

## GDP per inhabitant in 2005

# GDP per inhabitant varied by one to five across the EU25 Member States

Nowcasts of purchasing power parities<sup>1</sup> (PPP) for 2005 are now available. Based on these nowcasts, GDP per inhabitant<sup>2</sup> in **Luxembourg**<sup>3</sup> was more than twice the EU25 average in 2005. **Ireland** was nearly 40% above average, while **Denmark**, the **Netherlands**, **Austria** and **Belgium** were around 20% above average. The **United Kingdom** and **Sweden** were 15% above average, and **Finland**, **Germany** and **France** about 10% above average. **Italy** and **Spain** were around the EU25 average.

**Cyprus**, **Greece** and **Slovenia** were about 20% below average. The **Czech Republic**, **Portugal** and **Malta** were around 30% below average, and **Hungary** and **Estonia** about 40% below. **Slovakia**, **Lithuania**, **Poland** and **Latvia** were around half the EU25 average.

These figures for GDP per inhabitant, expressed in terms of purchasing power standards<sup>4</sup> (PPS), are published by Eurostat, the Statistical Office of the European Communities.

**GDP per inhabitant in 2005 in PPS, EU25 = 100**  
**EU25 Member States, Acceding, Candidate and EFTA countries<sup>5</sup>**

<b>Luxembourg</b>	248	<b>Czech Republic</b>	73
<b>Ireland</b>	137	<b>Portugal</b>	71
<b>Denmark</b>	124	<b>Malta</b>	69
<b>Netherlands</b>	123	<b>Hungary</b>	61
<b>Austria</b>	123	<b>Estonia</b>	57
<b>Belgium</b>	118	<b>Slovakia</b>	55
<b>United Kingdom</b>	115	<b>Lithuania</b>	52
<b>Sweden</b>	115	<b>Poland</b>	50
<b>Finland</b>	112	<b>Latvia</b>	47
<b>Germany</b>	110	<b>Romania</b>	35
<b>France</b>	109	<b>Bulgaria</b>	32
<b>Euro area</b>	<b>106</b>	<b>Croatia</b>	47
<b>Italy</b>	103	<b>Turkey</b>	31
<b>EU25</b>	<b>100</b>	<b>Former Yugoslav Republic of Macedonia</b>	26
<b>Spain</b>	99	<b>Norway</b>	165
<b>Cyprus</b>	83	<b>Switzerland</b>	128
<b>Greece</b>	82	<b>Iceland</b>	126
<b>Slovenia</b>	80		

1. The regular publication schedule of Purchasing Power Parities (PPP) includes four estimates for a particular year, each of them including GDP per inhabitant. Taking 2005 as an example, the first estimate (nowcast), based on projections, is published in mid-June 2006. At the end of 2006, the second estimate (preliminary data) will be published, partly based on prices collected in 2005. The third estimate will become available by end-2007 and the fourth (final data) by end-2008. Between PPP estimates, revisions to national accounts data may also lead to revised GDP per inhabitant figures. **The nowcasts of PPP, used for GDP per capita for 2005 presented in this News Release, have a provisional character.** This provisional status arises from the input data availability at the point in time of nowcasting. The GDP per inhabitant figures in national currency are converted, using PPP, to "real" volumes. Two main basic data sets are required for the calculation of PPP: prices from the PPP price surveys and weights (GDP expenditure) from National Accounts (NA). Fully validated results of PPP price surveys are usually available only 12 months after the survey has been executed. At the point in time when the nowcasting is undertaken (t+5.5 months), only partly validated price data are available from price surveys for the reference year in question. NA information on main expenditure aggregates becomes available for the first time by March-April following the reference year. At this point in time, it is limited to a few main aggregates. For the aggregation of PPP more detailed expenditure weights are necessary, so that the detailed expenditure structure of the year 2004 is used to estimate detailed weights for 2005 by scaling it to the newly available information for 2005 at main aggregates level.
2. GDP, and thus GDP per inhabitant, provides a measure of the total economic activity in a country. It may be used to compare the degree of economic development of countries. Most EU Member States have recently adapted their national accounts to comply with methodological improvements agreed upon internationally. One important change is the allocation of "financial intermediation services indirectly measured" (FISIM) to user sectors. The Czech Republic, Cyprus and the United Kingdom have not published GDP including this allocation of FISIM for 2005 yet, and neither have Bulgaria, Croatia, Turkey, the former Yugoslav Republic of Macedonia, Switzerland and Norway. To the extent that FISIM are recorded as final consumption and net export, GDP levels increase by the allocation by around 0.5% to 2.0% of GDP. Comparability of data for these countries is hence reduced. GDPs per inhabitant in PPS provide an indication of the comparative order of magnitude of the total economic activity one country in relation to others. The level of uncertainty associated with the basic price and NA data, and the methods used for compiling PPPs imply that strict ranking of countries is not advisable.
3. The high level of GDP per inhabitant in Luxembourg is partly due to the large share of cross-border workers in total employment. While contributing to GDP, they are not taken into consideration as part of the resident population which is used to calculate GDP per inhabitant.
4. The PPS (purchasing power standard) is an artificial currency that takes into account differences in national price levels. This unit allows meaningful volume comparisons of economic indicators over countries. Aggregates expressed in PPS are derived by dividing aggregates in current prices and national currency by the respective Purchasing Power Parity (PPP).
5. Acceding Countries: Bulgaria, Romania. Candidate Countries: Croatia, the former Yugoslav Republic of Macedonia and Turkey. EFTA: Iceland, Norway and Switzerland. No data available for Liechtenstein.

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