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First estimates of gross domestic product (GDP) and actual individual consumption (AIC) per capita in purchasing power standards (PPS) for 2018

On 19th June 2019, EUROSTAT published the first preliminary estimates of the gross domestic product and actual individual consumption per capita for 2018, expressed in purchasing power standards. MONSTAT has participated in this project together with the national statistical institutes of other European countries.

Based on first estimates of EUROSTAT, the gross domestic product per capita in purchasing power standards in Montenegro in 2018 was 47% 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 254% of the EU average, while Bulgaria was at the lowest level with 50% of the EU average.

Among the neighbouring countries, which have the status of candidate or potential candidate for accession in EU, Montenegro recorded the highest GDP per capita in purchasing power standards which is 47% of the EU average, while Serbia is ranked at the second place with 40% of the EU average. North Macedonia was on the level of 38% of the European average while Albania and Bosnia and Herzegovina were on the level of 31% of the European average.

Actual individual consumption (AIC) per capita in PPS, based on first estimates among Member States ranged between 44% below the EU average in Bulgaria and 32% above the EU average in Luxembourg.

Chart 1. First estimates of GDP per capita in purchasing power standards (PPS) for 2018, EU=100

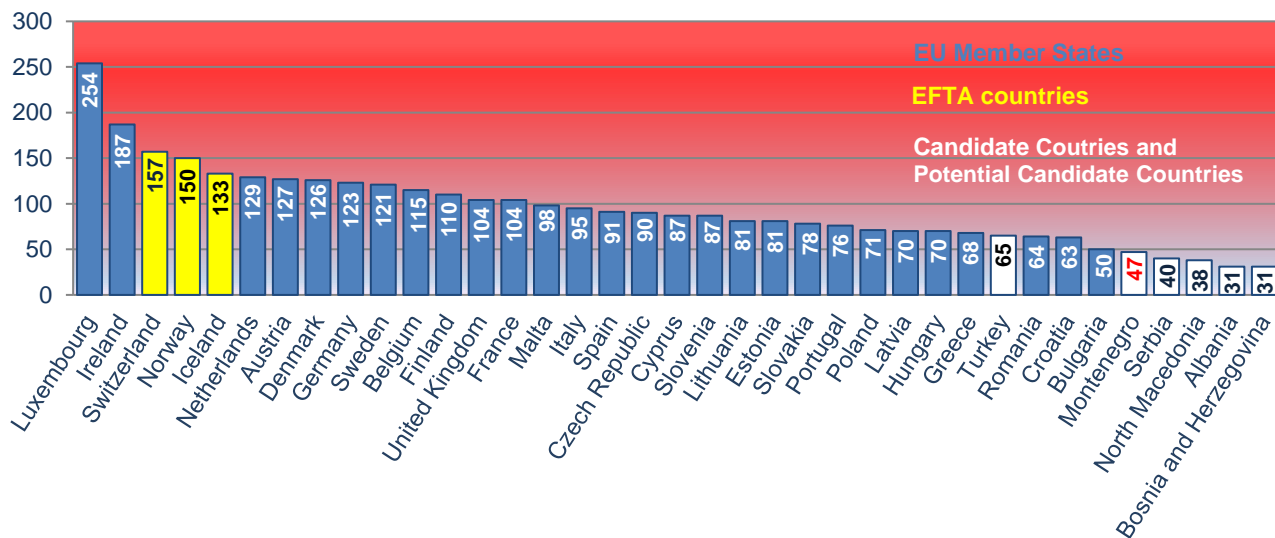
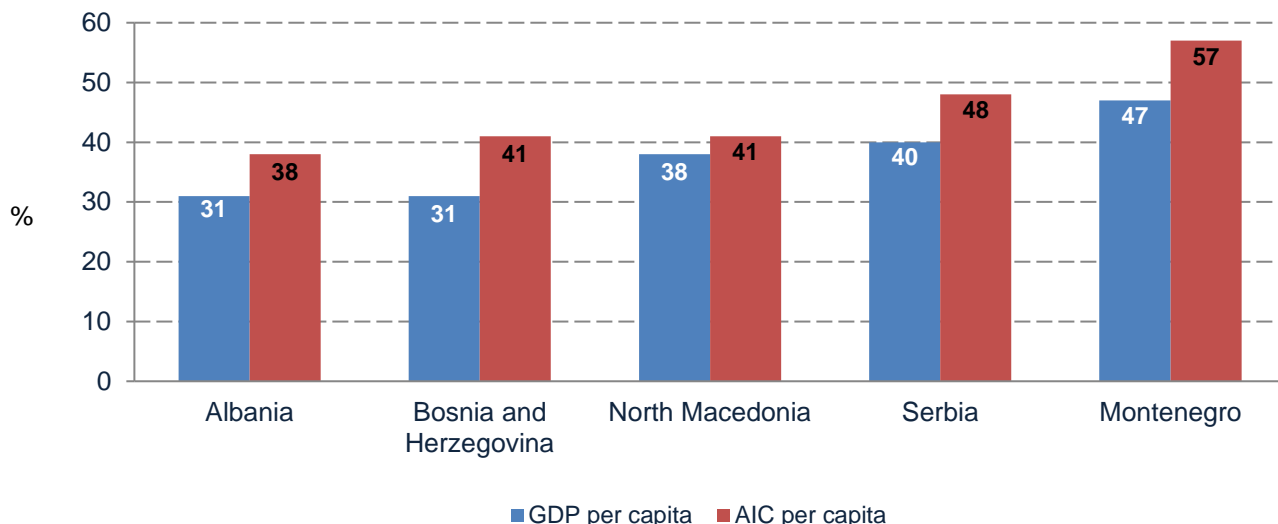


Table 1. First estimates of gross domestic product and actual individual consumption per capita in purchasing power standards for 2018, EU=100

Country	GDP per capita	AIC per capita
EU	100	100
Euro-area	106	104
Luxembourg	254	132
Ireland	187	94
Netherlands	129	112
Austria	127	116
Denmark	126	114
Germany	123	121
Sweden	121	109
Belgium	115	111
Finland	110	112
United Kingdom	104	113
France	104	107
Malta	98	80
Italy	95	98
Spain	91	90
Czech Republic	90	83
Cyprus	87	94
Slovenia	87	77
Lithuania	81	90
Estonia	81	74
Slovakia	78	77
Portugal	76	82
Poland	71	77
Latvia	70	70
Hungary	70	64
Greece	68	76
Romania	64	70
Croatia	63	63
Bulgaria	50	56
Switzerland	157	124
Norway	150	125
Iceland	133	121
Turkey	65	68
Montenegro	47	57
Serbia	40	48
North Macedonia	38	41
Albania	31	38
Bosnia and Herzegovina	31	41

Source: EUROSTAT

Chart 2. First estimates of GDP and AIC per capita in purchasing power standards for 2018, comparison with neighbouring countries, EU=100



For EU candidate and potential candidate countries, based on the first estimates provided by EUROSTAT, AIC per capita in purchasing power standards are ranged from 38% to 57% of EU average. Among the neighbouring countries, AIC per capita in PPS was highest in Montenegro with 57% EU average, while the lowest AIC was in Albania and Bosnia and Herzegovina, with 38% and 41% 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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