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## Gross domestic product (GDP) and actual individual consumption (AIC) per capita in purchasing power standards (PPS) for 2017

On 13<sup>th</sup> December 2018, EUROSTAT published data on the gross domestic product and actual individual consumption per capita for 2017, expressed in purchasing power standards. MONSTAT has participated in this project together with the national statistical institutes of other European countries.

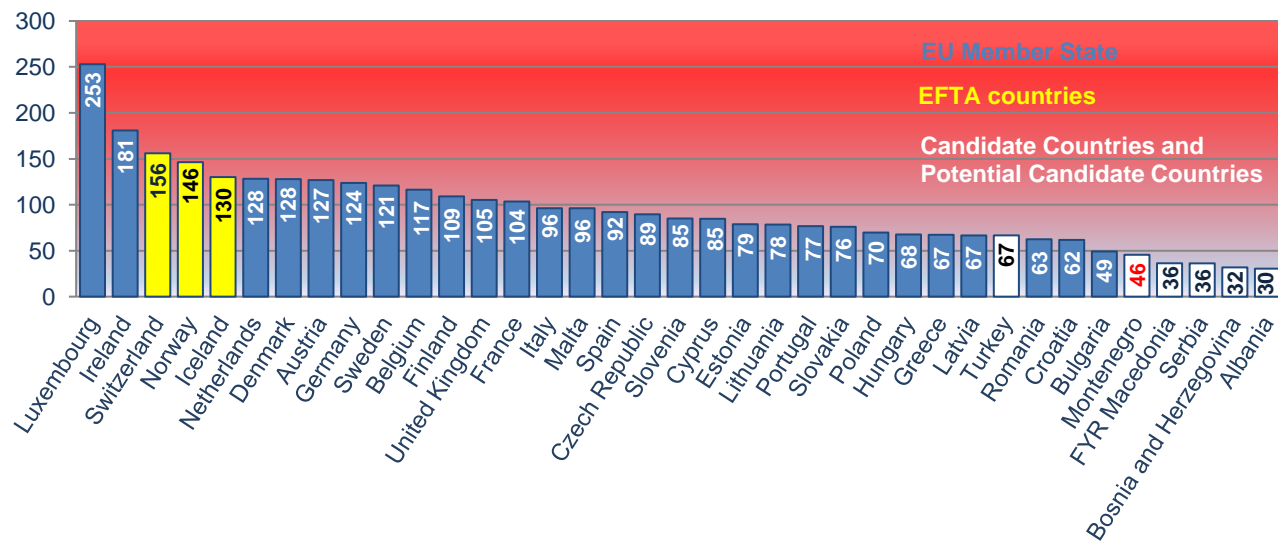
The gross domestic product per capita in purchasing power standards in Montenegro in 2017 was 46% of the EU28 average.

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 EU28 average and it was 253% of the EU average, while Bulgaria was at the lowest level with 49% of the EU average.

Among the neighbouring countries, Croatia recorded the highest GDP per capita in purchasing power standards which is 62% of the EU average, while Montenegro is ranked at the second place with 46% of the EU average. FYR Macedonia and Serbia were on the level of 36% of the European average, Bosnia and Herzegovina on 32% while Albania was on the level of 30% of the European average.

Actual individual consumption (AIC) per capita in PPS among Member States in 2017 varied from 54% of the EU average in Bulgaria to 132% in Luxembourg.

**Chart 1. GDP per capita in purchasing power standards (PPS) for 2017, EU28=100**

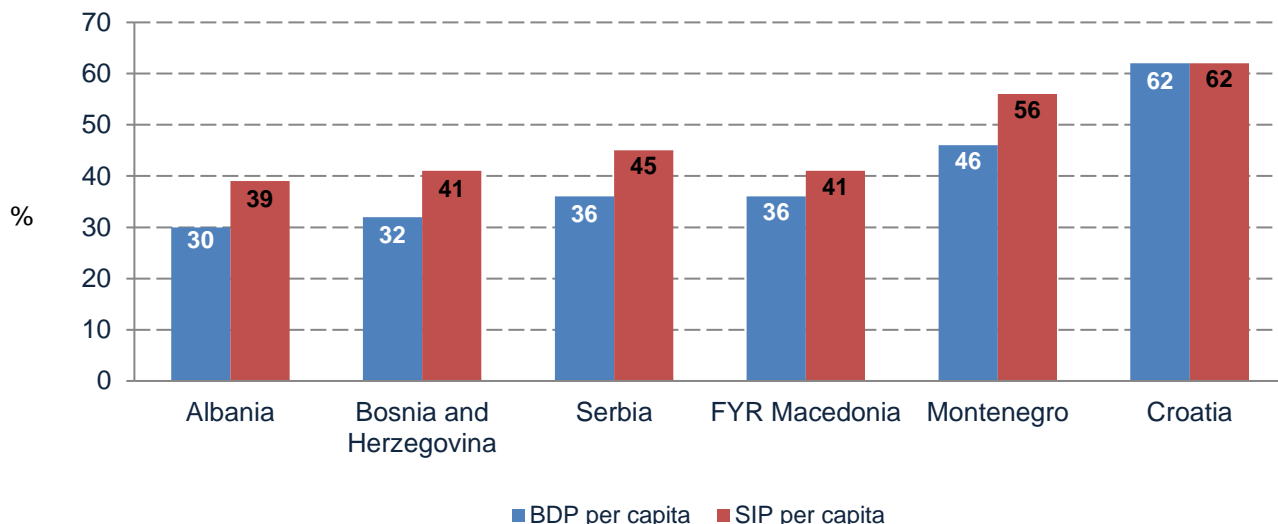


**Table 1. Gross domestic product and actual individual consumption per capita in purchasing power standards for 2017, EU28=100**

Country	GDP per capita			AIC per capita		
	2015	2016	2017	2015	2016	2017
<b>EU28</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>
<b>EA19</b>	<b>106</b>	<b>106</b>	<b>106</b>	<b>105</b>	<b>105</b>	<b>104</b>
Luxembourg	266	260	253	140	134	132
Ireland	178	177	181	94	94	93
Netherlands	130	128	128	115	111	111
Denmark	127	126	128	116	113	114
Austria	129	128	127	121	119	117
Germany	124	124	124	122	122	122
Sweden	125	122	121	113	110	109
Belgium	118	118	117	114	113	112
Finland	109	109	109	114	113	112
United Kingdom	109	107	105	115	115	114
France	105	104	104	110	110	108
Italy	95	97	96	97	98	98
Malta	92	94	96	79	78	78
Spain	91	91	92	89	89	89
Czech Republic	87	88	89	78	79	82
Slovenia	82	83	85	76	76	77
Cyprus	82	84	85	91	92	92
Estonia	76	77	79	71	72	73
Lithuania	75	75	78	83	85	88
Portugal	77	77	77	82	82	82
Slovakia	77	77	76	76	76	76
Poland	69	68	70	74	74	76
Hungary	68	67	68	63	62	62
Greece	69	68	67	79	77	76
Latvia	64	64	67	66	65	68
Romania	56	59	63	58	65	68
Croatia	59	61	62	59	61	62
Bulgaria	47	48	49	53	53	54
Switzerland	165	160	156	131	126	124
Norway	156	145	146	130	127	127
Island	126	131	130	116	116	117
Turkey	67	66	67	67	67	68
<b>Montenegro</b>	<b>42</b>	<b>44</b>	<b>46</b>	<b>54</b>	<b>56</b>	<b>56</b>
FYR Macedonia	36	37	36	41	42	41
Serbia	36	37	36	46	46	45
Albania	30	30	30	38	37	39
Bosna and Herzegovina	30	31	32	41	41	41

Source: EUROSTAT

**Chart 2. GDP and AIC per capita in purchasing power standards for 2017, comparison with neighbouring countries, EU28=100**



For EU Candidate Countries, based on the data provided by EUROSTAT, AIC per capita in purchasing power standards are ranged from 39% to 56% of EU average. The actual individual consumption per capita according to the purchasing power standards in Montenegro was 56% of the average EU28 in 2017. Among the neighbouring countries, AIC per capita in PPS was highest in Croatia with 62% EU average, while the lowest AIC was in Albania and Bosnia and Herzegovina, with 39% and 41% EU28 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.

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.

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

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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