

First estimates of gross domestic product (GDP) and actual individual consumption (AIC) per capita in purchasing power standards (PPS)

2020

Based on first estimates of EUROSTAT, the gross domestic product per capita in purchasing power standards in Montenegro in 2020 was 46% of the EU average.

Among the Member States, the highest GDP per capita in purchasing power standards is recorded in Luxembourg, which level was more than two and a half times above the EU average and it was 266% of the EU average, while Bulgaria was at the lowest level with 55% of the EU average.

Among the neighbouring countries, based on first estimates of EUROSTAT, Croatia recorded the highest GDP per capita in purchasing power standards which is 64% of the EU average, while Montenegro is ranked at the second place with 46% of the EU average. Serbia was on the level of 43% of the EU average, North Macedonia was on the level of 38% of the European average, Bosnia and Herzegovina was on the level of 33% while Albania was on the level of 31% of the European average.

Actual individual consumption (AIC) per capita in PPS, among Member States in 2020, ranged from 61% of the EU average in Bulgaria to 131% of the EU average in Luxembourg.

Chart 1. First estimates of GDP per capita in purchasing power standards (PPS) for 2020 (EU¹=100)

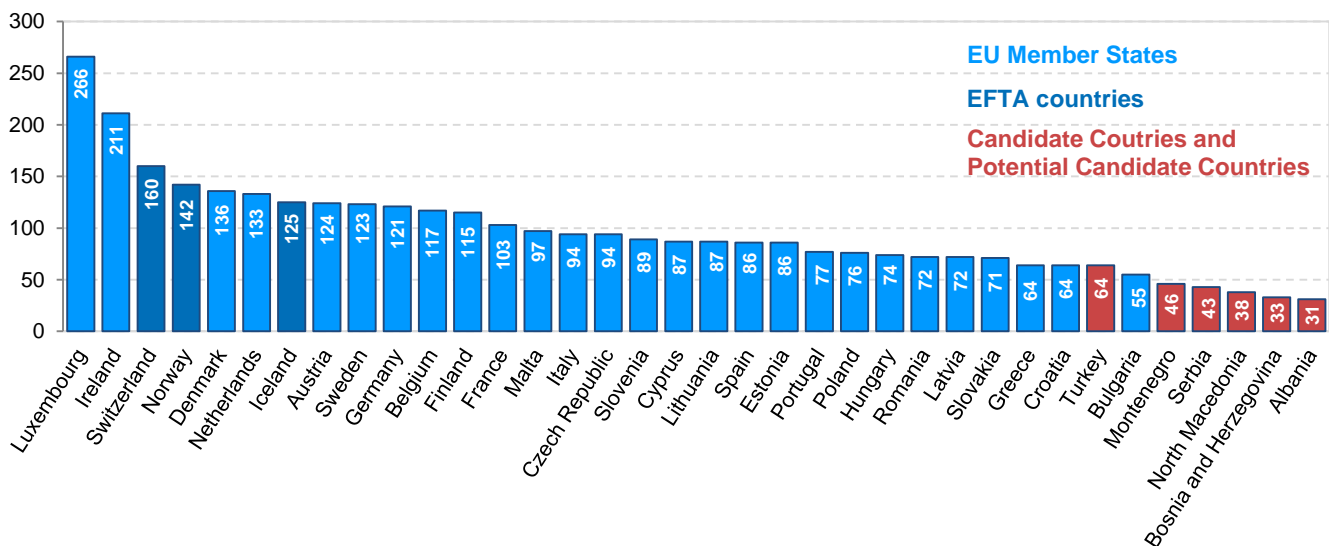


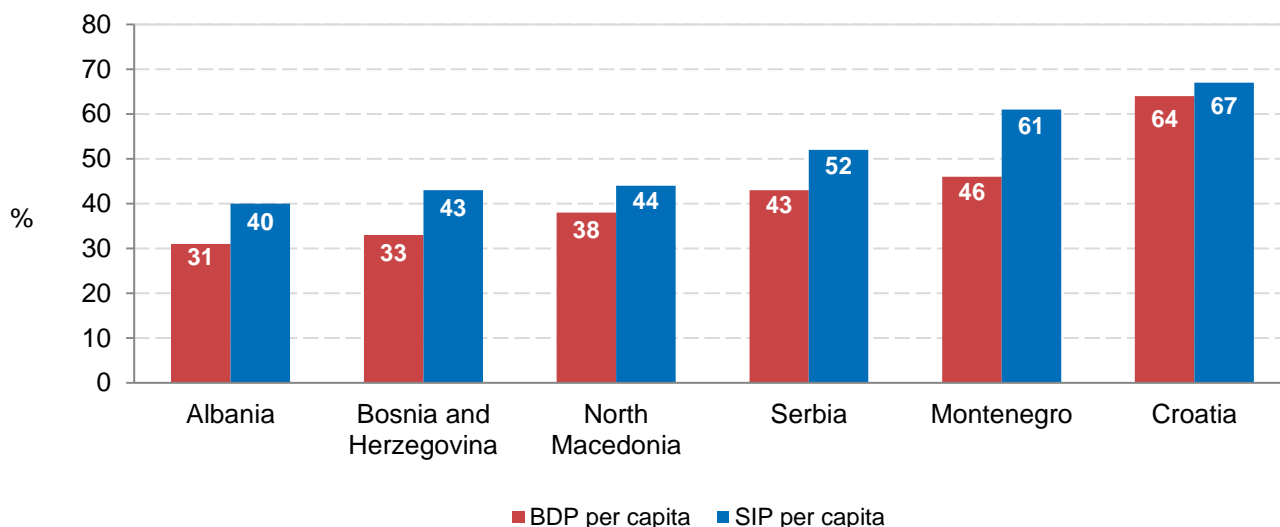
Table 1. First estimates of gross domestic product and actual individual consumption per capita in purchasing power standards for 2020 (EU¹=100)

Country	GDP per capita	AIC per capita
EU¹	100	100
Euro area	105	105
Luxembourg	266	131
Ireland	211	94
Denmark	136	121
Netherlands	133	117
Austria	124	114
Sweden	123	111
Germany	121	123
Belgium	117	113
Finland	115	114
France	103	109
Malta	97	83
Italy	94	97
Czechia	94	87
Slovenia	89	80
Cyprus	87	98
Lithuania	87	96
Spain	86	87
Estonia	86	79
Portugal	77	85
Poland	76	83
Hungary	74	69
Romania	72	79
Latvia	72	72
Slovakia	71	73
Greece	64	78
Croatia	64	67
Bulgaria	55	61
Switzerland	160	123
Norway	142	128
Iceland	125	124
Turkey	64	72
Montenegro	46	61
Serbia	43	52
North Macedonia	38	44
Albania	31	40
Bosnia and Herzegovina	33	43

Source: EUROSTAT

¹ EU represents the European Union of 27 Member States after 1 February 2020.

Chart 2. First estimates of GDP and AIC per capita in purchasing power standards for 2020, comparison with neighbouring countries (EU¹=100)



Observing the neighbouring countries, based on first estimates provided by EUROSTAT, actual individual consumption per capita in purchasing power standards are ranged from 40% to 67% of EU average. The actual individual consumption per capita according to the purchasing power standards in Montenegro, based on first estimates was 61% of the EU average in 2020. Among the neighbouring countries, AIC per capita in PPS was highest in Croatia with 67% of EU average, while the lowest AIC was in Albania, with 40% of EU average.

GDP per capita is mainly used as indicator reflecting the level of economic activity, while actual Individual Consumption (AIC) per capita is an alternative indicator better adapted to describe the material welfare situation of households.

Generally, levels of AIC per capita are more homogeneous than those of GDP but still there are substantial differences across the EU Member States. The structure of actual individual consumption is based on homogeneous sets of products and services that households consume, but there are still evident differences between AIC per capita levels among Member States.

METHODOLOGICAL NOTES

Purchasing Power Standard (PPS) is an artificial reference currency unit that eliminates price level differences between countries. Such one PPS buys the same volume of goods and services in all countries. This unit allows meaningful volume comparison of economic indicators across countries.

This indicator, among other things, is used for spatial comparison of the size of GDP, the size of the economy and economic welfare.

The size of GDP per capita expressed in the purchasing power standard is largely influenced by the volume of GDP calculated by the expenditure method, the level of consumer prices and the number of inhabitants.

Purchasing Power Parities (PPPs) are currency conversion rates that applied in order to convert economic indicators from national currency to an artificial common currency - the Purchasing Power Standard (PPS), which equalizes the purchasing power of different national currencies and enables meaningful volume comparison between countries.

For example, if the GDP per capita expressed in the national currency of each country participating in the comparison, is divided by its PPP, the resulting figures neutralise the effect of differences in price levels and thus indicate the real volume of GDP or AIC at a common price level. When divided by the nominal exchange rate of a given year, the PPP provides an estimate of the price level of a given country relative to, for instance, the EU-27.

Price level indices provide a comparison of the countries price levels relative to the EU average. If the price level index is higher than 100, the country concerned relatively expensive compared to the EU average and opposite.

Actual individual consumption, refers to all goods and services actually consumed by households. It encompasses consumer goods and services purchased directly by households, as well as services provided by non-profit institutions and the government for individual consumption (e.g., health and education services).

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