINTS**

Spain complies with the PPP Regulation. Its data are in general of sufficient quality and the resulting PPPs are plausible. Nevertheless, any points for improvements raised in the previous sections are summarised in the table below.

<b>Area</b>	<b>Action points</b>
<i>Organisation</i>	<i>None</i>
<i>Consumer goods and services</i>	<i>None</i>
<i>Housing services</i>	INE should assess the data reported for housing, as well as the calculation methods. As there are differences in the expenditures reported by the PPP unit and the National Accounts, it is required to make an explicit check and provide further explanations of the differences.
<i>Compensation of government employees</i>	<i>None</i>
<i>Education</i>	<i>None</i>
<i>Hospitals</i>	<i>None</i>
<i>Gross fixed capital formation</i>	<i>None</i>
<i>Expenditure weights</i>	<i>None</i>