

ICP Asia Pacific

2005 Results: ICP Asia Pacific

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30 July 2007
Manila, Philippines

MAIN OBJECTIVE of the INTERNATIONAL COMPARISON PROGRAM

To provide meaningful inter-country comparisons of GDP and its component expenditures by considering the affordability and price level of both traded and non-traded G&S whereas exchange rates ignore non-traded G&S.

Multilateral Comparison

Generation of price and national accounts data that are broadly comparable.

- ▲ Harmonious collaboration to overcome diversity in the economies
 - Size
 - Geography
 - Stages of development
 - Statistical capabilities
 - Language

The 2005 ICP

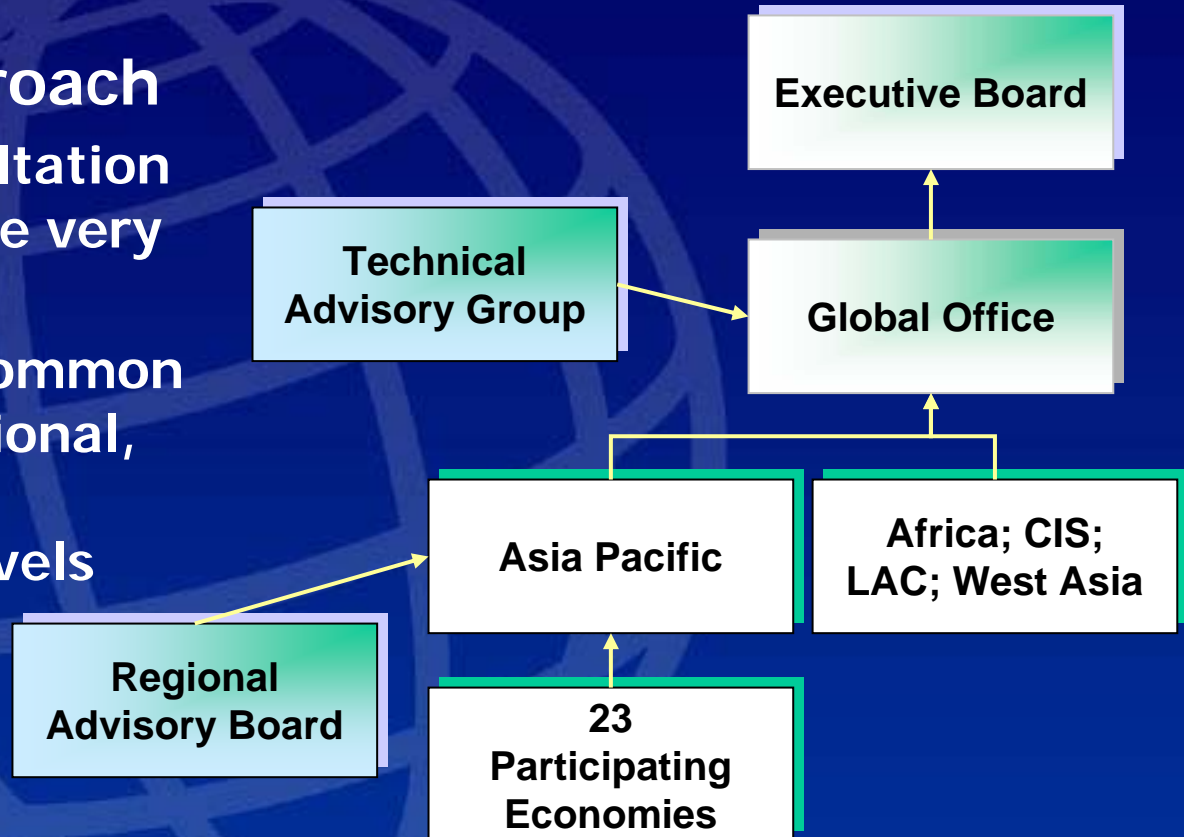
- The estimates of PPPs in this round are far more robust due to:
 - Sound methodology
 - Improved data collection and processing
 - Intensive data validation
- Provides a snapshot of Asia-Pacific PPPs in 2005

ICP Process

Theme of this round is
Partnership and Professionalism

ICP Process

- **Bottom-up approach**
 - ▶ intensive consultation process from the very beginning
 - ▶ Supported by common interests at national, regional & international levels



ICP Process

- **Bottom-up approach**
 - ▶ Identification of SPDs and product list
 - ▶ Survey design and data collection
 - ▶ Data processing and validation
 - ▶ Methodologies for PPP computation

ICP Process

- Drivers of the ICP are the participating economies
 - ▶ 5 in the region are represented in the RAB
 - They play a significant role in decision-making
 - They are the voice by which legitimate needs, constraints and expectations of NSOs are addressed

ICP Process

- Regional Coordinator provided expert services to coordinate all activities relating to ICP and implemented stringent quality control measures
 - Provided the interface between the AP region and the rest of the world
 - Learned from the data review initiatives of the LAC
- Relationship between ICP Global Office (GO) and AP was of mutual learning and respect
- Participation of ADB in the Executive Board enabled the sentiments and concern of participating economies to be conveyed to the GO

ICP Process

- **Partnership – strong at all levels**
 - ▲ **Country level**
 - **Between national accountants and price statisticians**
 - **Between data processing agencies and price statisticians**
 - **Between national coordinators and agencies involved in ICP work**

ICP Process

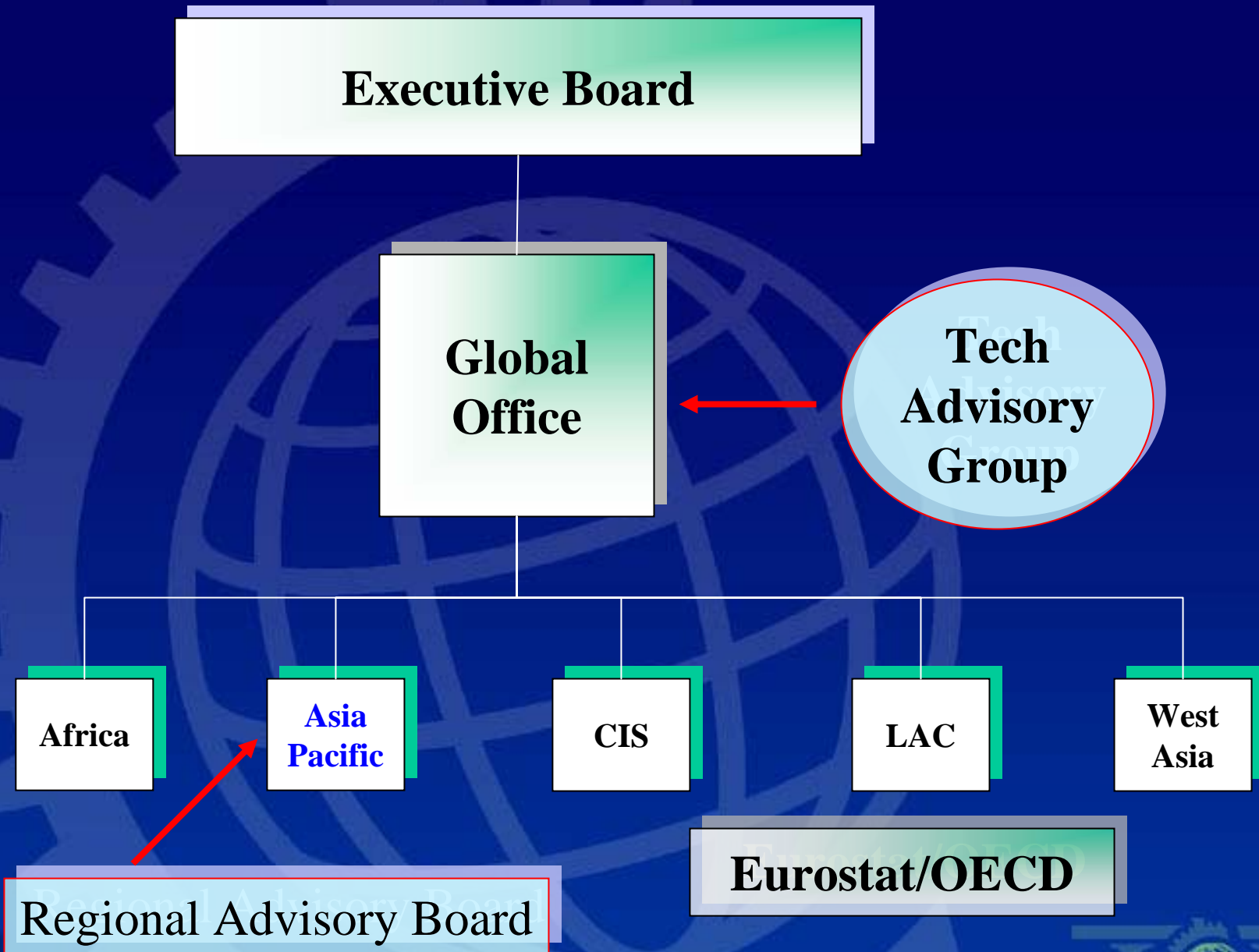
- **Partnership – strong at all levels**
 - ▲ **Regional level**
 - **Between the Regional Office and the NSOs/National Coordinators**
 - Tool Pack support for data processing
 - Numerous data review workshops for both household and non-household items
 - New methodologies and other technical issues
 - Results review
 - **Among participating economies**
 - Sharing of best practices
 - Bilateral visits

ICP Process

- **Partnership – strong at all levels**
 - ▲ **Global level**
 - **Between regions**
 - **Sharing of best practices**
 - **Regular Regional Coordinators meeting**

ICP Process

- **Professionalism – ensure compliance to the ICP vision and to standards or methods**
 - ▶ Technical Advisory Group (TAG)
 - ▶ Regional Advisory Board (RAB)
 - ▶ International Experts



Regional Advisory Board (RAB)

- Sets regional goals, priorities & objectives
- Approves work programs & provides guidance to the regional coordinating agency
- Reviews reports on ICP progress
- Shapes the vision for ICP Asia Pacific's future direction

RAB – COMPOSITION

- Chair:** Administrator, NSO, Philippines
- Co-chair:** Chief Economist, ADB
- Vice Chair:** Director General, Stat Bureau, Japan
- Members:** Director General, CSO, India
Director General, Statistics Indonesia
Commissioner, NBS, China
Commissioner, Census & Stat Dep, Hong Kong, China
Deputy Australian Statistician, ABS
Director, Statistics Division, ESCAP
Director, SIAP
ICP Global Coordinator, WB
- Member Secretary:** Regional Coordinator, ICP Asia Pacific, ADB

ICP Process

Intensive consultations at every level

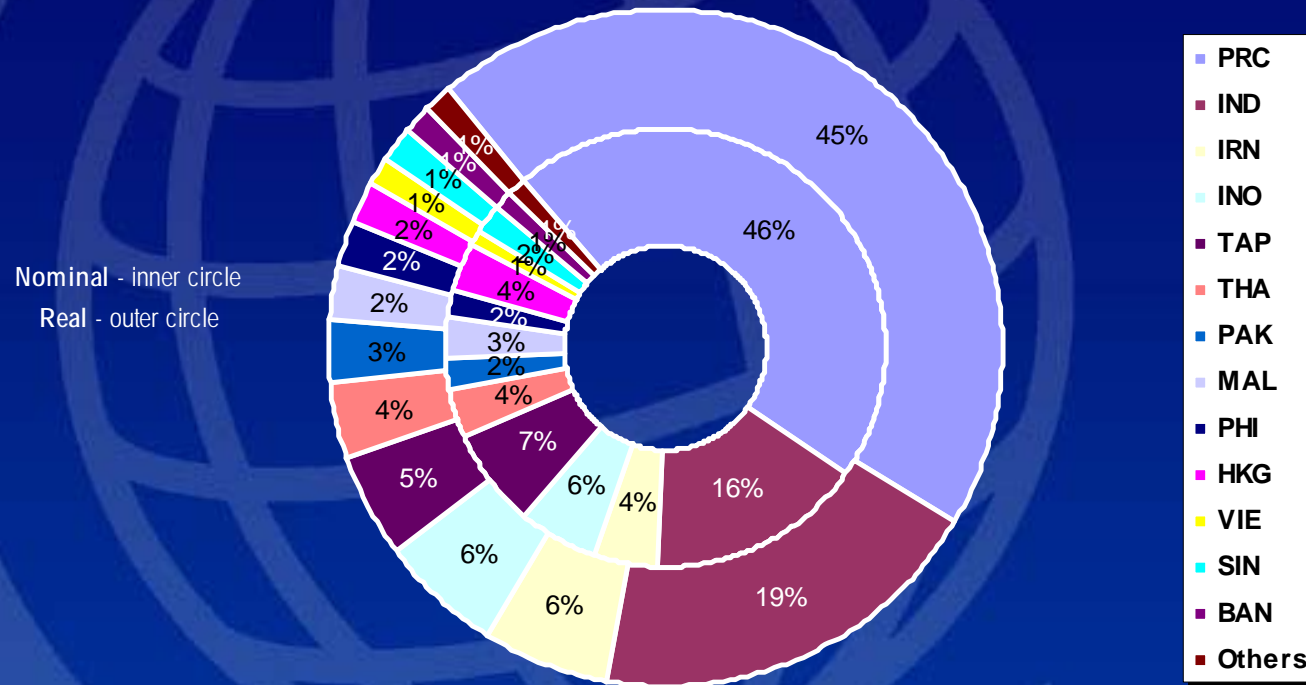
- Called for by the bottom-up approach and strong sense of partnership
- Ensured that the ICP results within the region will not contain surprises to anyone
- Enhanced the co-ownership of the results

2005 Results

ICP Asia-Pacific

Gross Domestic Product (GDP)

Nominal and Real GDP: Country Shares to Asia, 2005



Real GDP Share to Asia

- PRC and India = 64%
- Biggest 5 economies = more than 80% (PRC; India; Iran; Indonesia; and Taipei, China)
- Smallest 10 economies = 1% (Bhutan; Brunei; Cambodia; Fiji; Lao PDR; Macao, China; Maldives; Mongolia; Nepal; and Sri Lanka)

Purchasing Power Parities (PPP)

Economy	PPP (HKG=1.000)	Exchange rate (LCU/HK\$)	PLI (HKG=100)
Fiji Islands	0.255	0.22	117
Hong Kong, China	1.000	1.00	100
Macao, China	0.923	1.03	90
Singapore	0.189	0.21	88
Taipei, China	3.407	4.14	82
Brunei Darussalam	0.159	0.21	74
Malaysia	0.305	0.49	63
China, People's Republic of	0.599	1.05	57
Indonesia	690.583	1,247.82	55
Thailand	2.800	5.17	54
Philippines	3.828	7.08	54
Bhutan	2.781	5.67	49
Bangladesh	3.964	8.27	48
Sri Lanka	6.171	12.92	48
Mongolia	73.018	154.97	47
India	2.583	5.67	46
Pakistan	3.351	7.65	44
Nepal	3.963	9.18	43
Cambodia	224.697	526.21	43
Iran, Islamic Republic of	469.933	1,152.58	41
Viet Nam	821.174	2,039.12	40
Lao, PDR	522.475	1,370.03	38

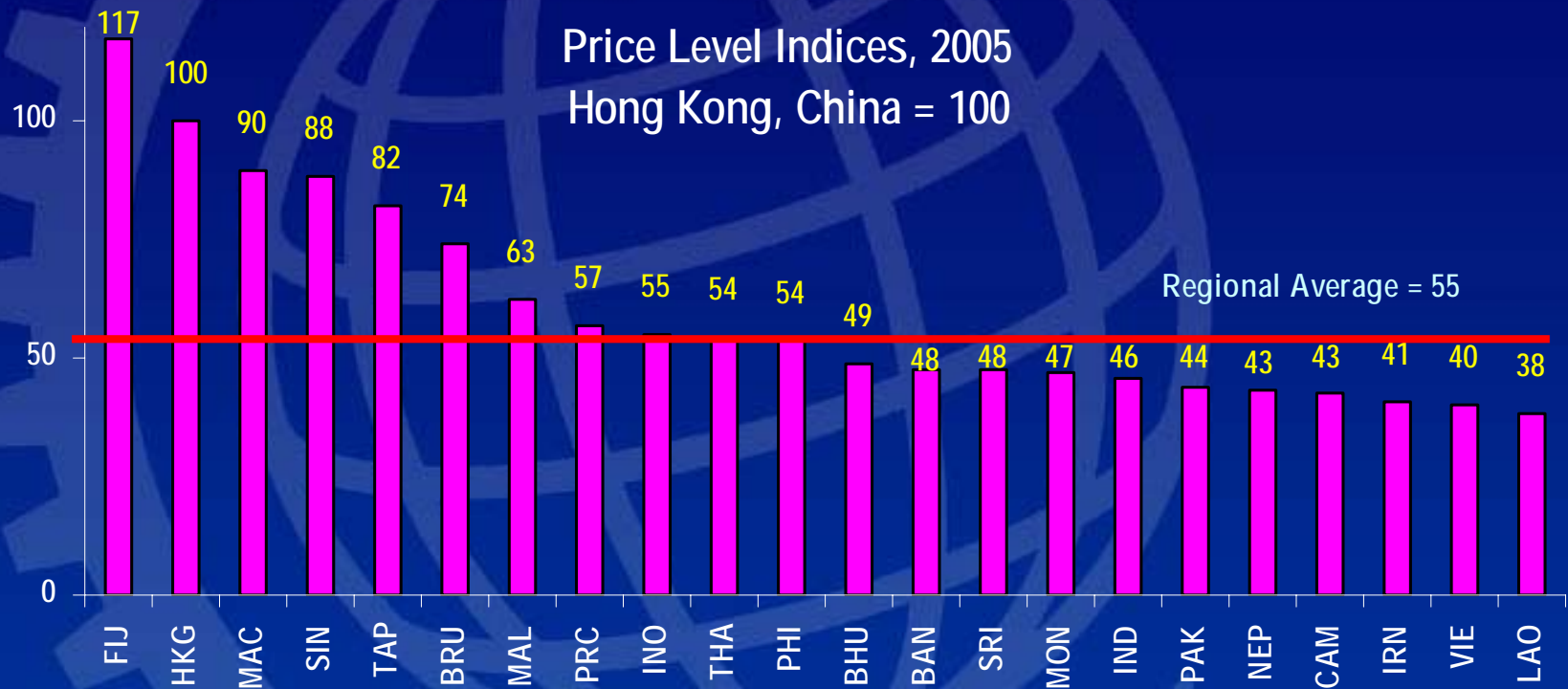
Purchasing Power Parities (PPP)

- The number of currency units of Country A required to purchase the amount of goods and services *equivalent* to what can be bought with 1 unit of currency in the base country.
- Measures buying power of one currency compared to another currency
- Relative to a reference currency unit – in this region Hong Kong dollar
- PPP converted values are expressed in *real terms*

Price Level Index (PLI)

- The ratio of a PPP to the corresponding exchange rate.
- Shows how the price levels of countries compare with each other.
- General Rule:
 - ▲ High-income countries, high PLI
 - ▲ Low-income countries, lower-than-average PLI

Price Level Index (PLI)



Price Level Index (PLI)

- Fiji – most expensive economy overall
 - ▲ Also most expensive in GFCF and durable goods
- The high-income economies all have PLIs at least one-third higher than the regional average
- The eight cheapest economies have PLIs 15% or more below the regional average
- Close to the regional average : PRC, Indonesia, Thailand, Philippines
- 4 lowest PLIs: 3 neighbors in SEA (Lao PDR, Viet Nam, Cambodia) and Iran

Price Level Index (PLI)

- Hong Kong – most expensive in three of the six household consumption categories:
 - ▲ Food and Non-Alcoholic Beverages
 - ▲ Health and Education – four times than the average
 - ▲ Transportation and Communication
- Maldives – 1st in Housing Utilities; almost four times the average; much higher than the 2nd ranking (HKG)
- Lao PDR – cheapest economy overall
 - ▲ Particularly in Housing Utilities

Price Level Index (PLI)

- Nepal – cheapest in Food and Non-Alcoholic Beverages
- Sri Lanka – cheapest for Clothing and Footwear
- India – cheapest for Health and Education
- Oil producers: Brunei Darussalam and Iran in T&C
 - ▲ Iran – cheapest
 - ▲ Brunei – above average
- Clothing and Footwear:
 - ▲ Cheapest 5 are all SA economies: India, Iran, Nepal, Pakistan, and Sri Lanka
 - ▲ Maldives – 5th most expensive

Country Shares to Asia: Real

- Among the 5 high-income economies, only Taipei,China enters the top 5 contributors to Asia.
- Philippines: 9th in GDP; 5th in Food and Non-Alcoholic Beverages; highest rank of 4th for Meat and Fish
- Bangladesh: 13th in GDP; 4th in Bread and Cereals
- Expenditure categories:
 - ▲ India's share for ICEH of 24% > GDP share of 19%
 - ▲ PRC's expenditure share for CCEG, GFCF and Net Trade, separately > 50% of Asia, each significantly higher than its GDP share of 45%.

Per Capita Real GDP

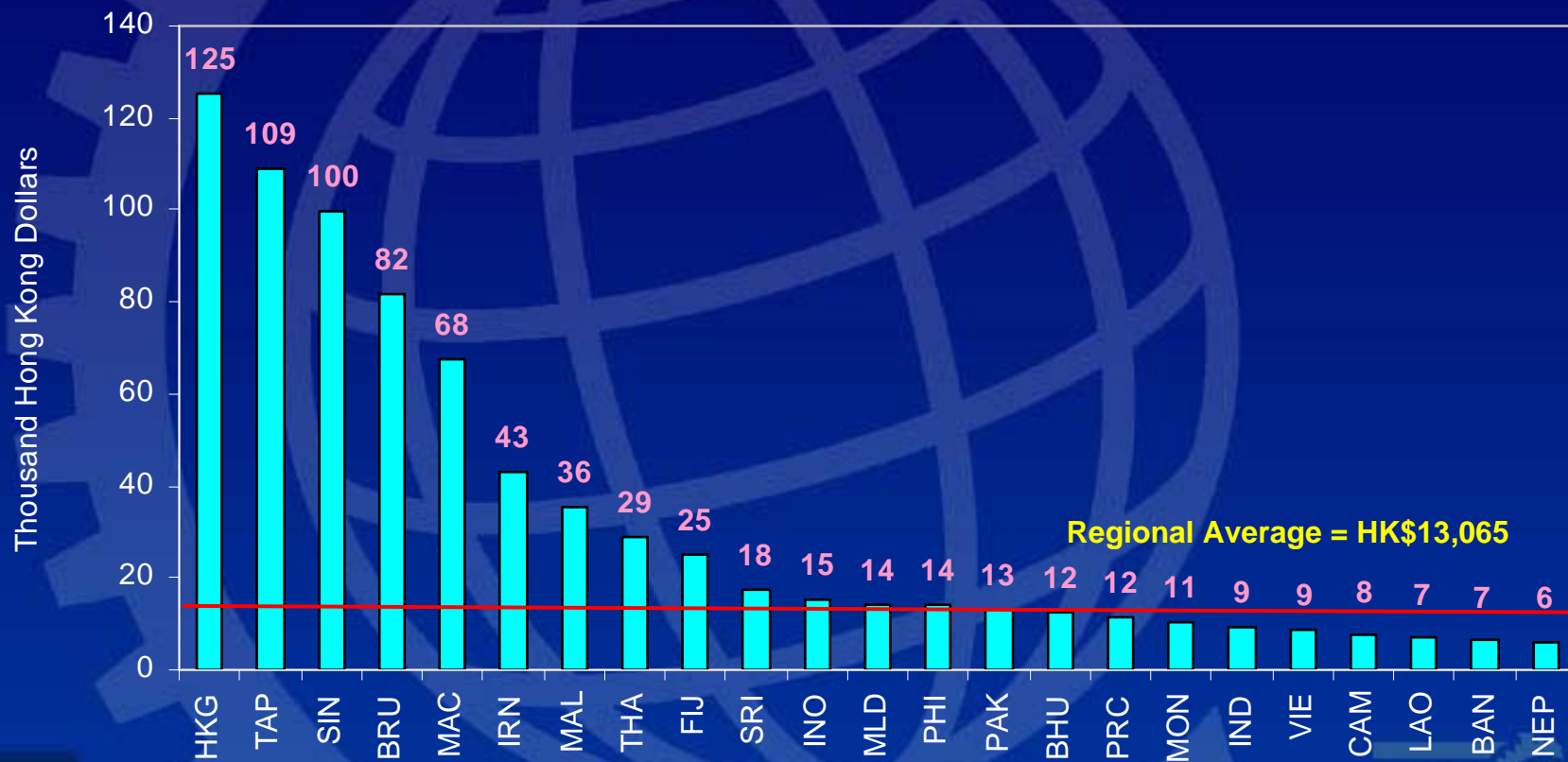


Per Capita Real GDP

- Average for ICP Asia-Pacific is HK\$20,545
- Largest economies dropped in ranking
 - ▲ PRC to 10th (HK\$23,556)
 - ▲ India to 18th (HK\$12,070)
- Richest 5 are well in excess of HK\$100,000 per capita
- Half of the economies above the average
- Brunei (highest) is 40 times that of Nepal (lowest)

Per Capita Real AFCH

Per Capita Real AFCH, 2005



Per Capita Real AFCH

- Share of AFCH is 50%-80% for the majority
- Greater than 80% for Fiji and Nepal
- Less than 50% for Brunei; Macao; Singapore; and PRC

Per Capita Real AFCH

- Top 5 in per capita real GDP remain as top 5 in real AFCH, with some shifts
 - ▲ Hong Kong, China – 4th to 1st
 - ▲ Taipei, China – 5th to 2nd
 - ▲ Brunei Darussalam – 1st to 4th (large petroleum exports)
 - ▲ Macao, China – 3rd to 5th (high tourism services)
- Big changes in rank due to high GFCF:
 - ▲ PRC – 10th to 15th
 - ▲ Bhutan – 11th to 14th

Per Capita Real AFCH

- Lower range of differences between economies
Example: Hong Kong over Nepal:
 - ▲ AFCH = 20 times greater
 - ▲ GDP = 30 times greater
- Sub-categories of AFCH – relativities in per capita real expenditures vary depending on aggregate considered
 - ▲ Food – smallest ratio: Brunei less than 7 times Viet Nam
 - ▲ Clothing and Footwear – largest ratio: Hong Kong 156 times Lao PDR

Per Capita Real Expenditures

- Collective Consumption Expenditure by Government
 - ▲ Largest ratio among all levels of aggregation – Brunei is 184 times higher than Bangladesh
- Gross Fixed Capital Formation
 - ▲ Top 5 same as in per capita real GDP
 - ▲ Bhutan has largest share for GFCF at 41% but its per capita real expenditure is only 27% of the average
 - ▲ Singapore only spends 22% on GFCF but per capita real expenditure is 10 times higher than the average

Distinctiveness of 2005 ICP Asia Pacific

- Wider coverage – PRC and India simultaneously in 2005
- Comparability in diversity – harmonious collaboration of diverse economies brought about broadly comparable PPP results
- Meaningful cross-country comparisons – brought about by robust PPP estimates due to improvements in methodology, data collection, data review and data processing
- Capability building – established technical know-how in the participating economies and ADB which future rounds could be built on

Building for the Future

- For undertaking evidence-based policy decisions, countries will use not only their own country data but also data for other countries.
- This will enable each country to be aware of the position of its peers in key macro-economic variables.
- The provision for such an analysis to decision makers would, in turn, provide recognition to the importance of ICP and support for future rounds of ICP.

Thank you!