Regionalization Approach in International Comparison Program and Its Impact on China's International Comparison Results

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Based on the systematic review of the regionalization approach used by the International Comparison Program (ICP), this paper compares the two sets of global comparison results obtained in the Country Approach with Redistribution (CAR) method for the 2011 and 2017 rounds of ICP and analyzes the differences and reasons lying behind it. Furthermore, the direction and extent of the impact of the regional grouping on China's purchasing power parity (PPP) and real aggregate are simulated and analyzed based on the CAR method. The study found that: For the Asia-Pacific region, the ratio of PPP obtained using global GEKS without fixity to PPP obtained using CAR with fixity shows a significant positive correlation with GDP per capita. This difference can be explained by the extent to which the bridging PPP obtained in global GEKS deviates from the regional comparison results. The economies using as the bridging PPP in GEKS are determined by how we group the region. This means that the regional grouping will have an important impact on the results obtained from CAR method. From the simulation results of the regional grouping, when China is located in the EU-OECD region, PPP will increase by 2.56%, and real GDP will be reduced by 2.49% compared to the original regional grouping. It shows that under the current methodology, the global comparison results are not “neutral” for regional grouping.