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Comparative price levels of 37 European countries *in 2019*

On 19th June 2020, Eurostat has published a comparative price levels from 37 European countries. The group of 37 European countries consists of 27 EU members, three EFTA members (Iceland, Norway and Switzerland), United Kingdom, 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. 2000 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 2019 the price levels consumer goods and services varied considerably across European countries. Denmark's consumer prices are 41% above the EU average, while the cheapest EU member is Bulgaria, which consumer prices are 47% below the EU average.

The price level of consumer goods and services in Montenegro was 57% of EU average in 2019, as in Serbia and Albania, while in Croatia was 71% of average, Bosnia and Herzegovina 55%, and North Macedonia 50% of the European average.

Chart 1. Price level index among European countries for household final consumption in 2019 (EU¹=100)

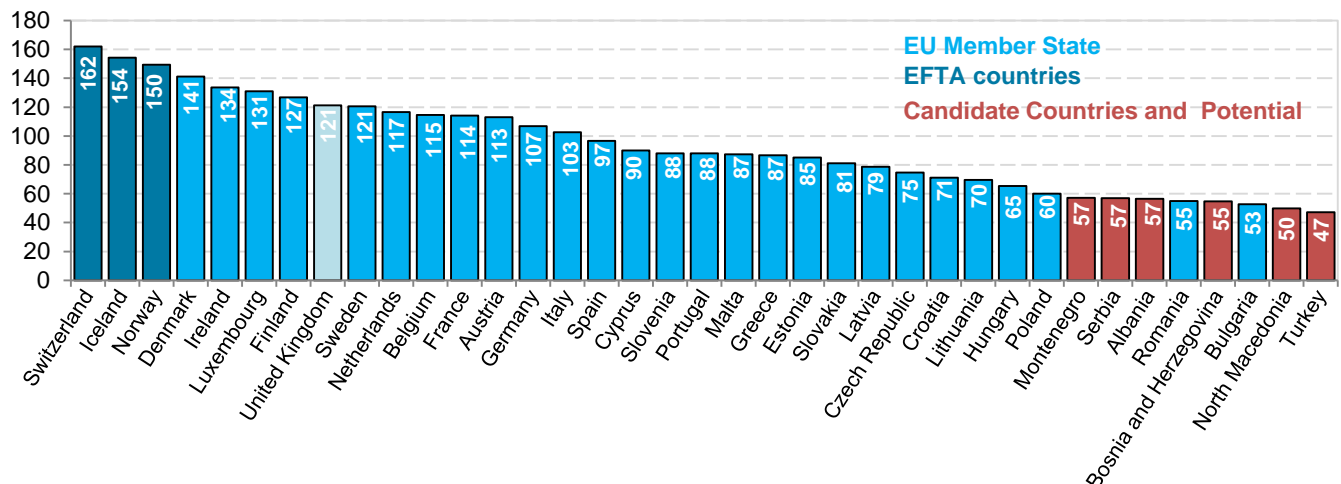


Table 1. Comparative price level indices for selected group of products in 2019 (EU¹=100)

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
EU¹	100	100	100	100	100	100	100
Belgium	115	112	112	104	101	105	122
Bulgaria	53	78	62	79	87	92	45
Czech Republic	75	84	79	98	86	93	64
Denmark	141	129	119	132	138	106	156
Germany	107	101	101	99	100	98	104
Estonia	85	96	99	110	86	99	95
Ireland	134	116	188	104	114	102	128
Greece	87	104	101	96	92	105	88
Spain	97	94	89	89	96	101	91
France	114	115	126	106	102	111	123
Croatia	71	96	83	93	93	106	82
Italy	103	109	101	100	102	94	103
Cyprus	90	106	94	96	85	107	94
Latvia	79	94	92	104	89	101	87
Lithuania	70	82	83	102	88	97	70
Luxembourg	131	124	96	109	97	108	123
Hungary	65	85	75	81	85	98	62
Malta	87	113	105	103	101	110	88
Netherlands	117	102	112	105	121	104	108
Austria	113	124	100	103	104	96	111
Poland	60	70	74	93	84	91	76
Portugal	88	97	98	99	108	109	73
Romania	55	66	75	82	86	97	54
Slovenia	88	96	82	100	88	102	85
Slovakia	81	96	81	102	82	97	83
Finland	127	119	157	115	106	104	133
Sweden	121	114	131	118	91	109	133
United Kingdom	121	94	170	88	96	95	105
Iceland	154	140	213	136	121	134	176
Norway	150	157	236	123	131	112	167
Switzerland	162	163	131	127	103	100	166
Montenegro	57	79	74	88	85	102	57
North Macedonia	50	61	48	76	90	97	45
Albania	57	82	68	97	89	106	46
Serbia	57	78	62	94	86	113	51
Turkey	47	74	73	45	106	99	51
Bosnia and Herzegovina	55	76	60	95	85	107	55

Source: EUROSTAT

¹ EU represents the European Union of 27 Member States after 1 February 2020.

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.

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

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

For the group "Clothing", Montenegro recorded price level index of 88, which is below the EU average, in Bosnia and Herzegovina and Serbia the index was (95) and (94), while the index was significantly lower in North Macedonia (76), Turkey (45) as well as in some EU member states, Romania (82), Hungary (81) and Bulgaria (79).

Products in the group "Food and non-alcoholic beverages" in Montenegro are 79% of the EU average, and they are slightly expensive than in Serbia (78%), Bosnia and Herzegovina (76%), North Macedonia (61%), while they are cheaper compared to Croatia, in which the price level for the mentioned group of product is 96% of the EU27 average.

In Montenegro, price level indices for “Audio-visual, photographic and information processing equipment“ group of products was (102) and it is above EU average, while for " Personal transport equipment" (85) 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 North Macedonia 45% and Albania 46%, while in Montenegro price level for this group of products was 57% 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 2000 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 pond 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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