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Comparative price levels of 37 European countries in 2017

On 20th June 2018, Eurostat has published a comparative price levels from 37 European countries. The group of 37 European countries consists of 28 EU members, three EFTA members (Iceland, Norway and Switzerland), five candidate countries for EU membership (Montenegro, FYR Macedonia, Serbia, Albania and Turkey) and Bosnia and Herzegovina, a potential candidate for EU membership.

The given results are based on surveys conducted within the project of Purchasing Power Parities (PPP), which collects prices for more than 2,400 consumer goods and services in 37 European countries. PPP project is implemented under the leadership of Eurostat and OECD.

The results of the surveys are presented through the "price level index", which enables the comparison of prices between countries with the EU average. If the price level index is higher than 100, the country is considered relatively more expensive compared to the EU average, and if the price index is lower than 100, the country is considered relatively cheaper compared to the EU average.

In 2017 the prices levels of consumer goods and services varied considerably across European countries. Denmark's consumer prices are 42 percent higher than the average in 28 member states EU (EU28=100), while the cheapest EU member is Bulgaria, which consumer prices are 52 percent below the EU average.

The price level of consumer goods and services in Montenegro was 55% of EU28 average, while in neighbouring countries PLI was: in Croatia 67 percent, in Bosnia and Herzegovina and Albania 52 percent, Serbia 51 percent and in FYR Macedonia 47 percent of the European average.

Chart 1. Price level index among European countries for household final consumption expenditure in 2017, EU28=100

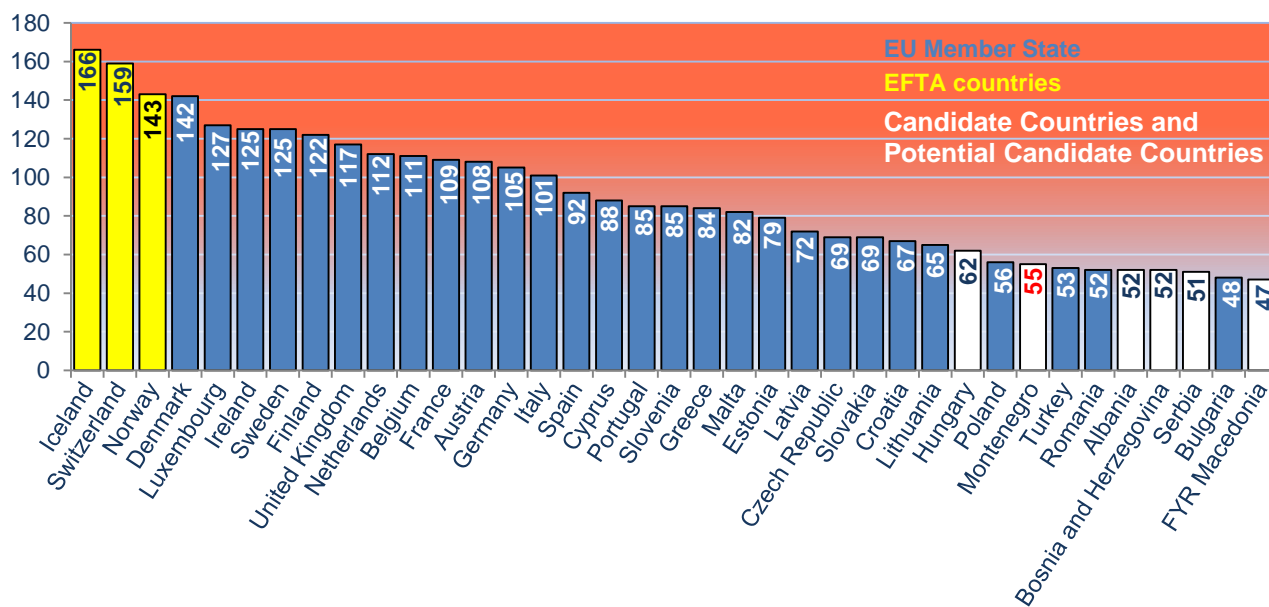


Table 1. Price level indices for 6 groups of products and services, 2017 (EU28=100)

Country	Total	Food and non-alcoholic beverages	Alcoholic beverages and tobacco	Clothing	Personal transport equipment	Audio-visual, photographic and information processing equipment	Restaurants and hotels
EU-28	100	100	100	100	100	100	100
Belgium	111	112	104	113	105	106	119
Bulgaria	48	73	56	80	86	93	45
Czech Republic	69	86	74	99	82	92	60
Denmark	142	150	123	130	144	110	151
Germany	105	108	96	105	100	99	110
Estonia	79	94	93	115	86	98	85
Ireland	125	117	174	108	111	86	122
Greece	84	104	95	100	93	100	82
Spain	92	95	86	92	89	99	86
France	109	112	105	105	105	110	118
Croatia	67	96	73	101	94	108	73
Italy	101	112	97	106	102	105	105
Cyprus	88	107	88	100	88	109	93
Latvia	72	95	84	104	85	96	82
Lithuania	65	82	80	105	84	97	69
Luxembourg	127	123	91	107	101	98	112
Hungary	62	82	70	84	89	95	61
Malta	82	110	100	99	103	107	81
Netherlands	112	103	109	111	121	103	112
Austria	108	125	93	105	103	105	105
Poland	56	65	71	88	84	89	74
Portugal	85	96	90	98	111	109	77
Romania	52	62	69	92	83	95	53
Slovenia	85	100	82	97	92	100	82
Slovakia	69	91	72	105	81	101	76
Finland	122	118	139	121	111	105	129
Sweden	125	126	127	134	98	107	146
United Kingdom	117	93	157	87	98	93	107
Iceland	166	156	228	171	131	148	186
Norway	143	161	226	129	139	113	165
Switzerland	159	168	125	153	100	95	163
Montenegro	55	79	63	102	84	97	58
FYR Macedonia	47	58	41	81	90	103	43
Albania	52	75	54	97	79	106	40
Serbia	51	72	52	93	85	108	51
Turkey	53	79	77	54	105	89	63
Bosnia and Herzegovina	52	75	53	88	84	106	55

Source: EUROSTAT

Table 1. shows the price level indices for 6 important groups of products and services: “Food and non-alcoholic beverages”, “Alcoholic beverages and tobacco”, “Clothing”, “Personal transport equipment”, “Audio-visual, photographic and information processing equipment” and “Restaurants and hotels”.

The shaded fields indicate the highest and lowest price level indices per product group, among 37 participating countries.

Iceland is the most expensive country for the four listed groups of products and services: “Alcoholic beverages and tobacco”, “Clothing”, “Audio-visual, photographic and information processing equipment” and “Restaurants and hotels”. Switzerland is the most expensive country for “Food and non-alcoholic beverages”, while Denmark is the most expensive country for the group “Personal transport equipment”.

Macedonia has the lowest price level index for products and services in the following groups: "Food and non-alcoholic beverages" and "Alcoholic beverages and tobacco". Products and services in the groups “Personal transport equipment” and “Hotels and Restaurants” according to the survey are the cheapest in Albania, clothing is cheapest in Turkey, while audio visual equipment and data processing equipment are the cheapest in Ireland.

For the group "Clothing", Montenegro recorded price level index of 102, which is above the EU average, in Bosnia the index was (88), Serbia (93), while the index was significantly lower in Macedonia (81), Turkey (54) as well as in some EU member states, Great Britain (87), Hungary (84) and Bulgaria (80).

Products in the group "Food and non-alcoholic beverages" in Montenegro are 79% of the EU average, and they are more expensive than in Bosnia and Herzegovina (75%), Serbia (72%), Macedonia (58%), while they are cheaper compared to Croatia, in which the price level for the mentioned group of product is 96% of the EU28 average.

In Montenegro, price level indices for “Audio-visual, photographic and information processing equipment“ group of products was (97) and it is under EU average, while for " Personal transport equipment” (84) price level index didn't have significant deviations from comparing prices of mentioned group of products in the region.

The lowest price levels in the group “Restaurants and hotels” were recorded in Albania (40%) and FYR Macedonia (43%), while in Montenegro price level for this group of products was 58% of EU average.

METHODOLOGICAL NOTES

The data in this release are calculated by EUROSTAT and OECD as a result of the surveys conducted by these two institutions in cooperation with national statistical institutions within the Purchasing Power Parity (PPP) project.

In total, 6 surveys are conducted, each related to a particular group of product and services. The whole survey cycle takes 3 years and two surveys are conducted per year. The price level indices presented in this release are based on annual national average prices for about 2400 products and services.

Methodological manual on purchasing power parity is available on EUROSTAT's website:

<http://ec.europa.eu/eurostat/web/products-manuals-and-guidelines/-/KS-RA-12-023>

Purchasing power parities in their simplest form represent price ratio, which show the ratio of prices expressed in national currencies of the same goods and services in different countries.

For example, if the price of a hamburger in France is EUR 2.84, and in the United Kingdom it is GBP 2.20, the PPP for hamburgers between France and United Kingdom is 2.84 EUR to 2.20 GBP or 1.29 EUR to the one pound. In other words, for every pound spent on hamburgers in the United Kingdom, 1.29 EUR would have to be spent in France in order to obtain the same quality and quantity of hamburgers.

Purchasing power parities (PPPs) is a mean of converting national currencies into a common currency that equalizes the purchasing power of different national currencies.

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

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