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

### 2021

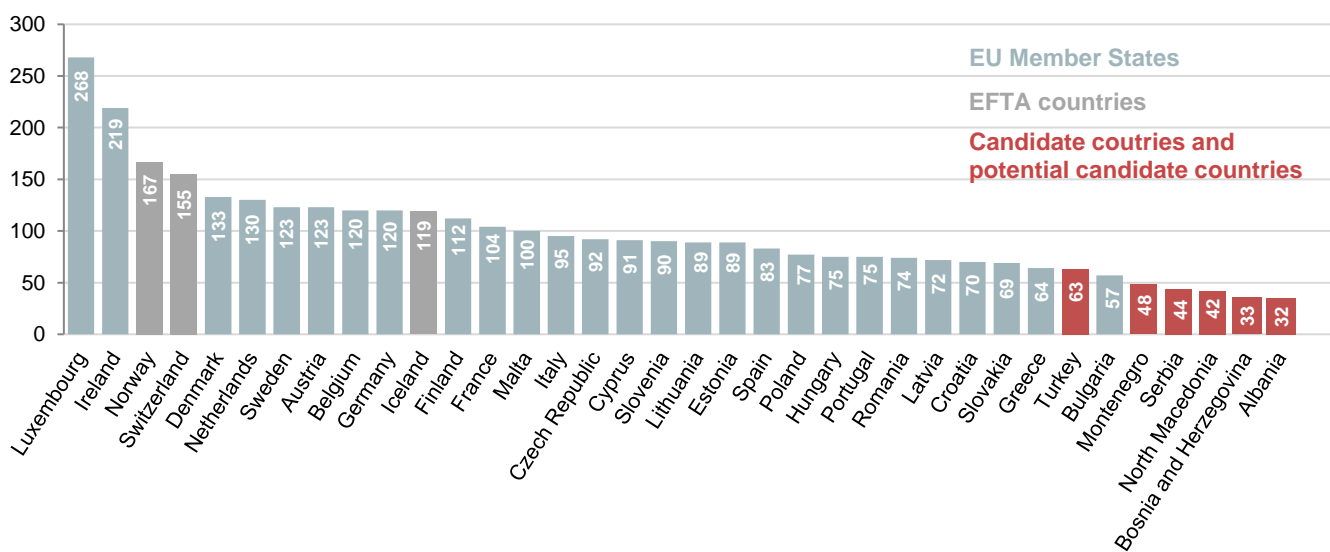
According to the latest data published by EUROSTAT, the gross domestic product per capita in purchasing power standards in Montenegro in 2021 was 48% of the EU average.

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 268% of the EU average, while Bulgaria was at the lowest level with 57% of the EU average.

Among the neighbouring countries, Croatia recorded the highest GDP per capita in purchasing power standards which is 70% of the EU average, while Montenegro is ranked at the second place with 48% of the EU average. Serbia was on the level of 44% of the EU average, North Macedonia was on the level of 42% of the European average, Bosnia and Herzegovina was on the level of 33% while Albania was on the level of 32% of the European average.

Actual individual consumption (AIC) per capita in PPS, among Member States in 2021, ranged from 65% of the EU average in Bulgaria to 144% of the EU average in Luxembourg.

**Chart 1.** GDP per capita in purchasing power standards (PPS) for 2021 (EU<sup>1</sup>=100)

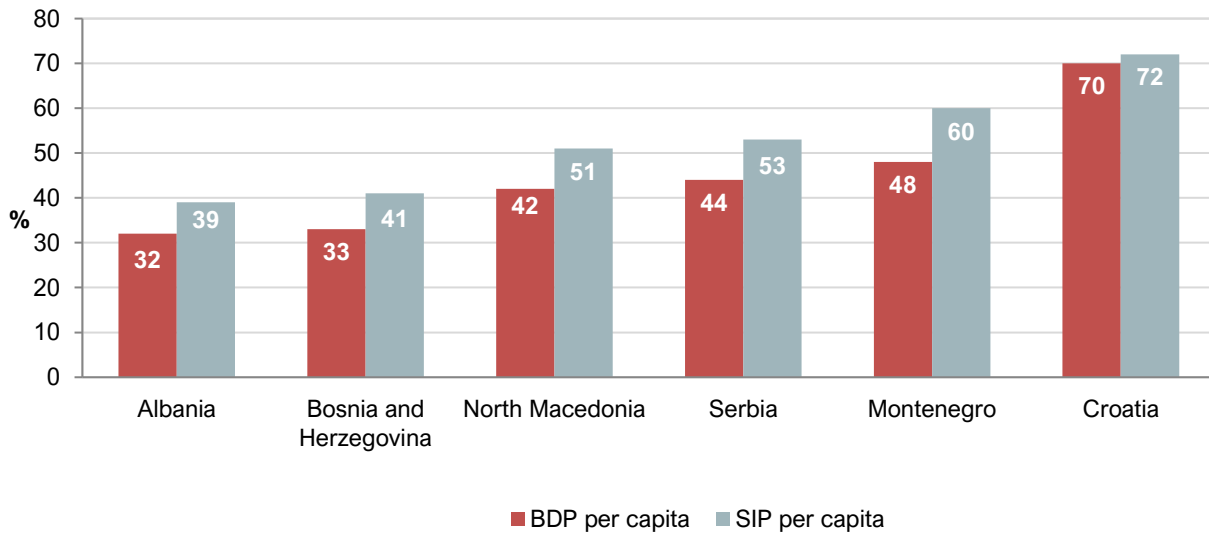


**Table 1.** Gross domestic product and actual individual consumption per capita in purchasing power standards for 2021 (EU<sup>1</sup>=100)

Country	GDP per capita	AIC per capita
<b>EU<sup>1</sup></b>	<b>100</b>	<b>100</b>
<b>Euro area</b>	<b>105</b>	<b>105</b>
Luxembourg	268	144
Ireland	219	88
Denmark	133	119
Netherlands	130	115
Sweden	123	111
Austria	123	117
Belgium	120	116
Germany	120	120
Finland	112	112
France	104	111
Malta	100	83
Italy	95	98
Czech Republic	92	85
Cyprus	91	95
Slovenia	90	85
Lithuania	89	97
Estonia	89	80
Spain	83	85
Poland	77	84
Portugal	75	84
Hungary	75	70
Romania	74	84
Latvia	72	76
Croatia	70	72
Slovakia	69	71
Greece	64	75
Bulgaria	57	65
Norway	167	126
Switzerland	155	119
Iceland	119	119
Turkey	63	69
<b>Montenegro</b>	<b>48</b>	<b>60</b>
Serbia	44	53
North Macedonia	42	51
Bosnia and Herzegovina	33	41
Albania	32	39

Source: EUROSTAT

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

**Chart 2** GDP and AIC per capita in purchasing power standards for 2021, 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% in Albania to 72% of EU average in Croatia. The actual individual consumption per capita according to the purchasing power standards in Montenegro, based on first estimates was 60% of the EU average in 2021.

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).

*More data, as well as detailed methodological notes can be found in the section: [Purchasing power parity](#)*