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Programa
de Comparación Internacional
América Latina

**First results from the International
Comparison Program in South America**
Household Consumption in 2005

Instituto Brasileiro de Geografia e Estatística - IBGE

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Introduction

In order to make today's event intelligible, a package of documents is being circulated to all participants. The package contains three components:

1. A press release (First Results of the International Comparison Programme (ICP) in South America - Household Consumption in 2005) of the principal findings of the ICP in South America;
2. A note (Methodological note on the 2005 ICP Round in South America) describing the methods used in order to calculate Purchasing Power Parities, per capita expenditures on household consumption at parity rates; and
3. Tables containing the detailed numerical results of the programme – so far.

Notwithstanding the documents' air of finality, participants should not be deceived into believing that today's event marks the end of the programme. In fact it marks its beginning. Whereas the ten South American countries that took part in the exercise can derive justifiable pride from being the first to release results for their respective region, much remains to be done in the nature of better methods, better basic data, and better agreements on region wide concepts and the application thereof. It is a collective hope that these improvements will see the light of day in a second round of the ICP tentatively set for 2008. In the meantime users should be aware that small differences in either the price level or more importantly in consumption per capita measured at parity rates do not mean very much; that the estimates of expenditures on housing are still subject to revisions to make them more comparable internationally; that expenditures on services which are partly provided by the Government and partly by the private sector (Health, Education, Telecommunications etc.) continue to be the object of discussion and improvement; and that the time between now and the end of the year will be devoted to bring about marginal improvements that may influence the ultimate outcome.

We are confident that the results shown in the package of documents are stable and should any change occur it would be marginal. The best recipe for the improvement of economic statistics is to put them out in the open and have a public discussion of their strengths and weaknesses.



Press release: First results of the International Comparison Program in South America - Household Consumption in 2005

Introduction

In 2003, the World Bank launched a global round of the International Comparison Program (ICP), aimed at measuring the purchasing power parities (PPP) and corresponding price and volume levels of Gross Domestic Product (GDP) on a comparable basis for more than 100 countries, grouped into 5 regions¹. Although the comparisons involving GDPs adjusted for purchasing power parities are not yet ready, there are preliminary regional results for the major component of GDP – household consumption.

Those results compare ten South American countries whose consumer prices were surveyed in 2005 to compute PPPs and apply them to household consumption for the same year. Household consumption in the South American region accounts on average for two-thirds of GDP. It is therefore unlikely that once estimated, the other components of national expenditure will bring about significant changes in the ranking of GDP *per capita* or any marked changes in national parities.

Highlights:

- In 2005, Argentina, Chile and Uruguay were relatively better off than the other South American countries

On the basis of the estimated 2005 figures, there are no major surprises in the ranking of the first three countries relatively to the situation ten years ago. Table 1 shows Argentina remaining at the top in terms of *per capita* expenditures² on household goods and services, at sixty per cent above the regional average. Chile and Uruguay follow respectively with 48 and 43 per cent above average. Paraguay and Bolivia remain at the bottom of the table, the former with two thirds of the regional average and the latter with fifty two per cent. The middle group is less spread out, with Venezuela at the top, slightly above average, and Colombia roughly twenty per cent below. Brazil ranks sixth, almost ten per cent below par.

¹ South America, Africa, the Middle East, Asia, and the Commonwealth of Independent States (formerly Union of Soviet Socialist Republics).

² Throughout the text, "*per capita* expenditures" refers to the real *per capita* expenditures as adjusted by PPP.



**Table 1 – Household Consumption
*per capita***

Country	<i>Per capita</i>
Argentina	161,3
Chile	148,0
Uruguay	143,5
Venezuela	108,7
Peru	91,6
Brazil	90,5
Ecuador	88,5
Colombia	84,1
Paraguay	69,8
Bolivia	52,7

Note: Regional Average = 100.

Results are presented in the form of an index, where 100 corresponds to the average results for the 10 South American countries. Thus, the index of 161 for Argentina indicates that its real household consumption *per capita* is 61% higher than the average for the South American region.

- In 2005, the most expensive countries to live in were Chile, Brazil and Uruguay; Paraguay and Bolivia were the cheapest

The best known application of purchasing power parities is to determine comparative price levels, or in ordinary language where it is most (or least) expensive to live. Table 2 below shows the newly calculated estimates – expressed in relation to the South American average. If a visitor from outside the region moved from one country to another and bought in each rigorously the same basket of goods and services, he would find that he had spent most in Chile and least, in Paraguay and in Bolivia.

**Table 2 – Comparative price levels
Which is the most expensive
country to live in?**

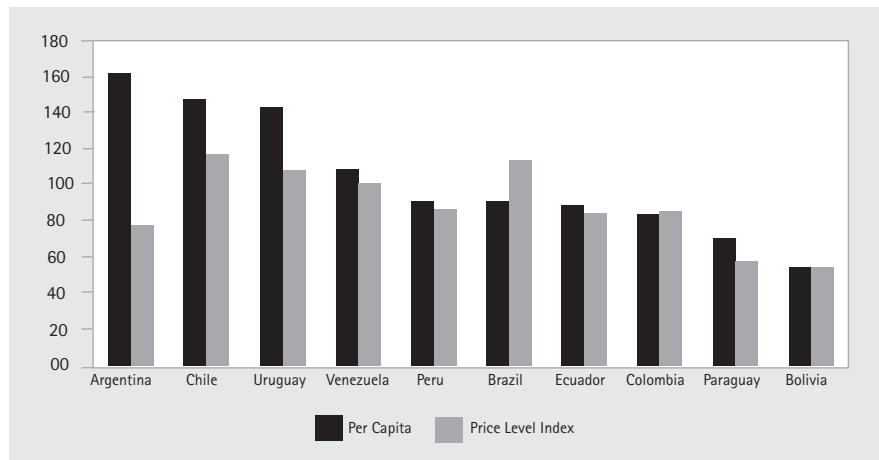
Country	Price Level Index
Chile	117,7
Brazil	114,2
Uruguay	108,0
Venezuela	101,3
Peru	85,8
Ecuador	85,7
Colombia	85,3
Argentina	77,5
Paraguay	57,4
Bolivia	53,8

Note: Regional Average = 100.

When comparing price levels with *per capita* expenditures, it should be noted that countries with the highest price levels are not necessarily those with the highest *per capita* expenditures. Chile's price level is higher than Argentina's, and so is Brazil's (See Chart 1).



Chart 1 – Comparative Price Levels and Indices of Household Expenditure Per Capita, 2005
Regional Average =100



- Argentina spends more than its neighbours on most major household items but Uruguay leads in expenditure on transportation

How do per capita expenditures on specific groupings of consumer goods and services compare? Tables 3a and 3b answer the question for some broad categories at a highly aggregate level. Although prices are collected for specific goods and services, per capita expenditures rely on both price data (PPPs) and expenditure estimates from the national accounts. However, the most detailed national accounts estimates of expenditure are in fact aggregates, such as food, clothing, etc. Even when some detailed national accounts information is available, it is not always fully comparable between countries. In addition, values for public and private health and education are presented together as the results are not yet robust enough to be shown separately. When the full GDP results are released at the end of the year, private and public education and health will be shown as four separate categories.

Table 3a – Who spends most on what? Selected per capita items
Mercosur and Chile

	Argentina	Brazil	Chile	Paraguay	Uruguay
Effective Household Consumption	161,3	90,5	148,0	69,8	143,5
Food and Non-Alcoholic Beverages	175,9	79,3	152,7	108,6	151,3
Clothing and Footwear	154,4	86,5	190,9	94,0	166,1
Housing and Related Expenses	187,1	89,6	153,0	70,3	153,7
Transportation	137,3	97,8	134,9	55,6	146,6
Restaurants and Hotels	108,3	99,0	74,2	43,3	97,9
Health and Education Public and Private	153,8	86,5	147,6	52,6	125,8

Note: Regional Average for all ten countries = 100.



**Table 3b – Who spends most on what? Selected per capita items
Andean countries**

	Bolivia	Colombia	Ecuador	Peru	Venezuela
Effective Household Consumption	52,7	84,1	88,5	91,6	108,7
Food and Non-Alcoholic Beverages	66,2	82,8	105,2	118,0	115,9
Clothing and Footwear	30,9	76,1	126,2	135,5	70,0
Housing and Related Expenses	50,3	93,9	59,1	61,9	103,1
Transportation	95,9	70,3	128,5	75,3	108,7
Restaurants and Hotels	63,8	102,0	43,8	117,0	143,8
Health and Education Public and Private	112,6	82,3	77,8		122,3

Note: Regional Average for all ten countries = 100.

- **Books are expensive in Chile, Brazil and Venezuela, but cheap in Argentina**

While estimates of *per capita* spending on specific products are not very reliable, the PPPs for some specific products are more trustworthy. Accordingly, a few specific comparisons can be made across the ten countries.

Table 4 provides some examples. Beef is much more expensive in Chile than in beef-producing countries such as Argentina and Paraguay. Coffee is relatively expensive in Chile and Uruguay, and not surprisingly, relatively cheap in Brazil. Less obviously, pharmaceutical products are expensive in Uruguay and Brazil, but inexpensive in Chile and Ecuador. Motor vehicles are cheap in Chile and in Argentina. However, in Brazil, the largest producing country, prices are not far from the regional average. Books are expensive in Chile, Brazil and Venezuela, but cheap in Argentina. Video equipment and electronics are cheapest in Chile and in Colombia. Dining out is cheap in Brazil, Bolivia, Paraguay and Colombia, while it is expensive in the top three *per capita* countries (Argentina, Chile and Uruguay).

**Table 4 – Where it is relatively cheap (and expensive) to buy
selected products**

Products	Relatively cheap	Relatively expensive
Meat (beef)	Paraguay, Argentina	Chile, Uruguay
Coffee	Brazil	Chile, Uruguay, Peru
Electro-domestic equipment	Chile, Colombia, Uruguay, Venezuela	Brazil
Pharmaceutical products	Chile, Ecuador, Peru	Uruguay, Brazil
Motor vehicles	Chile, Argentina	Colombia, Bolivia, Ecuador
Telephone services	Argentina, Paraguay	Chile, Brazil
Books, periodicals	Argentina, Bolivia	Brazil, Chile, Venezuela
Video equipment	Chile, Colombia, Peru	Argentina, Uruguay, Brazil
Restaurants	Brazil, Bolivia, Colombia, Paraguay	Argentina, Chile, Uruguay



- The extrapolation of data over a long period yields misleading results and exaggerates the gap between the "haves" and the "have nots"

The results obtained in this round differ significantly from the estimates based on the last round of the ICP, which were extrapolated to the present³ on the basis of a number of indicators, chief among them the national CPIs.

If one compares the present results with those extrapolated on the basis of the PPPs of ten years ago, the ranking of the countries in terms of per capita expenditure is similar. But the difference between the country with the highest spending per capita (Argentina) and the one with the lowest (Bolivia) is greatly exaggerated in the projections. The new estimates suggest that the ratio of one to the other is three to one rather than five to one. Furthermore, the overall variability of the new per capita numbers is only two thirds of that of the extrapolated ones. In general the new estimates show that neither are the poor as poor as conventional statistics make out, nor the relatively rich quite as well off as is sometimes believed.

Table 5 – Comparison of Per Capita Country Rankings Based on the 2005 ICP Results and the 1996 ICP Extrapolations (1)

ICP 1996 Extrapolations		ICP 2005	
Country	Household Consumption	Country	Household Consumption
1. Argentina	174,2	1. Argentina	161,3
2. Uruguay	146,5	2. Chile	148,0
3. Chile	145,6	3. Uruguay	143,5
4. Colombia	95,8	4. Venezuela	108,7
5. Brazil	95,2	5. Peru	91,6
6. Peru	80,2	6. Brazil	90,5
7. Venezuela	71,0	7. Ecuador	88,5
8. Paraguay	68,8	8. Colombia	84,1
9. Ecuador	59,8	9. Paraguay	69,8
10. Bolivia	36,2	10. Bolivia	52,7
Ratio, max to min.	4,8	Ratio, max to min.	3,1

(1) Based on 2004 World Bank Database figures.

The extrapolated price levels do not compare as well as the per capita expenditures. Not only do they exaggerate the dispersion around the regional average, but the ranking is fundamentally changed (see Table 6).

Table 6 – Comparison of Price Level Index Rankings Based on the 2005 ICP Results and the 1996 ICP Extrapolations (1)

ICP 1996 Extrapolations		ICP 2005	
Country	Price Level Index	Country	Price Level Index
1.Venezuela	155,9	1.Chile	117,7
2.Ecuador	127,6	2.Brazil	114,2
3.Chile	120,4	3.Uruguay	108,0
4.Brazil	109,2	4.Venezuela	101,3
5.Uruguay	106,6	5.Peru	85,8
6.Peru	98,5	6.Ecuador	85,7
7.Bolivia	78,8	7.Colombia	85,3
8.Colombia	75,8	8.Argentina	77,5
9.Argentina	72,1	9.Paraguay	57,4
10.Paraguay	58,7	10.Bolivia	53,8
Relative dispersion	1,00		0,6

(1) Based on 2004 World Bank database figures.

³ See World Development Indicators Database



The comparison of the results of this ICP round with the data extrapolated from the previous round shows the imperative need to calculate parities regularly. In the absence of a multilateral program that requires statistical offices to do so, any view held about which countries are relatively poor and which are relatively rich will be obsolete in a short while. And without recent results, policy makers will find themselves unable to make timely and balanced decisions.



Methodological note on the 2005 ICP round in South America

What is the ICP?

The International Comparison Program (ICP) is a global statistical initiative aimed at providing objective and quantified answers to questions such as "By how much is country A more expensive than country B?"; "In what sense and to what extent is currency A overvalued in relation to currency B?" and "On a per capita basis, to what extent does country A consume more of such goods and services as Food, Health, Education etc.?" Those and similar questions are the substance of what we normally refer to as policy-driven international comparisons of economic indicators.

There is a traditional way of answering such questions. What is commonly done is to declare a currency the accepted yardstick for inter-country comparisons. In a distant past that currency was the Pound Sterling, replaced after the First World War by the US Dollar. All statistics expressed in value terms were converted into the yardstick currency using market exchange rates.

However, market exchange rates are influenced by many factors, of which purchasing power is but one. In the short term, speculative forces affecting countries' capital accounts can be just as powerful as purchasing power if not more so. In addition to the significant variations in the currency markets caused by investment and short term capital movements, the odd and sudden financial collapse of a country, while immediately translated into the foreign exchange market, only affects the production and distribution of wealth much more slowly. A well-known example is the financial crisis that shook Argentina in 2001. While the national currency saw its US dollar value reduced by two thirds almost overnight, neither the purchasing power of national wealth or national income suffered from a comparable reduction in the short or medium term.

There is now a serious alternative to market exchange rates for making meaningful international comparisons, namely the purchasing power parities or PPPs. The easiest way to explain them is in terms of consumption. For a consumer, the purchasing power parity is that rate of exchange between two currencies A and B that makes him indifferent to purchasing a pre-defined basket of goods and services with one currency or another. In other words, the consumer does not care whether he makes his purchases in currency A or else exchanges currency B for currency A at the calculated parity rate, because either way he can acquire the exact same goods and services in the exact same quantities.

Purchasing Power Parities in the ICP are calculated not only for consumption, but also for the other components of GDP – investment in machinery and equipment, residential and other construction, government expenditure on goods and services and so on. The calculation of PPPs allows participating countries to compare their key macro-economic aggregates with those of their neighbours without the comparisons being distorted by the fluctuations in exchange rates.



History and organization of the ICP

In 2003, after an eight year gap, the World Bank launched a new round of the ICP following several years of intensive discussion and preparation. More than 100 countries grouped into 5 regions: South America, Africa, the Middle East, Asia, and the Commonwealth of Independent States (formerly Union of Soviet Socialist Republics)¹ expressed their eagerness to take part in the exercise. And while some Latin American countries took part in earlier rounds this is the first time that South American countries as a region take part in the project officially.

The current round represents a change from the organization of previous attempts. Replacing the statistical office of the United Nations, the World Bank assumed the coordination of global operations through a newly created Global Office, accountable to an Executive Board whose membership represents broadly the international statistical community as well as those institutions that fund the project. A Technical Advisory Group offers guidance and makes recommendations on what methods should be employed and in which circumstances they should be used. The Global Office manages the ICP on a day-to-day basis and is responsible for calculating and publishing the global results. The price surveys required to calculate the PPPs and PPP-based GDP estimates are conducted by participating countries.

Each of the five regions has its own institutional set-up to run the project. In the case of South America, regional coordination is provided jointly by Statistics Canada, the statistical office of the Canadian government and by the UN's Economic Commission for Latin America and the Caribbean (ECLAC). The price collection is handled by the institution responsible for the Consumer Price Index (CPI) in each participating country, but the specification of a standard basket of goods and services is in the hands of the coordinating agencies in close collaboration with the World Bank's Global Office. The calculation of the weights required to aggregate national prices is carried out by the institution responsible for each country's National Accounts. In addition to its coordination role, Statistics Canada is responsible for verifying and editing the prices and the GDP weights, as well as for calculating the PPPs and the PPP-based GDP estimates. The project is funded first and foremost by the countries themselves, and by major international institutions including the World Bank (WB), the Inter-American Development Bank (IADB), the ECLAC and the Canadian International Development Agency (CIDA).

How can many countries have a single basket?

We all know that there are intrinsic problems with the calculation of the CPI, largely caused by changes in taste, advances in technology and changing scarcities reflected in the change of relative prices. If we try to compare the present with a twenty year old past, how do we handle digital cameras, genetically modified beef, Windows XP Pro and surround sound audio equipment? Comparing countries may be just as tricky, if not more so. Whose clothes do we declare to be standard when we compare a hot country with a cold one? Whose diet do we take as standard when we compare a coastal community with one living far inland? And how do we compare communities that rate soccer the most popular of sports with those that prefer baseball? And so on. The answer is that we compromise. We elect as standard those products that

¹ The Eurostat-OECD PPP program is run independently from the ICP, but its results will be merged with those of the ICP to make this round a truly global undertaking.



are comparable after a fashion and yet retain some representativeness. There is no point designating meat as a comparable good in a country where the overwhelming majority of citizens are vegetarian. But we can consider that under certain conditions a choice cut of lamb is the equivalent of a choice cut of beef. We try to ensure the integrity of the overall comparison by multiplying the number of sound individual comparisons so as to feel on safe ground when challenged about the representativeness of our standard basket.

Calculation of elementary PPP

At basic level, a purchasing power parity is the ratio of prices for the same quantity of a particular commodity in two countries, when the prices are expressed in each country's currency. Suppose the price of a kilo of rice is 500 pesos in Country A and 5 reais in Country B. The PPP for rice between Country A and Country B is the ratio $500/5$. A real spent on rice in Country B purchases the same quantity and quality of rice as 100 pesos in Country A. The rice exchange parity for country B compared to A is 100.

Tens of thousands of goods and services make up household consumption and even more make up GDP. They range from several types of rice, to hundreds of clothing items and jewellery, to insurance services, medical services, etc. No statistical agency would find it possible to price simultaneously all available goods and services.

Instead, PPPs are constructed for selected products and services considered to be representative of the main GDP aggregates, but also comparable with goods and services available in neighbouring countries. For the ICP, the main GDP aggregates (household consumption, government consumption, gross fixed capital formation, exports and imports) are broken down into 155 basic headings.² Examples of household consumption basic headings include 'bread and cereals', 'fish and seafood', 'fresh fruits', 'footwear', 'motor vehicles', 'communications', etc. For government, basic headings are 'health services', 'education services', 'defense', etc.³ Each of these headings is represented by a bundle of more precisely defined goods or services.

PPPs for basic headings are aggregated to higher levels according to their weight in the expenditure GDP of each country⁴. Once the GDP of each country within a region is revalued at parity rates, it is added to the GDP of its neighbours also revalued by their respective parity rates, in order to obtain a parity-valued regional GDP. This regional GDP aggregate corresponds to the value of all goods and services produced in the region and expressed in a single currency if those goods and services were each valued at their parity rate. The choice of a common currency or *numéraire* is arbitrary, but time-honoured convention establishes that it be the US dollar for global aggregates. The ratio of the value of a good or a service consumed by any one country and valued at its parity to the corresponding regional value represents the country's 'true' share for that product.

² A basic heading is the most detailed category for which a PPP is calculated.

³ See Table 3 for the list of basic headings.

⁴ Several methods can be used to aggregate PPPs, and each has its strengths and weaknesses. The discussion of the different methods is quite technical but is featured in considerable detail in the *ICP 2003-2006 Handbook*, available on the World Bank website: [www.worldbank.org/Data/International Comparison Program/Resources/Handbook](http://www.worldbank.org/Data/International%20Comparison%20Program/Resources/Handbook)



Once regional PPPs are calculated, all regions are linked together through a small number of countries acting as bridges to other regions (Brazil and Chile were the ones chosen in South America) and a World GDP is estimated by adding together the regional GDPs adjusted by their respective bridges. World GDP divided by world population is the best estimate of world GDP per capita. To the extent that any ranking is meaningful, no ranking of GDP per capita means much unless the GDPs are revalued at their parity rate.

How was it done in Latin America?

The principle followed is to aggregate like with like, at least initially. Where there is variety within a region, smaller groups of countries are considered before proceeding to estimate regional aggregates. Thus there were two consumer baskets for South America – one for the Andean Community and the other for Mercosur and Chile. The baskets were defined during a series of regional meetings in 2003 and 2004, and considerable care was taken to choose products that were comparable across countries and yet representative of national markets.

The final basket for consumption consisted of 580 items covering 88 of the 110 basic headings established globally. Valid comparisons do not demand that each participating country collect prices for the complete standard basket. Thus, because of differences in product availability, only 450 items were surveyed in the Andean Community and 524 in Mercosur and Chile. No country, not even the largest, surveyed all items in the basket.

After a pilot round in October 2004, prices were collected in all countries in March, June, September and November 2005 and annual average prices calculated. A number of products were surveyed only once or twice. Seasonal products (e.g. winter clothing) were priced in the quarter in which they were available. Other products were priced once only because their price was not expected to change during the year (e.g. school fees). The following table shows the number of basic headings and products for 12 major consumption categories:

Table 1 – Number of Basic Headings and Products in the South American Basket

Category	Basic headings	Products	Average share in consumption
Total	88	580	100,0
Food and non-alcoholic beverages	29	147	22,7
Alcoholic beverages and tobacco	4	8	2,7
Clothing and footwear	5	136	3,7
Housing, water, electricity, gas and other fuels	6	20	17,0
Household furnishings, equipment and maintenance	10	77	5,8
Health	7	51	9,6
Transportation	9	33	11,2
Communications	3	8	4,3
Recreation and culture	8	54	4,3
Education	1	10	8,5
Restaurants and hotels	2	14	4,0
Miscellaneous goods and services	4	22	6,3



Most countries did not set up price collection centres outside their major city or cities. The following table shows the cities surveyed in each country, and the estimated percentage of the urban population covered. Readers should keep in mind however that cities in South America account for a large proportion of the total population, and account for an even larger fraction of all retail transactions. Moreover, as national markets become increasingly integrated, it is difficult to think of significant price differentials for items other than fresh produce and housing.

Table 2 – Geographical Coverage in % of Urban Population by Country

Country	Cities	Coverage in % of urban pop.
Argentina	Gran Buenos Aires	39,7
Bolivia	Cochabamba, El Alto, La Paz, Santa Cruz	76,5
Brazil	Belém, Goiania, Porto Alegre, Rio de Janeiro, Salvador, São Paulo	27,0
Chile	Antofagasta, Concepción, Coquimbo, Iquique, La Serena, Puerto Montt, Quilpue, Santiago, Talcahuano, Temuco, Valdivia, Valparaiso, Viña M.	54,6
Colombia	Baranquilla, Bogotá, Cali, Medellín	39,2
Ecuador	Guayaquil, Quito	45,1
Peru	Arequipa, Huancayo, Iquitos, Lima, Trujillo	43,0
Paraguay	Asunción	55,0
Uruguay	Montevideo, Paysandú, Las Piedras, Maldonado, Tacuarembó	42,5
Venezuela	Gran Caracas (estimate)	18,0

Nevertheless, procedures were devised to better represent national average prices. Thus, except for Argentina, Paraguay and Venezuela, a weighting scheme applied to the cities where price collection took place ensured that the rest of the country was represented, if not through its prices, at least through its relative importance. One consequence of this was to prevent prices collected in larger cities from dwarfing those collected in smaller ones. For example, in Peru and Uruguay, the cities outside the capital were weighted to represent the rest of the country rather than their importance relative to that of the capital.

For each country, weights of each city/region were derived from regional household spending patterns, regional GDP estimates or a combination of both. Population was used as an indicator only when no expenditure information was available. For Argentina, average prices in Buenos Aires were adjusted to reflect the results of a purchasing power parity study conducted country wide.

Note to users: An international comparison with the sweep of the ICP will always catch some countries in the midst of a broad ranging overhaul of their economic statistics. The detailed national accounts estimates underlying the aggregation of the PPPs in each country are also subject to some uncertainty. Accordingly, users should not read too much into the detailed expenditure data and should be cautioned against ranking countries on the basis of the per capita expenditure on a single good or service.



Table 3 – List of the 155 Basic Headings of GDPs for the purposes of the ICP

Name	Basic Headings
Gross Domestic Product	155
Final Consumption Expenditure by Households	110
Food and Non-Alcoholic Beverages	29
Alcoholic Beverages, Tobacco and Narcotics	5
Clothing and Footwear	5
Housing, Water, Electricity, Gas and Other Fuels	7
Furnishings, Household Equipment and Routine Maintenance of the House	13
Health	7
Transport	13
Communications	3
Recreation and Culture	13
Education	1
Restaurants and Hotels	2
Miscellaneous Goods and Services	10
Balance of Expenditures of Residents abroad and Expenditures of non Residents in the Economic Territory	2
Individual Consumption Expenditure by Government and by NPISH	22
Individual Consumption Expenditure by NPISH	1
Individual Consumption Expenditure by Government	21
Housing	1
Health	12
Recreation and Culture	1
Education	6
Social Protection	1
Collective Consumption Expenditure by Government	5
Expenditure on Gross Fixed Capital Formation	12
Machinery and Equipment	8
Construction	3
Other Capital Products	1
Changes in Inventories and Acquisitions less Disposal of Valuables	4
Changes in Inventories	2
Acquisitions less Disposal of Valuables	2
Balance of Exports and Imports	2



Tables with results

Table 1 - Indices of per capita real expenditure, region = 100

Items	Indices of per capita real expenditure										
	Region (= 100)	Argentina	Bolivia	Brazil	Chile	Colombia	Ecuador	Peru	Paraguay	Uruguay	Venezuela
Actual Household Consumption (1)	100,0	161,3	52,7	90,5	148,0	84,1	88,5	91,6	69,8	143,5	108,7
Food and Non-Alcoholic Beverages	100,0	175,9	66,2	79,3	152,7	82,8	105,2	118,0	108,6	151,3	115,9
Alcohol and Tobacco	100,0	221,9	21,3	81,2	139,3	99,9	59,2	47,6	54,3	177,3	134,8
Clothing and Footwear	100,0	154,4	30,9	86,5	190,9	76,1	126,2	135,5	94,0	166,1	70,0
Housing and Utilities	100,0	187,1	50,3	89,6	153,0	93,9	59,1	61,9	70,3	153,7	103,1
Household Furnishings, Equipment and Maintenance	100,0	125,0	50,9	102,6	161,3	75,2	113,1	81,5	58,9	161,8	83,0
Health	100,0	153,9	34,2	93,1	158,1	114,4	84,0	64,7	44,1	157,7	83,3
Transportation	100,0	137,3	95,9	97,8	134,9	70,3	128,5	75,3	55,6	146,6	108,7
Communication	100,0	234,6	26,4	81,5	111,2	63,5	114,3	58,4	54,7	141,2	159,7
Recreation and Culture	100,0	191,1	13,4	93,8	168,0	56,2	96,8	91,5	70,9	147,9	88,7
Education	100,0	150,9	70,1	79,4	134,0	109,0	80,4	91,9	63,4	85,8	172,1
Restaurants and Hotels	100,0	108,3	63,8	99,0	74,2	102,0	43,8	117,0	43,3	97,9	143,8
Miscellaneous Goods and Services	100,0	123,4	17,8	110,0	177,8	58,5	46,7	116,5	45,5	122,2	70,0
Health and Education	100,0	153,8	50,7	86,5	147,6	112,6	82,3	77,8	52,6	125,8	122,3
Public Health and Education	100,0	173,2	48,6	81,3	130,1	134,9	72,0	43,7	52,0	85,1	148,9
Private Household Consumption	100,0	160,5	53,0	91,1	149,2	80,8	89,6	94,8	71,0	147,3	106,1
All Goods	100,0	162,8	43,8	90,6	163,1	77,9	101,0	91,4	85,3	137,0	102,0
Durables	100,0	130,5	25,3	115,7	151,8	52,1	102,3	52,1	63,5	133,8	77,5
Non-Durables	100,0	170,2	48,2	84,9	166,3	83,7	101,0	100,1	90,3	138,0	107,5
Services	100,0	154,9	59,3	89,8	136,7	94,1	76,0	98,1	57,5	143,5	112,4
Energy	100,0	203,8	73,7	92,1	131,2	54,0	90,7	49,5	43,9	183,9	135,2

(1) Actual cons. = Private cons. + Public health and education.



Table 2 - Indices of per capita nominal expenditure, region = 100

Items	Indices of per capita nominal expenditure										
	Region (= 100)	Argentina	Bolivia	Brazil	Chile	Colombia	Ecuador	Peru	Paraguay	Uruguay	Venezuela
Actual Household Consumption (1)	100,0	125,0	28,3	103,4	174,3	71,7	75,9	78,6	40,1	155,0	110,1
Food and Non-Alcoholic Beverages	100,0	148,4	42,8	79,5	178,5	89,3	100,9	117,9	66,4	150,9	146,5
Alcohol and Tobacco	100,0	195,7	19,4	74,7	185,1	119,1	66,0	62,9	41,9	229,1	133,8
Clothing and Footwear	100,0	118,8	20,0	98,5	213,3	68,2	102,2	101,4	68,3	162,6	94,4
Housing and Utilities	100,0	142,4	21,6	119,0	139,2	60,4	51,6	39,8	27,9	179,6	72,2
Household Furnishings, Equipment and Maintenance	100,0	108,2	27,6	109,1	193,1	64,4	89,7	70,1	35,9	161,9	98,2
Health	100,0	104,6	15,2	106,9	225,1	81,7	56,1	58,7	22,8	191,1	100,5
Transportation	100,0	102,2	47,1	115,2	152,0	67,3	93,9	57,8	39,9	158,4	87,2
Communication	100,0	148,2	20,3	92,7	202,0	63,0	106,2	60,7	30,2	147,0	158,3
Recreation and Culture	100,0	167,7	8,4	102,6	169,4	51,9	93,7	74,7	51,0	141,3	94,1
Education	100,0	74,1	27,0	111,6	176,0	67,7	74,0	82,3	22,8	91,9	141,4
Restaurants and Hotels	100,0	129,1	42,2	94,9	100,6	78,9	42,9	119,9	32,0	130,9	170,0
Miscellaneous Goods and Services	100,0	99,2	10,8	117,3	211,4	55,2	39,6	93,9	29,9	131,7	70,4
Health and Education	100,0	89,7	20,9	109,2	201,1	74,9	64,9	70,2	22,8	142,6	120,5
Public Health and Education	100,0	98,0	20,2	107,8	180,2	90,8	60,6	40,4	21,6	97,7	142,7
Private Household Consumption	100,0	127,5	29,1	103,0	173,7	70,0	77,3	82,1	41,8	160,3	107,2
All Goods	100,0	137,1	28,9	94,1	177,4	80,3	93,0	87,0	57,2	141,0	121,6
Durables	100,0	114,8	17,9	122,8	130,5	49,1	91,9	47,1	48,1	131,8	85,7
Non-Durables	100,0	142,1	31,4	87,6	188,0	87,3	93,2	96,0	59,3	143,0	129,7
Services	100,0	116,8	25,9	108,8	172,7	67,3	63,7	73,6	27,0	158,0	107,6
Energy	100,0	108,1	46,5	124,9	164,9	47,7	57,6	60,4	30,4	235,2	45,9

(1) Actual cons. = Private cons. + Public health and education.



Table 3 - Price level indices, Regional average = 100

Items	Price level indices									
	Argentina	Bolivia	Brazil	Chile	Colombia	Ecuador	Peru	Paraguay	Uruguay	Venezuela
Actual Household Consumption (1)	77,5	53,8	114,2	117,7	85,3	85,7	85,8	57,4	108,0	101,3
Food and Non-Alcoholic Beverages	84,4	64,6	100,3	116,9	107,9	95,9	99,9	61,1	99,7	126,4
Alcohol and Tobacco	88,2	90,9	92,0	132,9	119,1	111,5	132,0	77,1	129,2	99,3
Clothing and Footwear	76,9	64,8	113,9	111,7	89,6	81,0	74,8	72,6	97,9	134,9
Housing and Utilities	76,1	42,9	132,8	91,0	64,3	87,3	64,2	39,6	116,9	70,0
Household Furnishings, Equipment and Maintenance	86,5	54,3	106,3	119,7	85,6	79,3	86,0	60,9	100,1	118,3
Health	68,0	44,4	114,9	142,4	71,4	66,8	90,7	51,6	121,2	120,6
Transportation	74,4	49,1	117,8	112,7	95,8	73,1	76,7	71,8	108,0	80,2
Communication	63,2	76,8	113,8	181,7	99,3	92,9	104,0	55,2	104,1	99,1
Recreation and Culture	87,8	62,4	109,3	100,8	92,3	96,8	81,6	72,0	95,5	106,0
Education	49,1	38,4	140,5	131,3	62,1	92,1	89,5	35,9	107,1	82,2
Restaurants and Hotels	119,3	66,1	95,8	135,5	77,4	97,9	102,5	73,9	133,7	118,2
Miscellaneous Goods and Services	80,4	60,5	106,6	118,9	94,5	84,9	80,6	65,7	107,7	100,5
Health and Education	58,3	41,3	126,2	136,3	66,5	78,8	90,2	43,3	113,4	98,5
Public Health and Education	56,6	41,4	132,6	138,5	67,3	84,2	92,4	41,5	114,9	95,8
Private Household Consumption	79,4	54,9	113,0	116,4	86,7	86,2	86,6	58,9	108,8	101,0
All Goods	84,2	66,0	103,8	108,7	103,0	92,0	95,2	67,1	102,9	119,2
Durables	88,0	71,0	106,1	85,9	94,2	89,8	90,4	75,8	98,5	110,5
Non-Durables	83,5	65,0	103,2	113,1	104,3	92,3	95,9	65,6	103,7	120,6
Services	75,4	43,7	121,1	126,3	71,5	83,8	75,1	47,0	110,1	95,7
Energy	53,1	63,0	135,6	125,7	88,3	63,6	122,1	69,4	127,9	33,9

(1) Actual cons. = Private cons. + Public health and education.



Table 4 - Purchasing power parities

Items	Purchasing power parities									
	Argentina	Bolivia	Brazil	Chile	Colombia	Ecuador	Peru	Paraguay	Uruguay	Venezuela
Actual Household Consumption (1)	1	1,927	1,235	292,9	880	0,381	1,256	1 577	11,75	940
Food and Non-Alcoholic Beverages	1	2,128	0,996	267,2	1 022	0,391	1,344	1 541	9,96	1 078
Alcohol and Tobacco	1	2,862	0,875	290,8	1 080	0,436	1,699	1 860	12,35	810
Clothing and Footwear	1	2,339	1,241	280,1	931	0,363	1,104	2 008	10,73	1 262
Housing and Utilities	1	1,566	1,463	230,6	675	0,395	0,958	1 108	12,94	662
Household Furnishings, Equipment and Maintenance	1	1,744	1,029	266,9	790	0,316	1,129	1 497	9,75	983
Health	1	1,813	1,416	403,9	840	0,338	1,514	1 615	15,02	1 277
Transportation	1	1,833	1,327	292,1	1 029	0,338	1,169	2 051	12,24	775
Communication	1	3,374	1,510	554,4	1 256	0,506	1,868	1 858	13,89	1 128
Recreation and Culture	1	1,974	1,044	221,6	841	0,380	1,056	1 745	9,18	869
Education	1	2,176	2,399	516,1	1 012	0,647	2,071	1 558	18,40	1 205
Restaurants and Hotels	1	1,538	0,673	219,1	519	0,283	0,975	1 318	9,45	713
Miscellaneous Goods and Services	1	2,089	1,111	285,2	939	0,363	1,137	1 738	11,29	899
Health and Education	1	1,966	1,814	450,6	911	0,465	1,755	1 578	16,38	1 215
Public Health and Education	1	2,034	1,963	472,0	950	0,512	1,852	1 558	17,11	1 219
Private Household Consumption	1	1,921	1,193	282,8	872	0,374	1,238	1 578	11,55	915
All Goods	1	2,176	1,033	249,1	978	0,376	1,283	1 695	10,30	1 018
Durables	1	2,242	1,011	188,4	856	0,352	1,166	1 833	9,44	904
Non-Durables	1	2,163	1,035	261,2	998	0,381	1,304	1 673	10,47	1 039
Services	1	1,610	1,346	323,1	758	0,383	1,129	1 326	12,31	913
Energy	1	3,299	2,143	457,1	1 330	0,413	2,613	2 784	20,32	460

(1) Actual cons. = Private cons. + Public health and education.



Table 5 - Real expenditure shares

Items	Real expenditure shares										
	Average	Argentina	Bolivia	Brazil	Chile	Colombia	Ecuador	Peru	Paraguay	Uruguay	Venezuela
Actual Household Consumption (1)	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00
Food and Non-Alcoholic Beverages	19,59	21,36	24,59	17,15	20,20	19,28	23,28	25,21	30,46	20,65	20,89
Alcohol and Tobacco	2,40	3,31	0,97	2,16	2,26	2,86	1,61	1,25	1,87	2,97	2,98
Clothing and Footwear	4,65	4,45	2,72	4,44	5,99	4,20	6,62	6,87	6,25	5,38	2,99
Housing and Utilities	16,88	19,59	16,10	16,71	17,45	18,85	11,27	11,41	16,99	18,08	16,01
Household Furnishings, Equipment and Maintenance	5,80	4,50	5,60	6,58	6,32	5,19	7,41	5,16	4,89	6,54	4,43
Health	9,30	8,88	6,04	9,56	9,94	12,66	8,83	6,57	5,87	10,23	7,13
Transportation	11,47	9,76	20,87	12,39	10,45	9,59	16,65	9,43	9,14	11,72	11,47
Communication	3,21	4,67	1,61	2,89	2,41	2,42	4,14	2,04	2,51	3,16	4,71
Recreation and Culture	4,88	5,79	1,24	5,06	5,54	3,26	5,34	4,87	4,96	5,04	3,99
Education	8,89	8,32	11,83	7,80	8,05	11,53	8,07	8,92	8,07	5,31	14,07
Restaurants and Hotels	5,28	3,54	6,40	5,77	2,65	6,40	2,61	6,74	3,27	3,60	6,98
Miscellaneous Goods and Services	7,64	5,84	2,58	9,28	9,18	5,31	4,03	9,72	4,98	6,51	4,92
Health and Education	18,19	17,35	17,51	17,38	18,14	24,35	16,91	15,45	13,71	15,95	20,47
Public Health and Education	8,36	8,97	7,71	7,50	7,34	13,41	6,79	3,99	6,22	4,96	11,44
Private Household Consumption	91,64	91,20	92,10	92,25	92,37	88,04	92,76	94,76	93,16	94,07	89,44
All Goods	42,73	43,14	35,51	42,77	47,09	39,59	48,77	42,63	52,19	40,81	40,11
Durables	7,87	6,37	3,77	10,05	8,07	4,87	9,09	4,47	7,15	7,34	5,61
Non-Durables	34,86	36,80	31,90	32,69	39,15	34,69	39,78	38,07	45,08	33,53	34,48
Services	51,68	49,63	58,17	51,28	47,72	57,85	44,35	55,30	42,52	51,67	53,45
Energy	5,58	7,06	7,81	5,68	4,95	3,58	5,72	3,01	3,51	7,16	6,95

(1) Actual cons. = Private cons. + Public health and education.



Table 6 - Nominal expenditure shares

Items	Nominal expenditure shares										
	Average	Argentina	Bolivia	Brazil	Chile/Chile	Colombia	Ecuador	Peru	Paraguay	Uruguay	Venezuela
Actual Household Consumption (1)	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00	100,00
Food and Non-Alcoholic Beverages	19,59	23,26	29,56	15,05	20,06	24,38	26,05	29,38	32,42	19,06	26,06
Alcohol and Tobacco	2,40	3,76	1,64	1,74	2,55	3,99	2,09	1,92	2,51	3,55	2,92
Clothing and Footwear	4,65	4,41	3,28	4,43	5,68	4,41	6,26	5,99	7,90	4,87	3,98
Housing and Utilities	16,88	19,24	12,85	19,43	13,49	14,21	11,48	8,54	11,72	19,56	11,06
Household Furnishings, Equipment and Maintenance	5,80	5,02	5,66	6,12	6,43	5,20	6,86	5,18	5,19	6,06	5,17
Health	9,30	7,79	4,99	9,62	12,02	10,60	6,88	6,95	5,28	11,47	8,49
Transportation	11,47	9,37	19,06	12,78	10,01	10,77	14,19	8,43	11,41	11,72	9,08
Communication	3,21	3,80	2,30	2,88	3,72	2,82	4,49	2,48	2,41	3,04	4,61
Recreation and Culture	4,88	6,55	1,44	4,84	4,75	3,53	6,04	4,64	6,21	4,45	4,17
Education	8,89	5,27	8,46	9,59	8,98	8,39	8,68	9,31	5,05	5,27	11,42
Restaurants and Hotels	5,28	5,45	7,86	4,84	3,05	5,81	2,98	8,05	4,21	4,46	8,15
Miscellaneous Goods and Services	7,64	6,06	2,90	8,67	9,27	5,88	3,99	9,13	5,69	6,49	4,88
Health and Education	18,19	13,06	13,44	19,21	21,00	18,99	15,56	16,26	10,32	16,74	19,91
Public Health and Education	8,36	6,55	5,94	8,71	8,64	10,57	6,67	4,30	4,49	5,27	10,83
Private Household Consumption	91,64	93,45	94,06	91,29	91,36	89,43	93,33	95,70	95,51	94,73	89,17
All Goods	42,73	46,87	43,56	38,87	43,50	47,81	52,38	47,30	60,96	38,86	47,18
Durables	7,87	7,23	4,98	9,34	5,89	5,38	9,53	4,71	9,43	6,69	6,12
Non-Durables	34,86	39,64	38,58	29,53	37,61	42,43	42,85	42,59	51,52	32,17	41,06
Services	51,68	48,30	47,29	54,38	51,22	48,48	43,38	48,41	34,81	52,67	50,50
Energy	5,58	4,83	9,15	6,75	5,28	3,71	4,24	4,29	4,24	8,47	2,33

(1) Actual cons. = Private cons. + Public health and education.



Table 7 - Country real expenditure shares, region = 100

Items	Country real expenditure shares										
	Region (= 100)	Argentina	Bolivia	Brazil	Chile	Colombia	Ecuador	Peru	Paraguay	Uruguay	Venezuela
Actual Household Consumption (1)	100,00	16,51	1,34	45,07	6,51	10,46	3,16	6,74	1,11	1,28	7,81
Food and Non-Alcoholic Beverages	100,00	18,01	1,69	39,45	6,71	10,30	3,76	8,68	1,73	1,35	8,33
Alcohol and Tobacco	100,00	22,72	0,54	40,43	6,12	12,44	2,11	3,50	0,87	1,58	9,68
Clothing and Footwear	100,00	15,80	0,79	43,08	8,39	9,46	4,51	9,96	1,50	1,48	5,03
Housing and Utilities	100,00	19,16	1,28	44,59	6,73	11,68	2,11	4,55	1,12	1,37	7,41
Household Furnishings, Equipment and Maintenance	100,00	12,79	1,30	51,08	7,09	9,36	4,04	6,00	0,94	1,45	5,96
Health	100,00	15,76	0,87	46,32	6,95	14,24	3,00	4,76	0,70	1,41	5,99
Transportation	100,00	14,05	2,44	48,69	5,93	8,75	4,59	5,54	0,89	1,31	7,81
Communication	100,00	24,01	0,67	40,55	4,89	7,90	4,08	4,29	0,87	1,26	11,47
Recreation and Culture	100,00	19,56	0,34	46,71	7,39	6,99	3,46	6,73	1,13	1,32	6,37
Education	100,00	15,45	1,79	39,54	5,89	13,56	2,87	6,76	1,01	0,77	12,36
Restaurants and Hotels	100,00	11,08	1,63	49,27	3,26	12,69	1,56	8,61	0,69	0,87	10,33
Miscellaneous Goods and Services	100,00	12,63	0,45	54,74	7,82	7,27	1,67	8,57	0,73	1,09	5,03
Health and Education	100,00	15,74	1,29	43,06	6,49	14,01	2,94	5,73	0,84	1,12	8,79
Public Health and Education	100,00	17,73	1,24	40,45	5,72	16,79	2,57	3,22	0,83	0,76	10,69
Private Household Consumption	100,00	16,43	1,35	45,37	6,56	10,05	3,20	6,97	1,13	1,32	7,62
All Goods	100,00	16,67	1,12	45,10	7,17	9,69	3,61	6,73	1,36	1,22	7,33
Durables	100,00	13,36	0,64	57,58	6,68	6,48	3,65	3,83	1,01	1,20	5,57
Non-Durables	100,00	17,42	1,23	42,26	7,31	10,41	3,61	7,36	1,44	1,23	7,72
Services	100,00	15,85	1,51	44,71	6,01	11,71	2,71	7,21	0,92	1,28	8,08
Energy	100,00	20,86	1,88	45,85	5,77	6,72	3,24	3,64	0,70	1,64	9,71

(1) Actual cons. = Private cons. + Public health and education.



Table 8 - Country expenditure nominal shares, region = 100

Items	Country expenditure nominal shares										
	Region (= 100)	Argentina	Bolivia	Brazil	Chile	Colombia	Ecuador	Peru	Paraguay	Uruguay	Venezuela
Actual Household Consumption (1)	100,00	12,80	0,72	51,47	7,66	8,93	2,71	5,78	0,64	1,39	7,91
Food and Non-Alcoholic Beverages	100,00	15,19	1,09	39,56	7,85	11,11	3,60	8,67	1,06	1,35	10,52
Alcohol and Tobacco	100,00	20,03	0,49	37,21	8,14	14,82	2,36	4,63	0,67	2,05	9,61
Clothing and Footwear	100,00	12,16	0,51	49,05	9,38	8,48	3,65	7,46	1,09	1,45	6,78
Housing and Utilities	100,00	14,58	0,55	59,24	6,12	7,51	1,84	2,93	0,44	1,60	5,18
Household Furnishings, Equipment and Maintenance	100,00	11,07	0,70	54,29	8,49	8,01	3,20	5,16	0,57	1,45	7,05
Health	100,00	10,71	0,39	53,22	9,90	10,17	2,00	4,32	0,36	1,71	7,22
Transportation	100,00	10,46	1,20	57,36	6,68	8,38	3,35	4,25	0,64	1,42	6,26
Communication	100,00	15,18	0,52	46,16	8,88	7,84	3,79	4,47	0,48	1,31	11,37
Recreation and Culture	100,00	17,17	0,21	51,05	7,45	6,45	3,35	5,49	0,81	1,26	6,76
Education	100,00	7,58	0,69	55,53	7,74	8,43	2,64	6,05	0,36	0,82	10,16
Restaurants and Hotels	100,00	13,22	1,07	47,21	4,42	9,82	1,53	8,82	0,51	1,17	12,21
Miscellaneous Goods and Services	100,00	10,16	0,27	58,38	9,29	6,87	1,41	6,91	0,48	1,18	5,05
Health and Education	100,00	9,18	0,53	54,35	8,84	9,32	2,32	5,17	0,36	1,27	8,66
Public Health and Education	100,00	10,03	0,51	53,64	7,92	11,29	2,16	2,97	0,34	0,87	10,25
Private Household Consumption	100,00	13,05	0,74	51,27	7,64	8,71	2,76	6,04	0,67	1,43	7,70
All Goods	100,00	14,03	0,74	46,82	7,80	9,99	3,32	6,40	0,91	1,26	8,73
Durables	100,00	11,75	0,46	61,11	5,74	6,10	3,28	3,46	0,77	1,18	6,16
Non-Durables	100,00	14,55	0,80	43,59	8,26	10,86	3,33	7,06	0,95	1,28	9,32
Services	100,00	11,96	0,66	54,15	7,59	8,37	2,27	5,41	0,43	1,41	7,73
Energy	100,00	11,07	1,18	62,19	7,25	5,93	2,06	4,44	0,49	2,10	3,29

(1) Actual cons. = Private cons. + Public health and education.



An interview with Eduardo Pereira Nunes, President of the “Instituto Brasileiro de Geografia e Estatística (IBGE)”

IBGE employs over 8,500 staff, including 1,500 part-time contractors, and offers an undergraduate and a graduate degree in statistics. It has 530 branch offices covering 5,564 cities throughout Brazil. It offers graduate degrees in statistics.

What does the ICP represent for you, as a national accountant and as President of your institution?

E. P. Nunes: As someone who was involved in the discussions that followed the last round of the ICP and saw the program reaching this stage, I am enormously happy with the results. I believe my satisfaction is commensurate with the extraordinary efforts made first and foremost by the ten countries that took part in this region's program, and with the outstanding coordinating role played by Statistics Canada and Economic Commission for Latin America and the Caribbean (ECLAC), supported by the Global Office of the World Bank. And I would like to record that we have taken a giant step to make inter-country comparisons of economic variables possible and meaningful. But I am fully conscious that we must improve our own statistics in a number of important respects. This is a realization that came to light as a result of the systematic comparisons with other countries that the program imposed on us and for which I am truly grateful.

What are for you the fundamental changes revealed by the 2005 ICP round as distinct from the previous ones?

E. P. Nunes: It helped us master a discipline which we did not handle as effectively as we should. The machinery for technical coordination deployed for this program – ensuring that transparency and mutual trust was the order of the day and what was compared was always like with like – made it imperative that all respects of data collection be looked at with great care. Indeed, we used where necessary digital photography of selected goods and places of purchase. Moreover, our very frequent technical meetings in order to discuss whether or not the right products had been selected and priced; the methods used to establish prices in more complex situations; all of these made it possible for a systematic approach to quality control that many of the countries taking part were not used to and from which I am sure all benefited greatly.

How did the IBGE finance its participation to this ICP round?

E. P. Nunes: With its own resources. Initially, we thought that no more than marginal funding was required. After all, Brazil has a very broad-ranging CPI, based on an extensive basket of goods and services. We believed that the basket was ample enough to serve as a frame from which the subset of goods and services required for the ICP would be chosen. Subsequently we realized that not only did we have to supplement the basket with a number of new products but we also had to gain access



to outlets which were hitherto excluded from our purview. The consequence was that the funding required was far from marginal. But we decided that we should absorb those costs in the interest of improving the skills and the knowledge of our field-force and our price statisticians. The financial cost may have been unforeseen but whatever it cost was worth our while. We treated it not as a current expenditure but as an investment in the quality of our young professionals.

Do you think this program will have a particular impact on other IBGE programs?

E. P. Nunes: Of course. The first of the many positive effects that the program has on us and on any of the regional statistical offices is that it allows us to make well-founded inter-country comparisons at a critical time in our region's history. Do not forget that so many of the countries in our region opened up their doors to increasing trade with the rest of the world. The dynamic of economic change demands greater awareness of how our neighbors estimate their economic aggregates and deal with the computing of price indexes which, in turn, affects our own methods and the improvement thereof. But the effect to which I attach greatest importance is what the program leaves behind in terms of well-trained professionals much more capable to evaluate, analyze, interpret and compare -- be it prices, price indexes or national accounting aggregates.

The national statistical office of Canada was directly involved together with ECLAC and acted as the executing agency for the ICP in Latin America. How would you assess the experience?

E. P. Nunes: No matter how motivated the national institutes of our region, the program requires a coordinating agency, preferably one drawn from outside the circle of national participants. In our region, we are all used to ECLAC but it was a novel experience for us to work with a statistical agency like Statistics Canada. I was enormously impressed with the degree of professionalism introduced by the Canadian office and how well the regional coordinators worked together. Naturally, the perspective brought to bear by a fellow producer of national statistics helped us greatly to identify weaknesses in our region's systems of national accounts and prices.

Looking ahead, do you think a second round of this program should proceed?

E. P. Nunes: I am concerned at the speed with which relative prices have been changing and the constraints that such change imposes on the timetable we should observe for future rounds of the program. Take as an example what has been happening to the prices of crude oil. At the time of the previous round of the ICP, prices were of the order of USD 25. During our year of reference -- 2005 -- prices reached USD 50 but no other major component of the standard basket of goods and services showed an even remotely comparable increase. If we were collecting prices today, oil would have clocked in at USD 70 *plus* thus introducing yet another very substantial change in relative prices. It is our responsibility as suppliers of official statistics to record, analyze and interpret such changes rather than leaving them unobserved because we did not bother to mount the right program.

Let me not ignore yet another collective undertaking assumed by the community of statistical agencies at the United Nations -- to keep up by measuring and monitoring with the millennium goals through the production of relevant information. Goal 19 foresees a reduction of half in the global population trying to subsist on incomes of less than USD 1 *per capita* and *per diem*. But we simply cannot honor the commitment unless and until we are capable of tracking reliably the purchasing power of USD 1 in different parts of the world.



What in your opinion should be done differently?

E. P. Nunes: Taking stock of what we learned in this round of the ICP is imperative. We can readily agree that we learned a great deal about the way in which prices should be specified, collected, and processed. Moreover, we gained additional knowledge through confrontation of our numbers with those of neighboring countries and were greatly helped by the coordinators' efforts to harmonize seemingly inconsistent results. Unfortunately, the same process did not take place with the national accounts. Admittedly we did not have the same freedom with the national accounts as we had with prices. The former exist and were not going to be changed especially for this occasion. But the fact is that we faced troublesome inconsistencies – at low levels of aggregation but troublesome nonetheless. I look forward to a forthcoming round where after thorough preparation we engage in a process of systematic comparison of the most elementary components of the national accounts, a process analogous to what we did for prices, and we find out just as much about our respective strengths and weaknesses.

Is there anything you would like to add in conclusion?

E. P. Nunes: The most important point I would like to stress is the obvious and pressing need to make out of this project an ongoing program. We must get a return on the enormous effort put into this round of the ICP. The next round should start immediately after this round comes to a finish. Preparation ought to start in 2007; data collection in 2008 and publication in 2009. If we can secure the continuing cooperation of Statistics Canada and ECLAC, I believe we should be capable of making ICP a permanent feature of our national statistical program.



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National Institutions

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Canada: Statistics Canada

Chile: Instituto Nacional de Estadísticas, INE; Banco Central de Chile

Colombia: Departamento Administrativo Nacional de Estadística, DANE

Ecuador: Instituto Nacional de Estadística y Censos Del Ecuador, INEC; Banco Central Del Ecuador

Paraguay: Banco Central Del Paraguay

Peru: Instituto Nacional de Estadística e Informática, INEI

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