

Title: New Methodological Developments for the International Comparison Program (ICP)

Abstract: The paper explains new methodology that was used in the 2005 International Comparison Program (ICP) that compared the relative price levels and GDP levels across 146 countries. In this round of the ICP, the world was divided into 6 regions: OECD, CIS, Africa, South America, Asia Pacific and West Asia. What is new in this round compared to previous rounds of the ICP is that each region was allowed to develop its own product list and collect prices on this list for countries in the region. The regions were then linked using another separate product list and 18 countries across the 6 regions collected prices for products on this list and this information was used to link prices and quantities across the regions. An additional complication was that the final linking of prices and volumes across regions had to respect the regional price and volume measures that were (separately) constructed by the regions. The paper also studies the properties of the Iklé Dikhanov Balk multilateral system of index numbers which was used by Africa.