

## Gross domestic product (GDP) and actual individual consumption (AIC) per capita in purchasing power standards (PPS) 2020

According to the latest data published by EUROSTAT, the gross domestic product per capita in purchasing power standards in Montenegro in 2020 was 45% of the EU average.

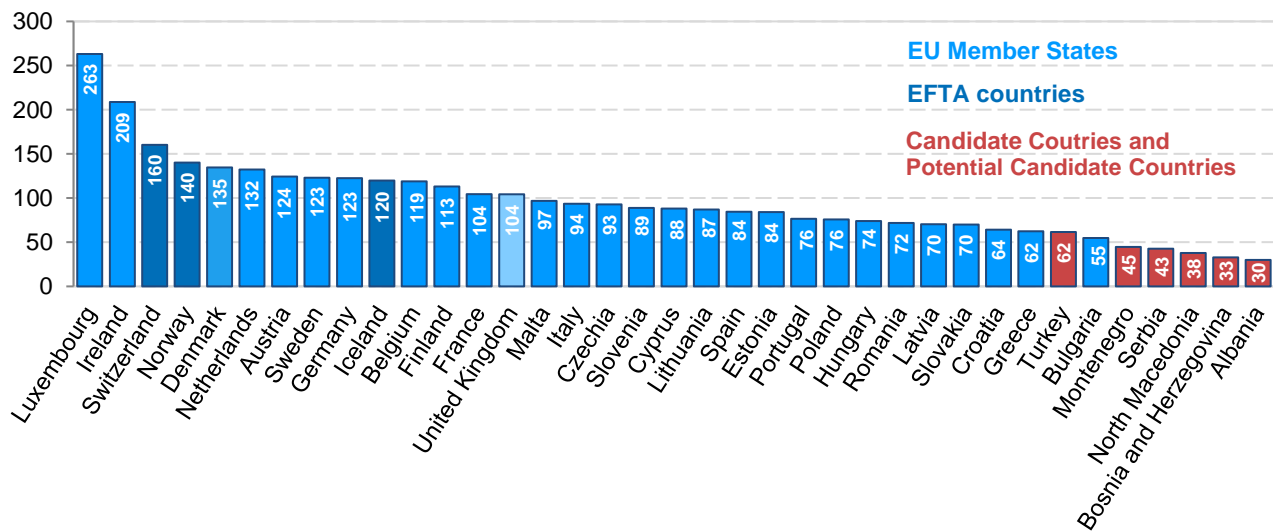
Among the Member States, the highest GDP per capita in purchasing power standards is recorded in Luxembourg which level was more than two and a half times above the EU average and it was 263% of the EU average, while Bulgaria was at the lowest level with 55% of the EU average.

Among the neighbouring countries, 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 45% of the EU average. Serbia was on the level of 43% of the European average, North Macedonia was on the level of 38%, Bosnia and Herzegovina was on the level of 33%, while Albania was on the level of 30% 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 145% of the EU average in Luxembourg.

**Chart 1. GDP per capita in purchasing power standards (PPS)**

for 2020 (EU<sup>1</sup>=100)



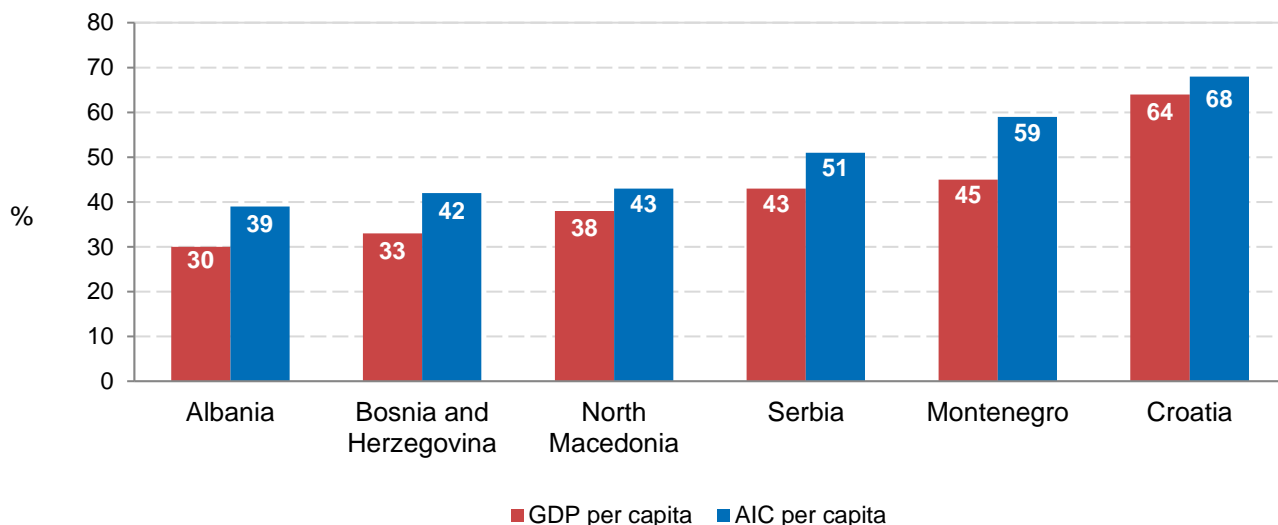
**Table 1. Gross domestic product and actual individual consumption per capita in purchasing power standards for 2020 (EU<sup>1</sup>=100)**

Country	GDP per capita	AIC per capita
<b>EU<sup>1</sup></b>	<b>100</b>	<b>100</b>
<b>Euro-zona</b>	<b>105</b>	<b>105</b>
Luxembourg	263	145
Ireland	209	90
Denmark	135	122
Netherlands	132	117
Austria	124	116
Sweden	123	112
Germany	123	124
Belgium	119	114
Finland	113	113
France	104	110
Malta	97	81
Italy	94	96
Czechia	93	84
Slovenia	89	82
Cyprus	88	96
Lithuania	87	95
Spain	84	85
Estonia	84	77
Portugal	76	84
Poland	76	83
Hungary	74	70
Romania	72	80
Latvia	70	70
Slovakia	70	71
Croatia	64	68
Greece	62	74
Bulgaria	55	61
United Kingdom	104	113
Switzerland	160	124
Norway	140	126
Iceland	120	119
Turkey	62	68
Montenegro	45	59
Serbia	43	51
North Macedonia	38	43
Bosnia and Herzegovina	33	42
Albania	30	39

Source: EUROSTAT

<sup>1</sup> EU represents the European Union of 27 Member States since 1 February 2020

**Chart 2. GDP and AIC per capita in purchasing power standards for 2020, comparison with neighbouring countries (EU<sup>1</sup>=100)**



Observing the neighbouring countries, actual individual consumption per capita in purchasing power standards are ranged from 39% to 68% of EU average. The actual individual consumption per capita according to the purchasing power standards in Montenegro was 59% of the EU average in 2020. Among the neighbouring countries, AIC per capita in PPS was highest in Croatia with 68% of EU average, while the lowest AIC was in Bosnia and Herzegovina and Albania, with 42% and 39% 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-28 total.

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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