



## **2011 International Comparison Program Summary Results Release Compares the Real Size of the World Economies**

**WASHINGTON, April 29, 2014** – The International Comparison Program (ICP) released new data today showing that the world economy produced goods and services worth over \$90 trillion in 2011, and that almost half of the world's total output came from low and middle income countries.

Under the authority of the United Nations Statistical Commission, the 2011 round of ICP covered 199 economies - the most extensive effort to measure Purchasing Power Parities (PPPs) across countries ever. ICP 2011 estimates benefited from a number of methodological improvements over past efforts to calculate PPPs.

The ICP's principal outputs are PPPs for 2011 and estimates of PPP-based gross domestic product (GDP) and its major components in aggregate and per capita terms. When converting national economic measures (e.g. GDP), into a common currency, PPPs are a more direct measure of what money can buy than exchange rates.

ICP implementation was led and coordinated by the ICP Global Office, hosted by the World Bank, in partnership with regional agencies overseeing activities in eight geographic regions: Africa, Asia and the Pacific, Commonwealth of Independent States (CIS), Latin America, the Caribbean, Western Asia, Pacific Islands, and the countries of the regular PPP program managed by the Statistical Office of the European Communities (Eurostat) and the Organization for Economic Cooperation and Development (OECD). In addition, two "singleton" economies, Georgia and Iran, participated in bilateral exercises with partner economies, without being part of any regional comparisons.

### **Major findings:**

- Six of the world's twelve largest economies were in the middle income category (based on the World Bank's definition). When combined, the twelve largest economies account for two-thirds of the world economy, and 59 percent of the world population.
- The PPP-based world GDP amounted to \$90,647 billion, compared to \$70,294 billion measured by exchange rates.
- Middle income economies' share of global GDP is 48 percent when using PPPs and 32 percent when using exchange rates.
- Low income economies, as a share of world GDP were more than two times larger based on PPPs than respective exchange rate shares in 2011. Yet, these economies accounted for only 1.5 percent of the global economy, but nearly 11 percent of the world population.
- Roughly twenty-eight percent of the world's population lives in economies with GDP per capita expenditures above the \$13,460 world average and 72 percent are below that average.
- The approximate median yearly per capita expenditures for the world – at \$10,057 – means that half of the global population has per capita expenditures above that amount and half below.

### **Which are the largest economies?**

- The six largest middle income economies – China, India, Russia, Brazil, Indonesia and Mexico – account for 32.3 percent of world GDP, whereas the 6 largest high income economies – United States, Japan, Germany, France, United Kingdom, and Italy – account for 32.9 percent.
- Asia and the Pacific, including China and India, accounts for 30 percent of world GDP, Eurostat-OECD 54 percent, Latin America 5.5 percent (excluding Mexico, which participates in the OECD and Argentina, which did not participate in the ICP 2011), Africa and Western Asia about 4.5 percent each.

- China and India make up two-thirds of the Asia and the Pacific economy, excluding Japan and South Korea, which are part of the OECD comparison.
- Russia accounts for more than 70 percent of the CIS, and Brazil for 56 percent of Latin America.
- South Africa, Egypt, and Nigeria account for about half of the African economy.

### **Which countries are the most expensive?**

- The Price Level Index (PLI) is the ratio of a PPP to a corresponding exchange rate. An index over 100 means prices are higher on average than in the world, and one less than 100 means prices are relatively lower.
- The most expensive economies in GDP terms are Switzerland, Norway, Bermuda, Australia and Denmark, with indices ranging from 210 to 185. The United States ranked 25<sup>th</sup> in the world, lower than most other high-income economies, including France, Germany, Japan, and the United Kingdom.
- 23 economies are showing a PLI of 50 or below. The cheapest economies are Egypt, Pakistan, Myanmar, Ethiopia and Lao People's Democratic Republic, with indices ranging from 35 to 40.

### **Which countries are the richest and poorest in per capita terms?**

- The five economies with the highest GDP per capita are Qatar, Macao, Luxembourg, Kuwait, and Brunei. The first two economies have more than \$100,000 per capita.
- Eleven economies have more than \$50,000 per capita, while they collectively account for less than 0.6 percent of the world's population. The United States has the 12<sup>th</sup> highest GDP per capita.
- Eight economies – Malawi, Mozambique, Central African Republic, Niger, Burundi, Congo, Dem. Rep., Comoros and Liberia – have a GDP per capita of less than \$1,000.

### **Which countries devote the most spending that directly benefit individuals?**

- A general measure of material well-being of each economy's population is measured better by actual individual consumption per capita – a measure of all expenditures in the economy that directly benefit individuals – rather than by GDP per capita. By this measure, the five economies with highest actual individual consumption per capita are Bermuda, United States, Cayman Islands, Hong Kong and Luxembourg, respectively.
- The world average actual individual consumption per capita is approximately \$8,647.

### **Investment expenditures**

- At 27 percent, China now has the largest share of the world's expenditure for investment (gross fixed capital formation); followed by the United States at 13 percent.
- India, Japan and Indonesia follow with 7 percent, 4 percent, and 3 percent, respectively.
- China and India account for about 80 percent of investment expenditures in the Asia and the Pacific region. Russia accounts for 77 percent of CIS, Brazil for 61 percent of Latin America and Saudi Arabia for 40 percent of Western Asia.

### **Limitations in the use of the data**

PPPs are statistical estimates. Like all statistics they are subject to sampling errors, measurement errors, and errors of classification. Therefore, they should be treated as approximations to true values. Because of the complexity of the process used to collect the data and calculate the PPPs, it is not possible to directly

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estimate their margins of error. Therefore, small differences in the estimated values between economies should not be considered significant.

PPPs should not be used as indicators of the under- or overvaluation of currencies. They do not inform what exchange rates "should be". PPPs do not reflect the demand for currencies as a medium of exchange, speculative investment, or official reserves.

The ICP is designed to compare levels of economic activity across economies, expressed in a common currency, in a particular benchmark year. As such, PPP-based expenditures are not directly comparable with the 2005 ICP round estimates because they are based on two different price levels. In addition, some of the economies participating in one of these comparisons were not in the other comparison. A small number of economies moved from one region to another, and most importantly, some significant improvements in methodology were implemented in ICP 2011.

The ICP should not be used to compare changes in an economy's PPP-based GDP over time. Experience has shown that sizeable discrepancies can arise between extrapolated estimates and a new benchmark, even when they are only a couple of years apart. The gap between the latest ICP rounds was six years, which has resulted in some very large differences for many economies between the extrapolated PPP-based expenditures for 2011 and the benchmark PPP-based expenditures that are available from ICP 2011.

*The 2011 ICP results report, along with related data and methodology notes, can be accessed once the embargo lifts at <http://icp.worldbank.org>*

**Contacts:**

**Merrell Tuck-Primdahl, work # 202-473-9516; mob # 202-476-9897**

**[mtuckprimdahl@worldbank.org](mailto:mtuckprimdahl@worldbank.org)**

**Vamsee Kanchi, work # 202-458-9771; mob # 202-277-4553**

**[vkanchi@worldbank.org](mailto:vkanchi@worldbank.org)**

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**Main Results for the Largest Economies and Economies with Highest and Lowest GDP per capita**

#	Economy	Shares (World = 100.0)			Expenditure per capita (US\$)	
		Expenditure		Pop.		
		Based on PPPs	Based on XRs			
1	United States	17.1	22.1	4.6	146,521	
2	China*	14.9	10.4	19.9	97,091	
3	India	6.4	2.7	18.1	115,441	
4	Japan	4.8	8.4	1.9	88,670	
5	Germany	3.7	5.2	1.2	111,689	
6	Russian Federation	3.5	2.7	2.1	84,058	
7	Brazil	3.1	3.5	2.9	52,379	
8	France	2.6	4.0	1.0	74,397	
9	United Kingdom	2.4	3.5	0.9	51,242	
10	Indonesia	2.3	1.2	3.6	61,879	
11	Italy	2.3	3.1	0.9	42,182	
12	Mexico	2.1	1.7	1.7	Bermuda	
13	Spain	1.6	2.1	0.7	51,582	
14	Korea, Rep.	1.6	1.6	0.7	85,839	
15	Canada	1.6	2.5	0.5	35,173	
16	Saudi Arabia	1.5	1.0	0.4	Hong Kong	
17	Turkey	1.5	1.1	1.1	49,782	
18	Iran, Islamic Rep.	1.4	0.8	1.1	United States	
19	Australia	1.1	2.1	0.3	49,686	
20	Taiwan, China	1.0	0.7	0.3	Cayman Islands	
21	Thailand	1.0	0.5	1.0	48,163	
22	Egypt, Arab Rep.	0.9	0.3	1.2	Saudi Arabia	
23	Poland	0.9	0.7	0.6	43,360	
24	Pakistan	0.9	0.3	2.6	Bahrain	
25	Netherlands	0.8	1.2	0.2	163	
26	South Africa	0.7	0.6	0.7	Sierra Leone	
27	Malaysia	0.7	0.4	0.4	1,369	
28	Philippines	0.6	0.3	1.4	Guinea-Bissau	
29	Colombia	0.6	0.5	0.7	1,365	
30	Nigeria	0.6	0.4	2.4	165	
	<b>Total</b>	<b>84.1</b>	<b>85.4</b>	<b>75.4</b>	Burkina Faso	
					166	
					Rwanda	
					167	
					Togo	
					168	
					Guinea	
					169	
					Ethiopia	
					170	
					Malawi	
					171	
					Mozambique	
					172	
					Central African Republic	
					173	
					Niger	
					174	
					Burundi	
					175	
					Congo, Dem. Rep.	
					176	
					Comoros	
					177	
					Liberia	
					<b>World Average</b>	
					<b>13,460</b>	
					<b>10,438</b>	

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\* The results presented in the tables are based on data supplied by all the participating economies and compiled in accordance with ICP principles and the procedures recommended by the 2011 ICP Technical Advisory Group. The results for China are estimated by the 2011 ICP Asia and the Pacific Regional Office and the Global Office. The National Bureau of Statistics of China does not recognize these results as official statistics.