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Comparative price levels of 37 European countries in 2018

On 20th June 2019, 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, North 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 approx. 440 comparable products, allowing countries to collect prices for a sufficient number of representative products. 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 2018 the price levels for food, beverages and tobacco varied considerably across European countries. Denmark's consumer prices for food and non-alcoholic beverages are 30% above the EU average, while the cheapest EU member is Poland, which consumer prices are 31% below the EU average.

The price level for food and non-alcoholic beverages in Montenegro was 78% of EU average in 2018, while in neighbouring countries PLI was: Albania 79%, Serbia 78%, Bosnia and Herzegovina 76%, and North Macedonia 62% of the European average.

Chart 1. Price level index among European countries for food and non-alcoholic beverages in 2018, EU=100

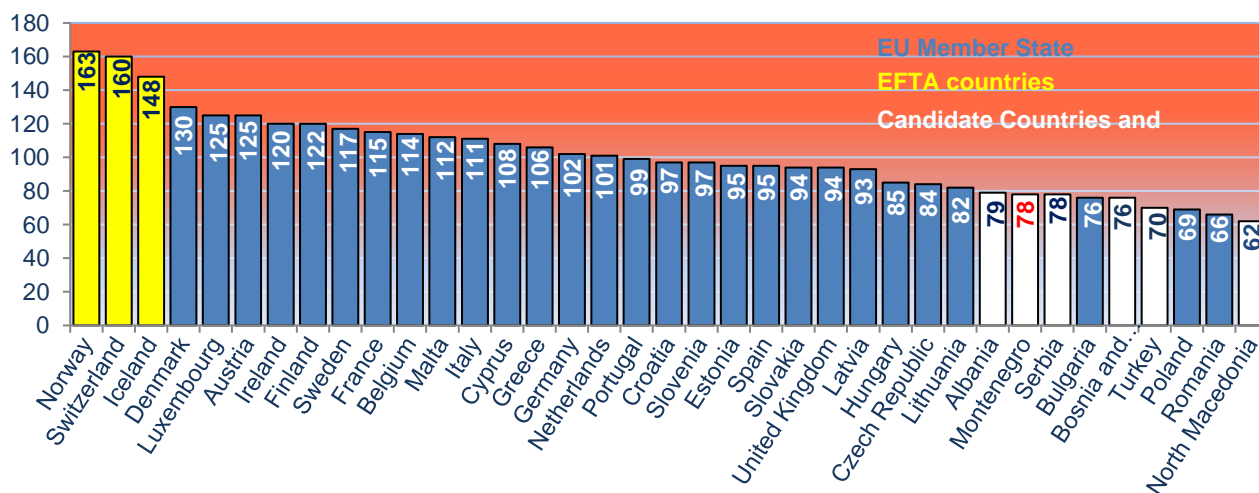


Table 1. Comparative price level indices for selected group of products in 2018 (EU=100)

Country	Food and non-alcoholic beverages	Of which:			Alcoholic beverages	Tobacco
		Bread and cereals	Meat	Milk, cheese and eggs		
EU	100	100	100	100	100	100
Belgium	114	115	126	113	106	102
Bulgaria	76	62	64	98	74	49
Czech Republic	84	80	76	92	82	68
Denmark	130	152	121	117	124	102
Germany	102	102	106	97	89	101
Estonia	95	95	84	103	126	68
Ireland	120	119	105	121	177	201
Greece	106	114	91	134	133	80
Spain	95	108	89	96	84	83
France	115	111	131	100	94	141
Croatia	97	103	85	96	101	62
Italy	111	118	120	115	100	88
Cyprus	108	123	89	136	103	82
Latvia	93	86	76	107	109	65
Lithuania	82	81	71	90	94	63
Luxembourg	125	127	142	131	93	85
Hungary	85	77	75	93	77	63
Malta	112	111	98	117	109	94
Netherlands	101	90	123	102	100	110
Austria	125	135	146	107	101	89
Poland	69	68	63	71	86	60
Portugal	99	98	83	109	102	86
Romania	66	54	63	93	74	69
Slovenia	97	104	97	102	93	68
Slovakia	94	88	79	100	90	64
Finland	120	127	122	116	182	117
Sweden	117	123	119	113	152	108
United Kingdom	94	86	95	92	129	204
Iceland	148	156	165	165	268	187
Norway	163	167	155	174	252	222
Switzerland	160	163	228	136	118	121
Montenegro	78	74	62	83	106	50
North Macedonia	62	57	62	71	72	29
Albania	79	70	71	94	100	40
Serbia	78	70	67	87	84	42
Turkey	70	61	65	96	163	35
Bosnia and Herzegovina	76	71	69	81	72	45

Source: EUROSTAT

Table 1. shows the price level indices for 3 important groups of products: "Food and non-alcoholic beverages", "Alcoholic beverages" and "Tobacco". Within the first group "Food and non-alcoholic beverages", indices for subgroups "Bread and Cereals", "Meat" and "Milk, cheese and eggs" were presented.

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

Observing all countries participating in this project, Norway is the most expensive country for groups of products "Food and non-alcoholic beverages" and "Tobacco", while "Alcoholic beverages" are the most expensive on Iceland.

The North Macedonia has the lowest price level indices for products in groups: "Food and non-alcoholic beverages", "Alcoholic beverages" and "Tobacco".

"Bread and cereals" according to the mentioned survey are the most expensive in Norway and the cheapest in Romania. For the group "Meat", the highest index was recorded in Switzerland and the lowest in Montenegro and North Macedonia, while the products from the group "Milk, cheese and eggs" are the most expensive in Norway and the cheapest in Poland and North Macedonia.

For the group "Food and non-alcoholic drinks", Montenegro records price level index 78 in relation to the EU average, while this index is significantly lower in North Macedonia (62), and it is approximately the same in Albania (79), Serbia (78) and Bosnia and Herzegovina (76).

The Balkan countries are the cheapest for tobacco with a price level ranging from 29% to 50% of the European average.

Observing Montenegro data, the price level indices for groups of products "Bread and Cereals" (74), "Meat" (62) and "Milk, cheese and eggs" (83) are below the EU average, but deviations in comparison of price level indices for mentioned groups among neighbouring countries are evident.

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 440 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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