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Compact guides

Enlargement countries

Industry and services

2014 edition

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Introduction

The process of enlargement

The European Union (EU) currently consists of 28 Member States, whilst there is an ongoing process for its future enlargement. The eight countries taking part in this process are at different stages of progress: candidate countries (Montenegro (ME), Iceland (IS), the former Yugoslav Republic of Macedonia (MK)⁽¹⁾, Albania (AL), Serbia (RS) and Turkey (TR)); and potential candidates (Bosnia and Herzegovina (BA), and Kosovo (XK)⁽²⁾). EU negotiations are ongoing with Montenegro, Serbia and Turkey.

Production and cost indices

In the aftermath of the 2008 global financial crisis, and as a direct consequence, the EU along with most of the enlargement countries reported a general decline in industrial production. Reflecting the diverse picture, the EU industrial production index (excluding construction) in 2012 merely reached the level it had in 2010. The situation in the enlargement countries was quite diverse; in Serbia for instance, the industrial production index lost more than 14 index points between 2008 and 2009, and by 2012, the country kept more or less the same level. The situation was broadly similar in the former Yugoslav Republic of Macedonia. In Montenegro, whose production was particularly hard hit by the crisis, the industrial production index of 2012 stood 16.5% below the country's 2010 level. Conversely, Albania and Turkey experienced continuous growth, despite a temporary slowdown in 2009 in the latter country. In the other countries, a tendency towards stagnation in 2012 can be observed.

As measured by the domestic output price index for all industries excluding construction, prices in the EU rose by 9.1% between 2010 and 2012. Increasing prices during this time span were

also recorded among all the enlargement countries for which data are available, and most notably in the former Yugoslav Republic of Macedonia, Turkey and Serbia (between 18 and 21%). In the latter country, the average annual growth rate of domestic output prices for the period 2007–2012 even reached 10%.

Similarly to the industry sector, the construction sector was not spared from the effects of the 2008 crisis either, both in the EU and in the enlargement countries. Among the latter, the construction production index decreased between 2008 and 2010 (data not shown) before showing an upward trend again (with the exception of Albania where the construction production index decreased from 2010 onwards). The EU registered a continuous decrease from 2007 onwards. Between 2010 and 2012, the construction production index showed considerable increases in the former Yugoslav Republic of Macedonia (+26%) and in Montenegro and Serbia (both +28%), while the increase was less prominent in Turkey (+12%).

When looking at the construction cost index, increases were only moderate for the EU (+5% between 2010 and 2012) and the former Yugoslav Republic of Macedonia (+7%). In contrast, high increases were noted for Iceland (+13%) and Turkey (+19%). In Albania, the construction cost remained virtually unchanged.

Considering the same time span, the growth of the retail trade turnover in Montenegro and Turkey outstripped that of the EU by a considerable margin: whereas the retail trade turnover in the latter rose by well 3%, that of Montenegro and Turkey increased by 33% and 34% respectively. This situation is much in contrast with Serbia and Albania, where a slight decrease compared to 2010 was registered, although an upward trend was noted between 2011 and 2012 for both countries.

Tourism

One way of measuring the growth of tourism in a country is counting the number of beds available in hotels and similar establishments. Such data are, unfortunately, not directly comparable across the EU and among the enlargement countries, mostly as a result of methodology differences (especially for the former Yugoslav Republic of Macedonia). Nevertheless, some common trends can be discerned. The tourism industry, similarly to the other economic sectors, suffered from the 2008 economic crisis. Between 2009 and 2010, the estimated number of beds in the EU decreased, but by 2012, the loss in capacity was largely compensated again. Still, it should be remembered that bed capacity does not reflect bed occupancy. Among the enlargement countries, Serbia registered a trend towards a further reduction of bed capacity (–9% between 2010 and 2012). In contrast, Turkey continued

(1) Provisional code which does not prejudice in any way the definitive nomenclature for this country, which will be agreed following the conclusion of negotiations currently taking place on this subject at the United Nations.

(2) This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.

to increase its bed capacity: between 2010 and 2011, over 6% more beds were available. Iceland and the former Yugoslav Republic of Macedonia have also steadily increased their capacity, whereas in Albania, after years of very strong growth (until 2011), a certain consolidation appears to be taking place.

Trade in goods

“Manufactured goods excluding machinery and vehicles” (alias “Other manufactured products” in Table 6) made up by far the largest category of exports for all the enlargement countries in 2012. This category of goods accounted for 52% of all goods exports of Albania. In the other enlargements countries, the share of this category in total goods exports was between 43% and 49%, except for Serbia where it amounted to 37%. An important category for Turkey in 2012 was “machinery and vehicles” (24.5%), as was also the case for the EU (42%). Quite noticeable is the high share of “Food and drink” registered by Iceland, which represented 42% of the total value of all goods exports. Indeed, all of these goods were marine products, primarily demersal fish products (mainly cod, mackerel and haddock).

“Manufactured goods excluding machinery and vehicles” was also the category which generally had the highest share in imports. Most of the enlargement countries registered nearly 30% of their imports as falling into this category. The exceptions were Iceland and Turkey, where “machinery and vehicles” accounted for the highest share of imports of goods in 2012 (32% and 26%, respectively). For the EU, the share of “machinery and vehicles” in total imports amounted to 25%, the second most important category after “energy commodities”, the total value of which slightly exceeded 30% of all imports in 2012.

Sectors' contribution to GVA

Both in the EU and in all the enlargement countries, the service sector's share in total gross value added (GVA) was by far the largest, according to the most recent data available. The share in the EU of just over 73% was higher than the corresponding shares in all the enlargement countries, except for Montenegro which had a similar share. The surge in the service sector over recent years compensated for the decline in the agriculture, forestry and fishing sectors, and to some extent also in the industry sector. Still, compared to the EU, the economies of the enlargement countries generated a considerably higher proportion of GVA from the agriculture, forestry and fishing sectors. In 2012, the agriculture sector of the EU had a 1.7% share in total GVA, while in the

enlargement countries these values ranged from 7.4% in Bosnia and Herzegovina to 20.6% in Albania. Still, the share declined by widely varying amounts in all the enlargement countries over recent years, most notably in Serbia (by almost 5 percentage points between 2002 and 2012, reaching a share of 10%) and Montenegro (more than 3 percentage points lost between 2002 and 2012, reaching a share of 9%). The fact that the EU as a whole continued moving to a services-based economy can further be illustrated by the slow but persistent decrease of the industry sector's share in total GVA, which in 2012 stood at 19%, i.e. 1.7 percentage points lower than in 2002 and a further 0.2 percentage point less compared to 2011 (data not shown). The picture appears to be mixed for the enlargement countries, with often fluctuating figures, which may be an indication of the varying economic performance of the industrial sector in each country.

The role of Eurostat

In the framework of the enlargement of the EU, Eurostat — the statistical office of the European Union — has the mission to follow the progress of the countries in complying with the *acquis* (the body of EU law) in the field of statistics as well as to collect data from these countries. Eurostat provides technical assistance and support to the national statistical institutes of the enlargement countries, in order to enable them to produce and disseminate harmonised and good quality data according to European and international statistical standards.

Data source

The information presented within this leaflet is fully extracted from Eurobase. Data were processed in March 2014.

Table 1: Index of production for all industries (excluding construction)
(2010=100)

	2008	2009	2010	2011	2012
EU-28	108.9	93.7	100.0	103.2	100.9
EU-27	108.9	93.6	100.0	103.2	101.0
ME	125.6	85.1	100.0	89.8	83.5
IS	100.7	99.7	100.0	102.2	99.8
MK	115.1	105.1	100.0	106.9	104.1
AL	74.2	83.9	100.0	116.6	120.0
RS	113.1	98.8	100.0	102.5	100.2
TR	98.3	88.6	100.0	110.1	112.9
BA	102.5	95.8	100.0	103.5	98.9
XK	:	:	:	:	:

Source: for the EU aggregates, Eurostat (online data code: [sts_inpr_a](#)); for the enlargement countries, Eurostat (online data code: [cpc_insts](#)).

Table 2: Domestic output price index for all industries (excluding construction)
(2010=100)

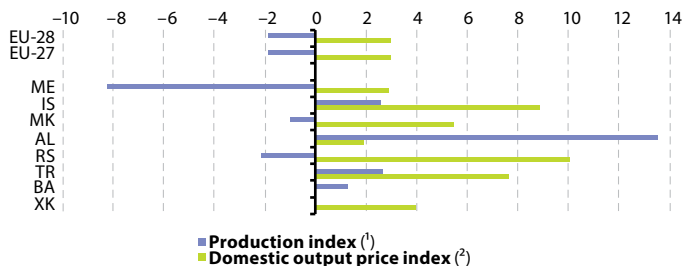
	2008	2009	2010	2011	2012
EU-28	101.2	97.0	100.0	106.1	109.1
EU-27	101.2	97.0	100.0	106.1	109.1
ME	106.4	100.5	100.0	103.6	105.6
IS	83.5	96.7	100.0	106.1	111.8
MK	99.2	92.0	100.0	112.4	117.6
AL	101.5	99.7	100.0	102.7	:
RS	84.0	88.7	100.0	114.2	120.6
TR	93.3	94.2	100.0	112.3	119.2
BA	:	:	:	:	:
XK	92.0	95.5	100.0	105.7	107.5

Source: for the EU aggregates, Eurostat (online data code: [sts_inppd_a](#)); for the enlargement countries, Eurostat (online data code: [cpc_insts](#)).

Industrial production index (IPI) provides a measure of the volume trend in value added at factor cost over a given reference period. In practice, however, value added is not available on a monthly basis in most countries. Therefore, data is generally collected for variables other than value added, with possible alternatives including gross production values, volumes, turnover, work input, raw material input, energy input.

Industrial producer price index (PPI) should reflect domestic producer prices, as determined by the residency of the third party that has ordered or purchased the product, which should be the same territory as the producer. Prices should be defined as ex-factory prices including all duties and taxes, except for VAT (and similar deductible taxes linked to turnover).

Figure 1: Average annual growth rates of production and domestic output prices for all industries (excluding construction), 2007–2012 (%)



(1) Iceland, provisional data.

(2) Kosovo, 2008–2012; Albania, 2007–2011.

Source: for the EU aggregates, Eurostat (online data codes: [sts_inpr_a](#) and [sts_inpp_a](#)); for the enlargement countries, Eurostat (online data code: [cpc_insts](#)).

Table 3: Construction production and cost indexes
(2010=100)

	Construction production			Construction cost		
	2010	2011	2012	2010	2011	2012
EU-28	100.0	99.6	94.3	100.0	103.0	104.9
EU-27	100.0	99.6	94.3	100.0	103.0	104.9
ME	100.0	118.6	127.7	:	:	:
IS	:	:	:	100.0	105.6	112.6
MK	100.0	109.3	125.9	100.0	105.1	106.9
AL	100.0	98.9	91.7	100.0	100.5	100.6
RS	100.0	118.9	128.4	:	:	:
TR	100.0	111.4	112.3	100.0	112.4	118.5
BA	:	:	:	:	:	:
XK	:	:	:	:	:	:

Source: for the EU aggregates, Eurostat (online data codes: [sts_copr_a](#) and [sts_copi_a](#)); for the enlargement countries, Eurostat (online data code: [cpc_insts](#)).

Construction cost index is the combination of component cost indices (covering material costs and labour costs) and shows the price developments of production factors used in the construction industry. The material costs measure the evolution of the prices of the materials that are used in the construction process. The prices should be based on actual rather than list prices (excluding VAT).

Volume index of construction production measures changes in the volume of construction output and reflects the developments in value added at factor cost over a given reference period. The volume index of construction output should cover NACE Section F. The basic form of the index is working-day adjusted; if this is not available an unadjusted index should be provided.

Table 4: Retail trade deflated turnover index
(2010 = 100)

	2008	2009	2010	2011	2012
EU-28	101.3	97.9	100.1	102.3	103.2
EU-27	101.3	97.9	100.1	102.3	103.2
ME	102.8	102.4	100.0	125.1	133.4
IS	:	:	:	:	:
MK	:	:	:	:	:
AL	95.3	99.1	100.0	98.5	99.3
RS	100.2	92.0	100.0	91.0	97.3
TR	94.1	86.5	100.0	118.1	133.9
BA	:	:	:	:	:
XK	:	:	:	:	:

Source: for the EU aggregates, Eurostat (online data code: [sts_trtu_a](#)); for the enlargement countries, Eurostat (online data code: [cpc_insts](#)).

Turnover index for retail trade comprises the totals invoiced by the observation unit during the reference period, and this corresponds to market sales of goods or services supplied to third parties. Turnover also includes all other charges (transport, packaging, etc.) passed on to the customer, even if these charges are listed separately in the invoice. Turnover excludes VAT and other similar deductible taxes directly linked to turnover as well as all duties and taxes on the goods or services invoiced by the unit. Reduction in prices, rebates and discounts as well as the value of returned packing must be deducted. Price reductions, rebates and bonuses conceded later to clients, for example at the end of the year, are not taken into account. The index of deflated turnover for retail trade shows the monthly activity in volume of the retail trade sector. It is a short-term indicator for final domestic demand. It is calculated either as turnover at current prices deflated by the deflator of sales, or as a quantity index derived directly from the quantity of goods sold. The deflator of sales in retail trade is a deflator of the goods sold and not of the service provided. Data are compiled according to the Statistical classification of economic activities in the European Community, (NACE Rev. 2, Eurostat 2006). Deflated turnover for retail trade are compiled as a “fixed base year” Laspeyres type volume-index.

Table 5: Tourism - index of the number of bed places in hotels and similar collective accommodation establishments
(2010 = 100)

	2008	2009	2010	2011	2012
EU-28	99.8	102.4	100.0	100.9	104.7
EU-27	99.7	102.2	100.0	100.9	103.5
ME	155.6	154.2	100.0	102.0	99.2
IS	95.0	95.0	100.0	105.0	112.6
MK	84.6	92.3	100.0	106.9	114.6
AL	66.7	91.7	100.0	158.3	133.3
RS	91.9	93.7	100.0	98.0	91.0
TR	90.2	96.7	100.0	106.2	:
BA	89.7	96.2	100.0	102.2	:
XK	:	:	:	:	:

Source: EU aggregates, Eurostat (online data code: [tour_cap_nat](#)); for the enlargement countries, Eurostat (online data code: [cpc_intour](#)).

Hotels and similar collective accommodation establishments is defined as follows: the hotel category comprises hotels, apartment-hotels, motels, roadside inns, beach hotels and similar establishments providing hotel services, including more than daily bed-making and cleaning of the room and sanitary facilities. Collective accommodation establishments are accommodation establishments providing overnight lodging for the traveller in a room or some other unit, but the number of places it provides must be greater than a specified minimum for groups of persons exceeding a single family unit and all the places in the establishment must come under a common commercial-type management, even if it is not for profit.

Number of bed places in an establishment or dwelling is determined by the number of persons who can stay overnight in the beds set up in the establishment, ignoring extra beds that may be set up at a customer’s request. The term bed place applies to a single bed, double bed being counted as two bed places.

Table 6: Breakdown of exports of goods, 2012
(% of total exports)

	Food and drink	Raw materials	Energy	Chemicals	Machinery and vehicles	Other manufactured products	Other
EU-28	:	:	:	:	:	:	:
EU-27	5.9	2.8	7.3	16.4	41.9	22.7	3.0
ME	14.5	16.2	13.8	3.3	7.1	44.2	1.0
IS	42.3	3.5	2.0	3.3	4.7	43.4	0.6
MK	14.4	7.0	6.4	17.0	9.9	45.2	0.0
AL	4.5	12.4	26.6	0.6	3.6	52.1	0.2
RS	22.1	7.3	3.5	8.2	20.7	37.2	1.0
TR	9.0	3.4	4.9	5.2	24.5	42.8	10.1
BA	6.5	13.8	9.0	6.0	12.4	48.8	3.4
XK	10.9	28.2	4.8	2.1	6.0	47.9	0.0

Source: for EU aggregates, Eurostat (online data code: [ext_lt_intertrd](#)); for the enlargement countries, Eurostat (online data code: [cpc_etsitc](#)).

Table 7: Breakdown of imports of goods, 2012
(% of total imports)

	Food and drink	Raw materials	Energy	Chemicals	Machinery and vehicles	Other manufactured products	Other
EU-28	:	:	:	:	:	:	:
EU-27	5.2	4.5	30.4	9.0	25.2	21.6	4.1
ME	23.2	4.2	18.4	9.3	18.3	26.7	0.0
IS	9.5	13.2	15.1	8.9	32.3	20.8	0.2
MK	11.6	5.8	21.3	11.3	15.8	34.1	0.1
AL	16.1	3.9	19.9	11.0	18.1	31.0	0.1
RS	7.8	3.9	18.6	17.7	23.8	28.2	0.1
TR	2.9	8.6	8.7	12.4	26.0	20.8	20.5
BA	16.8	4.2	20.5	12.5	18.2	27.8	0.1
XK	21.4	4.3	18.3	10.5	16.4	29.0	0.1

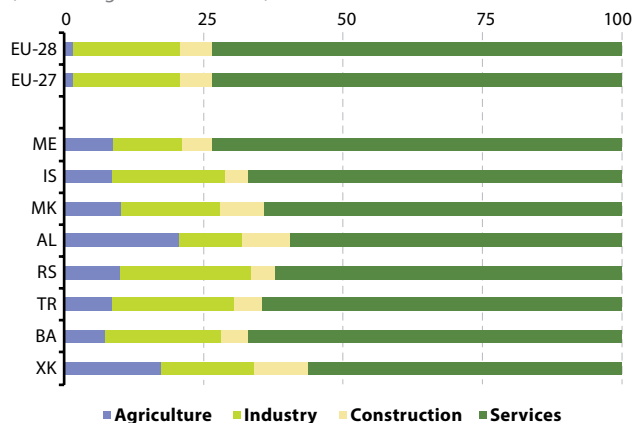
Source: for the EU aggregates, Eurostat (online data code: [ext_lt_intertrd](#)); for the enlargement countries, Eurostat (online data code: [cpc_etsitc](#)).

Exports are transactions in goods and services (sales, barter, gifts or grants) from residents to non-residents.

Imports are transactions in goods and services (purchases, barter, gifts or grants) from non-residents to residents.

Trade by product: External trade statistics report export and import values and volumes for goods using a variety of product classifications. One of the most common is the Standard International Trade Classification (SITC) of the United Nations; this classification allows a comparison of external trade statistics to be made on a worldwide basis.

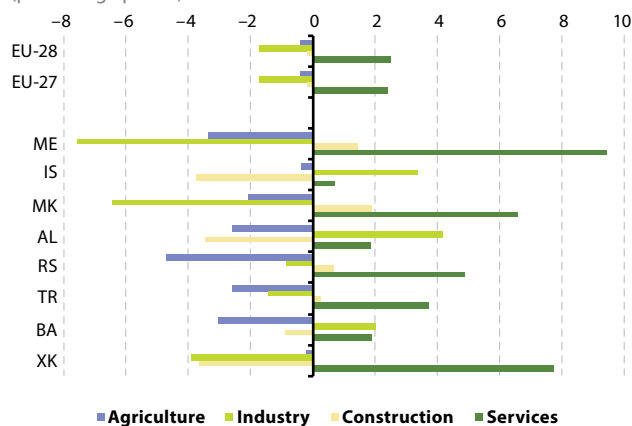
Figure 2: Gross value added at basic prices, 2012 (¹)
(% of total gross value added)



(¹) Serbia, estimated data; Kosovo, 2011; Iceland, Montenegro, the former Yugoslav Republic of Macedonia and Bosnia and Herzegovina, data based on NACE Rev. 1.

Source: for the EU aggregates, Eurostat (online data code: [nama_nace10_c](#)); for the enlargement countries, Eurostat (online data code: [cpc_ecnabr](#)).

Figure 3: Relative change in gross value added (GVA), 2002 to 2012 (¹)
(percentage points)



(¹) Serbia, estimated data; Kosovo, 2006 to 2011.

Source: for the EU aggregates, Eurostat (online data code: [nama_nace10_c](#)); for the enlargement countries, Eurostat (online data code: [cpc_ecnabr](#)).

Gross value added (ESA95) is measured at market prices. It is defined as final output minus intermediate consumption measured at market prices. This indicator is also provided as a breakdown of value added according to NACE.

More information

For general information regarding European statistics, please go to the Eurostat web site:

<http://ec.europa.eu/eurostat>

For information on statistical classifications, please go to the Eurostat classification server RAMON:

<http://ec.europa.eu/eurostat/ramon>

For more information on European policies in the areas of enlargement, economic and financial affairs please go to the following web sites: <http://ec.europa.eu/enlargement>, and http://ec.europa.eu/economy_finance

For more specific questions on statistics in relation to enlargement countries, please contact:

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Country codes, symbols and further information

For more information on statistics in enlargement countries, please go to the websites of the National Statistical Institutes:

ME	Montenegro	http://www.monstat.org
IS	Iceland	http://www.statice.is
MK	the former Yugoslav Republic of Macedonia	http://www.stat.gov.mk
AL	Albania	http://www.instat.gov.al
RS	Serbia	http://www.stat.gov.rs
TR	Turkey	http://www.turkstat.gov.tr
BA	Bosnia and Herzegovina	http://www.bhas.ba
XK	Kosovo	http://esk.rks-gov.net/eng

: No data available

% Percentage

Italic Value is either an estimate or provisional and is therefore likely to change

The data for Serbia exclude Kosovo, which is under international administration in line with UNSCR 1244 and the ICJ Opinion on the Kosovo declaration of independence.