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Gross domestic product (GDP) and actual individual consumption (AIC) per capita in purchasing power standards (PPS) for 2018

On 13th December 2019, EUROSTAT published data on 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.

The gross domestic product per capita in purchasing power standards in Montenegro in 2018 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 261% of the EU average, while Bulgaria was at the lowest level with 51% 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 48% of the EU average, while Serbia is ranked at the second place with 39% of the EU average. North Macedonia was on the level of 37% 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 among Member States in 2018 varied from 56% of the EU average in Bulgaria to 134% in Luxembourg.

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

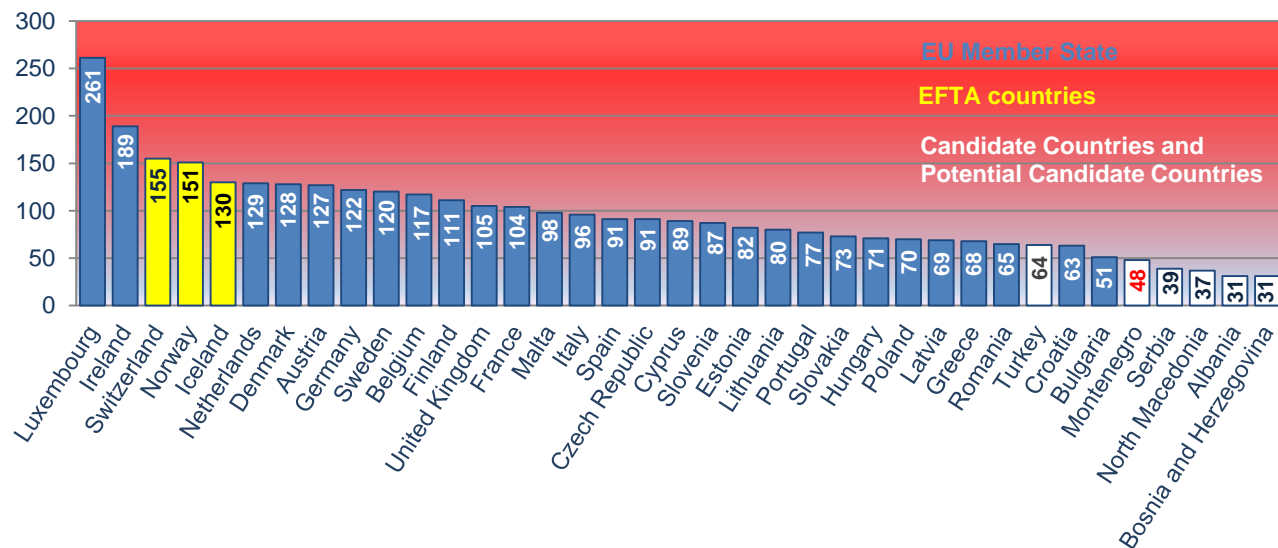
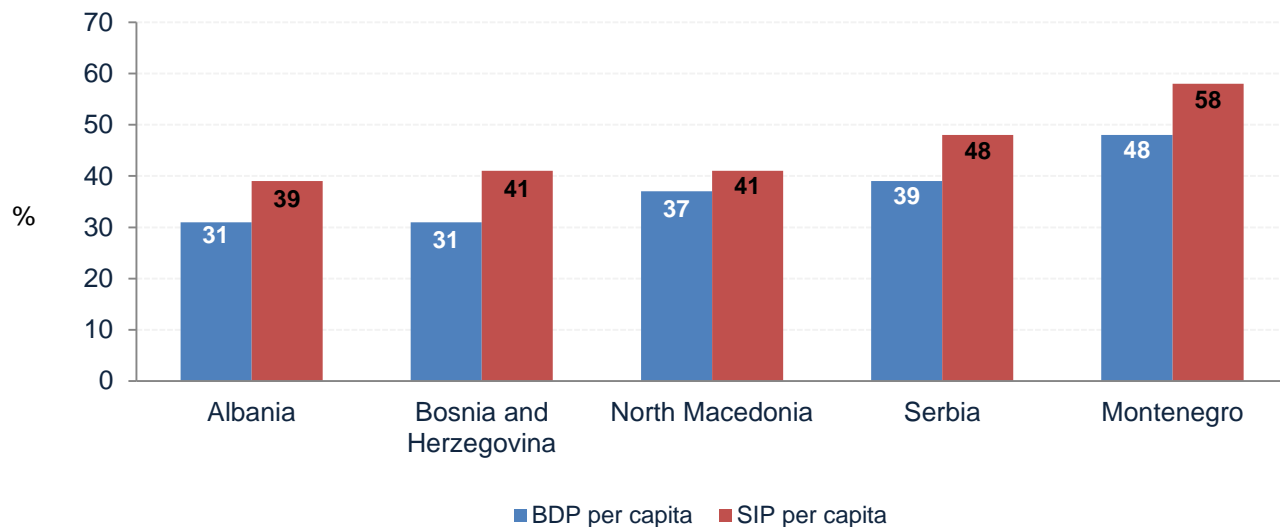


Table 1. Gross domestic product and actual individual consumption per capita in purchasing power standards for 2018, EU=100

Country	GDP per capita			AIC per capita		
	2016	2017	2018	2016	2017	2018
EU	100	100	100	100	100	100
Euro-area	106	106	106	105	105	104
Luxembourg	269	261	261	135	133	134
Ireland	176	181	189	95	94	95
Netherlands	127	128	129	111	112	113
Denmark	127	127	128	113	114	114
Austria	128	127	127	119	118	117
Germany	123	123	122	121	121	120
Sweden	123	122	120	112	111	108
Belgium	119	118	117	114	113	113
Finland	110	110	111	112	111	112
United Kingdom	108	106	105	115	114	113
France	105	103	104	110	108	107
Malta	95	97	98	78	78	80
Italy	97	97	96	98	98	98
Spain	91	92	91	90	91	90
Czech Republic	87	89	91	79	81	82
Cyprus	87	88	89	92	93	94
Slovenia	83	85	87	77	78	79
Estonia	76	78	82	72	72	74
Lithuania	75	78	80	85	87	89
Portugal	77	77	77	82	81	83
Slovakia	72	72	73	68	69	73
Hungary	68	68	71	62	63	64
Poland	68	69	70	74	75	76
Latvia	64	66	69	66	67	69
Greece	68	67	68	77	76	77
Romania	59	63	65	65	69	71
Croatia	60	61	63	61	62	64
Bulgaria	49	50	51	54	54	56
Switzerland	160	155	155	127	124	124
Norway	144	146	151	127	126	126
Island	129	129	130	114	116	118
Turkey	65	65	64	67	68	67
Montenegro	44	46	48	56	56	58
Serbia	39	38	39	47	47	48
North Macedonia	37	36	37	42	41	41
Albania	29	30	31	37	38	39
Bosna and Herzegovina	31	31	31	41	40	41

Source: EUROSTAT

Chart 2. 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 final data provided by EUROSTAT, actual individual consumption per capita in purchasing power standards are ranged from 39% to 58% of EU average. Among the neighbouring countries, AIC per capita in PPS was highest in Montenegro with 58% EU average, while the lowest AIC was in Albania with 39% 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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