ISSN 1831-5690

eurostat
Pocketbooks

Pocketbook on candidate and potential candidate countries

2010 edition

eurostat
EUROPEAN COMMISSION

eurostat
Pocketbooks

Pocketbook on candidate and potential candidate countries

2010 edition

eurostat
EUROPEAN COMMISSION

Europe Direct is a service to help you find answers to your questions about the European Union.

Freephone number (*):

00 800 6 7 8 9 10 11

(*) Certain mobile telephone operators do not allow access to 00 800 numbers or these calls may be billed.

More information on the European Union is available on the Internet (http://europa.eu).

Cataloguing data can be found at the end of this publication.

Luxembourg: Publications Office of the European Union, 2010

ISBN 978-92-79-14233-8
ISSN 1831-5690
doi:10.2785/37797
Cat. No KS-PF-10-001-EN-C

Theme: General and regional statistic
Collection: Pocketbooks

Printed in Belgium

Printed on elemental chlorine-free bleached paper (ECF)

Pocketbook on candidate and potential candidate countries

This publication has been produced by Unit D1 of Eurostat, responsible for statistical co-operation with European and Mediterranean countries.

The opinions expressed are those of the individual authors alone and do not necessarily reflect the position of the European Commission.

Director of Directorate D

Mr P. Everaers

Acting Head of Unit D1

Mr A. Steurer

Editorial team

Mr V. Aalandslid,
Mr E. Cook,
Mr P. Ronkowski (coordinator)

Eurostat, the statistical office of the European Union
Unit D1
Bâtiment Joseph Bech
5 rue Alphonse Weicker
L-2721 Luxembourg
e-mail: ESTAT-D1-REQUESTS@ec.europa.eu
fax: +352 4301 32139

Production

Data collection, data processing, statistical analysis, design and desk-top publishing by Artemis Information Management S.A. (Luxembourg): Christophe Baratelli, Richard Butchart, Mario Colantonio, Marie-Noelle Dietsch, Christiane Gengler, Cedric Messina, Volker Stabernak and Knut Utvik.

Credits

It would not have been possible to make this publication without the considerable amount of co-operation and goodwill received from a large number of persons working in the National Statistical Institutes of the candidate and potential candidate countries.

CANDIDATE COUNTRIES - CONTACT DETAILS

CROATIA (HR)

Central Bureau of Statistics of Croatia
Ilica 3
10000 Zagreb
http://www.dzs.hr

THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA (MK)*

State Statistical Office
Dame Gruev 4
Skopje
http://www.stat.gov.mk

* Provisional code that does not affect the definitive denomination of the country to be attributed after the conclusion of the negotiations currently taking place in the United Nations.

TURKEY (TR)

Turkish Statistical Institute (TURKSTAT)
114 Necatibey Caddesi
Ankara
http://www.turkstat.gov.tr

POTENTIAL CANDIDATE COUNTRIES - CONTACT DETAILS

ALBANIA (AL)

Institute of Statistics
Rr. Gjergj Fishta Nr .3
Tirana
http://www.instat.gov.al

BOSNIA AND HERZEGOVINA (BA)

Agency for Statistics of Bosnia and Herzegovina
Zelenih Beretki 26
71000 Sarajevo
http://www.bhas.ba

MONTENEGRO (ME)

Statistical Office of the Republic of Montenegro (MONSTAT)
IV Proleterske 2
81000 Podgorica
http://www.monstat.org

SERBIA (RS)

Statistical Office of the Republic of Serbia
Milana Rakica 5
Belgrade
http://stat.gov.rs

KOSOVO (XK)*

Statistical Office of Kosovo (SOK)
Rr. Zenel Salihu Nr 4
Pristina
http://www.ks-gov.net/esk

* As defined by United Nations Security Council Resolution (UNSCR) 1244 of 10 June 1999.

ICELAND (IS)

Statistics Iceland (Hagstofa Islands)
Borgartúni 21a
150 Reykjavík
http://www.statice.is/

Introduction

This publication presents a range of statistics on candidate and potential candidate countries in comparison with the European Union (EU) from 1998 to 2008. It contains most of the structural indicators adopted by the European Council to monitor the Lisbon Strategy. The publication includes data on demography, education, social conditions, labour force, national accounts, finance, agriculture, energy, industry, construction and services, transport, communication and information society, external trade, research and development, as well as environment.

The enlargement process

The leaders of EU Member States, coming together in the European Council, have agreed to give the Western Balkan countries and Turkey the prospect of joining the European Union, if they meet the established conditions. These countries are at various stages on their way to joining the EU. There are three candidate countries: Croatia, Turkey and the former Yugoslav Republic of Macedonia. The EU began accession negotiations with the first two in October 2005. The former Yugoslav Republic of Macedonia became a candidate country in December 2005 but accession negotiations have not started yet. All the other Western Balkan countries are potential candidate countries: Albania, Bosnia and Herzegovina, Montenegro, Serbia as well as Kosovo under UNSCR 1244/99.

Iceland submitted its application for EU membership to the Council of the EU in July 2009. At the end of July, the Council asked the European Commission to prepare an opinion on Iceland's application. The Commission recommended opening of accession negotiations with Iceland to the Council of the EU in February 2010.

The European Commission has been mandated by the Member States to report on progress achieved by candidate and potential candidate countries. In its annual progress reports, the Commission describes the political and economic developments in each candidate or potential candidate country as well as assesses the progress of each country in adopting EU standards and in fulfilling other specific conditions. In its annual strategy document, the Commission explains as well its policy on EU enlargement. The Commission adopted the 2009 enlargement strategy and progress reports in October 2009.

Eurostat's role

Eurostat, the statistical office of the European Union, follows the progress of candidate and potential candidate countries in complying with the acquis communautaire (the body of EU law) in the field of statistics as well as collects data from these countries. Eurostat provides technical assistance and support to the national statistical institutes of candidate and potential candidate countries, to enable them to produce and disseminate harmonised and good quality data according to European and international statistical standards.

Guide to the statistics

Data sources

EU-27 data that are presented for the purpose of comparison have been processed and calculated by Eurostat on the basis of information provided by the NSIs (National Statistical Institutes) of the 27 Member States as of October/November 2009 with or without estimates. The information was extracted from Eurostat's free dissemination database. For all candidate and potential candidate countries with the exception of Iceland, the vast majority of the data were provided by the NSIs. Eurostat collected this information through the exchange of a questionnaire with each NSI. Data for Iceland were extracted from Eurostat's dissemination database.

For Croatia, the former Yugoslav Republic of Macedonia and Turkey, external trade data were extracted from the 'Enlargement' domain of Eurostat's external trade database, COMEXT. For the EU-27 data were extracted from the 'EEC Special Trade' domain of COMEXT. For Albania as well as Bosnia and Herzegovina the data were extracted from the COMTRADE domain (source: the United Nations) of COMEXT. For Montenegro, Serbia and Kosovo the external trade data provided by the NSIs were used.

Timeliness

The data used in this publication were collected from the candidate and potential candidate countries in July/August 2009. The database was completed in November 2009. Data for Iceland were compiled in January 2010. The majority of indicators are available up until the reference years 2007 or 2008 (depending upon the statistical theme and territory). External trade statistics for the EU-27 and the candidate and potential candidate countries were processed in October 2009, and for Iceland in January 2010. All data are generally available up to the reference year 2008. The EU-27 totals that are provided for the purpose of comparison were extracted from Eurostat's free dissemination database in October/November 2009. As with the data for the candidate and potential candidate countries, the information presented is generally available up until the reference years 2007 or 2008.

Publication format

The data presented are structured according to a number of statistical themes, following quite closely the structure of the data questionnaire that was sent to each of the NSIs of the candidate and potential candidate countries. Each theme is identified by a chapter number. The standard structure of the publication is to arrange information for a particular subject on a set of facing pages. Usually this takes the form of a large table or graph on the first page, followed by a short text and a small table or graph on the second page. Where possible, related indicators were selected for each set of facing pages. The supporting text is intended to guide the reader in the use of the data (either by providing definitions of the indicators presented, or by drawing attention to peculiarities that should be considered when interpreting the data). More detailed methodological notes are provided at the end of the publication.

Exchange rates

For some indicators monetary values were requested from the candidate and potential candidate countries in terms of national currency denominations. However, for the majority of the monetary indicators data were requested in euro (EUR) terms. For a limited number of cases, the information provided was sent in an alternative denomination (usually in national currency or in US dollars). In these cases, Eurostat transformed the series using official exchange rates (annual averages for the reference year in question) so that data for all indicators foreseen in euro terms are denominated in the same currency.

should be denominated in ECU. However, as the conversion rate was 1 ECU = 1 EUR, for practical purposes the terms may be used interchangeably and this publication denotes all such monetary series in euro (EUR).

While the conversion to a common currency unit facilitates comparisons of data between countries, fluctuations in currency markets are partially responsible for movements identified when looking at the evolution of a series for an indicator that is denominated in euro. A table is provided with information on the annual average exchange rates between the euro and the currencies of the candidate and potential candidate countries (please refer to Chapter 6 – Table 6.9).

Geographical coverage

The data presented for the EU-27 covers all 27 Member States (except otherwise indicated) throughout the period considered in each table and graph regardless of whether there were 15 or 25 or 27 members in the reference year concerned (in other words, the data have been calculated backwards with a stable coverage).

Non-availability

The colon (:) is used in tables to represent data that are not available, either because they were not provided to Eurostat or because they were confidential. In the graphs (figures), missing information is footnoted.

Abbreviations and units

Billion	1 000 million
CO2	Carbon dioxide
COICOP	Classification of individual consumption according to purpose
CPI	Consumer price index
ECU	European currency unit
ESA95	European system of accounts (1995)
ESSPROS	European System of integrated Social Protection Statistics
FAO	Food and Agriculture Organization
FDI	Foreign direct investment
GDP	Gross domestic product
GERD	Gross domestic expenditure on research & development
GFS	Government finance statistics
GHG	Greenhouse gas emissions
GWh	Gigawatt hour(s) = 1 000 MWh (megawatt hour(s)) = 1 000 000 kWh (a kilowatt hour is a unit of energy equivalent to one kilowatt of power expended for one hour of time)
HBS	Household budget survey
Head	Unit of measure for counting the number of animals
hectare	Unit of area equal to 100 ares or 10 000 square meters
HICP	Harmonized Consumer Price Index
ILO	International labour organisation
IMF	International Monetary Fund
IPI	Industrial production index
ISCED	International standard classification of education (UN classification)
kg	Kilogram (1 000 grams), a unit of mass
km	Kilometer (1 000 meters), a unit of distance
km²	Square kilometer, a unit of area

LFS	Labour force survey
M1	Narrowest category of money supply, includes physical money (coins & currency); used as a measurement to quantify the amount of money in circulation
M2	A broader measure of money supply that includes M1, time-related deposits, savings deposits, and non-institutional money-market funds
NACE	Statistical classification of economic activities in the European Community
n.e.c.	not elsewhere classified
NPISH	Non-profit institutions serving households
OECD	Organization for Economic Co-operation and Development
PPI	Producer price index (output price index)
R&D	Research & Development
SHA	System of Health Accounts
SITC	Standard international trade classification
tonne	1 tonne = 1 000 kg
TOE	Tonne of oil equivalent = 42 GJ (net calorific value)
TOE/GDP	See above for the definition of TOE; this indicator adjusts TOE by GDP and provides a measure of energy intensity
Tonne-km	Unit of measure of goods transported which represents the transport of one tonne over one kilometer
Tonne-km/GDP	See above for definition of tonne-km; this indicator adjusts tonne-km by GDP and provides a measure of transport intensity
UAA	Utilised agricultural area
VAT	Value added tax

Countries

EU-27	27 Member States of the European Union
EU-25	25 Member States of the European Union (without Bulgaria and Romania)
HR	Croatia
MK [1]	the former Yugoslav Republic of Macedonia
TR	Turkey
AL	Albania
BA	Bosnia and Herzegovina
ME	Montenegro
RS	Serbia
XK	Kosovo under UNSCR 1244/99 [2]
IS	Iceland

(1) Provisional code that does not affect the definitive denomination of the country to be attributed after the conclusion of the negotiations currently taking place in the United Nations.

(2) As defined by United Nations Security Council Resolution (UNSCR) 1244 of 10 June 1999.

Currency

EUR	Euro
HRK	Croatian kuna
MKD	Denar (the former Yugoslav Republic of Macedonia)
TRY	Turkish lira
ALL	Albanian lek
BAM	Convertible mark (Bosnia and Herzegovina)
CSD	Serbian dinar (Republic of Serbia)
ISK	Iceland Krona

Symbols

%	percentage
:	not available
0.0	smaller than 0.5 or real zero

Table of Contents

1

Demography

Population and population growth

At the beginning of 2008, the population of the European Union was almost 498 million people. Taken together, the population of candidate and potential candidate countries represented nearly a fifth of total EU population. The largest candidate country in terms of population was Turkey, with a population of more than 70 million in 2008, about 14% of total EU population. Among the potential candidate countries, Serbia was the largest in terms of inhabitants, with almost 7.4 million in 2008.

While several EU countries are recording a population decline, overall EU population continues to rise. With a long term yearly increase since 1998, the EU-27 population in 2008 was 3.5% higher than in 1998. Population growth was also recorded every year in Montenegro, Kosovo (only 2003 to 2008 data available), and Iceland and, except for one year, in the former Yugoslav Republic of Macedonia (break in series in 2003), Turkey (break in series in 2007), Albania and Bosnia and Herzegovina. This led to large increases of the population in Iceland (15.8%), Kosovo (8.5%) as well as Bosnia and Herzegovina (8.3%). In contrast, Serbia has recorded small population falls every year since 1998 leading to an overall reduction of its total population of 2.9% between 1998 and 2008. Croatia also recorded a fall in population since 1998.

Table 1.1: Total population, 1st January (1 000)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	480 920	481 618	482 767	483 797	484 637	486 648	488 800	491 154	493 194	495 305	497 649
Croatia	4 537	4 527	4 498	4 439	4 445	4 443	4 442	4 444	4 443	4 441	4 436
The former Yugoslav Republic of Macedonia (1)	2 002	2 013	2 022	2 031	2 039	2 024	2 030	2 035	2 039	2 042	2 045
Turkey (2)	64 642	65 787	66 889	67 896	68 838	69 770	70 692	71 610	72 520	69 689	70 586
Albania	3 354	3 373	3 058	3 063	3 084	3 103	3 120	3 135	3 149	3 153	3 170
Bosnia and Herzegovina	3 550	3 689	3 753	3 790	3 813	3 830	3 837	3 843	3 843	3 844	3 843
Montenegro	608	610	612	615	617	619	621	623	624	625	627
Serbia	7 583	7 553	7 528	7 505	7 502	7 491	7 470	7 456	7 425	7 398	7 366
Kosovo under UNSCR 1244/99	:	:	:	:	:	1 985	2 016	2 041	2 100	2 127	2 153
Iceland	272	276	279	283	287	288	291	294	300	308	315

(1) Break in series in 2003. (2) Break in series in 2007.

Table 1.2: Population growth (% change compared with the previous year)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	0.5	0.1	0.2	0.2	0.2	0.4	0.4	0.5	0.4	0.4	0.5
Croatia	0.1	-0.2	-0.7	-1.3	0.1	-0.0	-0.0	0.0	-0.0	-0.0	-0.1
The former Yugoslav Republic of Macedonia (1)	0.5	0.5	0.4	0.5	0.4	:	0.3	0.3	0.2	0.2	0.2
Turkey (2)	1.8	1.8	1.7	1.5	1.4	1.4	1.3	1.3	1.3	:	1.3
Albania	0.9	0.6	-9.3	0.2	0.7	0.6	0.5	0.5	0.5	0.1	0.6
Bosnia and Herzegovina	-4.8	3.9	1.7	1.0	0.6	0.5	0.2	0.1	0.0	0.0	-0.0
Montenegro	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.1	0.2	0.4
Serbia	-0.4	-0.4	-0.3	-0.3	-0.0	-0.1	-0.3	-0.2	-0.4	-0.4	-0.4
Kosovo under UNSCR 1244/99	:	:	:	:	:		1.6	1.2	1.3	1.3	1.2
Iceland	0.9	1.2	1.2	1.5	1.1	0.7	0.7	1.0	2.2	2.6	2.5

(1) Break in series in 2003. (2) Break in series in 2007.

Population structure by gender and age group

In the EU-27 (51.2%), Croatia (51.8%) and Bosnia and Herzegovina (51.0%), the share of women in the population exceeded 50%, with only the share in Croatia higher than the EU-27 figure. The other candidate and potential candidate countries all had a small majority of men, with Serbia recording the lowest female share of 48.6%.

Figure 1.1: Share of women in total population, 2008 (% of total)

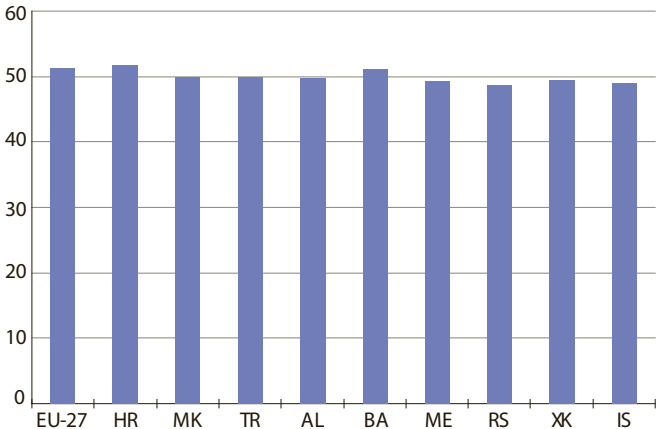
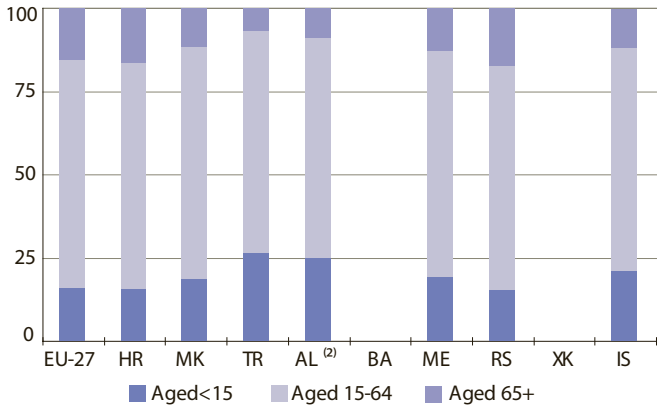


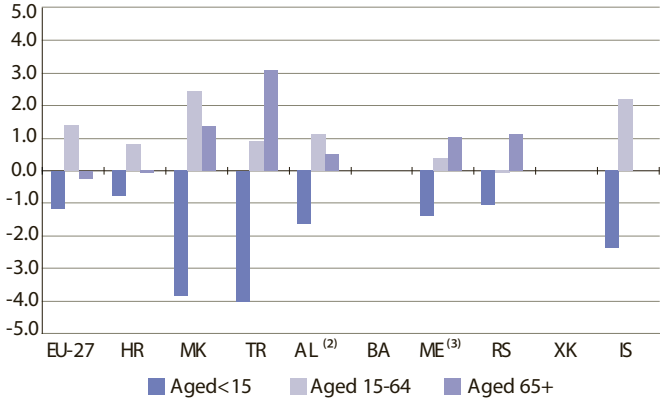
Figure 1.2: Breakdown of population by age group, 2008 (% of total) (1)



(1) Bosnia and Herzegovina and Kosovo under UNSCR 1244/99, not available. (2) 2006 instead of 2008 data.

In 2008 (or the latest available year), the working age population (defined as those aged between 15 and 64) accounted for more than two-thirds of the total population in the EU-27 and in all candidate and potential candidate countries. The age class below 15 years shows by far the largest percentage shares amongst the countries in Turkey with more than 26% and Albania with more than 25% compared with about 16% for the EU-27. On the other hand, these two countries recorded the smallest share of people aged 65 and over at less than 10% of total population. All other candidate and potential candidate countries, also recorded percentage shares for this age class below 17.0% for the EU-27, with the exceptions of Croatia and Serbia which were slightly (each 0.2 percentage points) above the EU-27 value.

Figure 1.3: Relative change in the population between 2000 and 2008, by age group (percentage points) (1)



(1) Bosnia and Herzegovina and Kosovo under UNSCR 1244/99, not available. (2) 2004 instead of 2000 data and 2006 instead of 2008 data. (3) 2003 instead of 2000 data.

Between 2000 and 2008, but for different reference periods (depending on data availability) for the individual countries, a decrease of the share of those under the age of 15 years can be seen in all territories for which data are available. The largest falls, at around 4.0 percentage points, were recorded in two candidate countries, Turkey and the former Yugoslav Republic of Macedonia. Over the same period, the share of those over 65 years of age rose in all territories except Iceland where it remained stable and the EU-27 and Croatia where there were small declines of 0.2 and 0.1 percentage points respectively. The only country with a small decline in the working age population (between 15 and 64) was Serbia with a reduction of 0.1 percentage points. As with the EU-27 (rise of 1.4 percentage points), all other countries recorded rising working age population with increases between 0.4 percentage points in Montenegro and 2.5 percentage points in the former Yugoslav Republic of Macedonia.

Crude birth, death and natural increase rates

In 2008, the EU-27 crude birth rate was 10.9 births per thousand inhabitants. For the latest year for which comparable data are available, Croatia, Albania, Bosnia and Herzegovina and Serbia showed lower crude birth rates than the EU-27, while the former Yugoslav Republic of Macedonia, Turkey, Montenegro, Kosovo and Iceland recorded higher rates. Table 1.3. shows fluctuations in crude birth rates for almost all countries. A comparison between 2008 (or 2007) and 1998 (2003 for Kosovo) shows that crude birth rates for the most recent year were lower in all candidate and potential candidate countries, except in Iceland where it reached the same level, and in the EU-27 where the crude birth rate had increased. The largest decreases were recorded in Albania with 7.4 births per thousand inhabitants and in the former Yugoslav Republic of Macedonia, Bosnia and Herzegovina as well as in Montenegro (3.6 births per thousand inhabitants each).

In 2008, the EU-27 crude death rate was 9.7 deaths per thousand inhabitants. For the latest year for which comparable data are available, seven out of the nine countries showed death rates below the EU-27 value. The rates in Turkey, Albania, Kosovo and Iceland were the lowest ranging between 3.1 deaths per thousand inhabitants in Kosovo and 6.6 in Turkey. Only Croatia with 11.9 and Serbia with 13.9 deaths per thousand inhabitants were significantly above the EU-27 rate. Table 1.4 shows fluctuations in death rates for almost all countries. For the period 1998 (2003 for Kosovo) to 2008 (or 2007) the EU-27 as well as Albania, Kosovo and Iceland recorded slight reductions in their crude death rates. In contrast, Croatia, the former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, Montenegro and Serbia displayed slightly increased rates, all below an increase of 1.0 deaths per thousand inhabitants except in Bosnia and Herzegovina, where the rate increased by 1.2 deaths per thousand inhabitants from 1998 to 2007.

Table 1.3: Crude birth rates (per 1 000 inhabitants)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	10.5	10.5	10.6	10.4	10.3	10.3	10.4	10.4	10.6	10.6	10.9
Croatia	10.4	10.0	9.8	9.2	9.0	8.9	9.1	9.6	9.3	9.4	9.6
The former Yugoslav Republic of Macedonia	14.6	13.5	14.5	13.3	13.7	13.3	11.5	11.0	11.1	11.1	11.0
Turkey (1)	22.6	21.9	20.2	19.9	19.7	19.4	19.1	18.9	18.7	19.4	:
Albania	17.9	18.0	16.7	17.7	14.7	15.1	13.8	12.6	10.9	10.5	:
Bosnia and Herzegovina	12.4	11.4	10.5	9.9	9.5	9.2	8.9	9.0	8.9	8.8	:
Montenegro	15.1	14.4	15.0	14.4	13.5	13.5	12.6	11.8	12.1	12.5	:
Serbia	10.1	9.6	9.8	10.5	10.4	10.6	10.5	9.7	9.6	9.2	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	16.0	17.3	18.1	16.2	15.5	:
Iceland	15.2	14.8	15.3	14.4	14.1	14.3	14.5	14.4	14.5	14.6	15.2

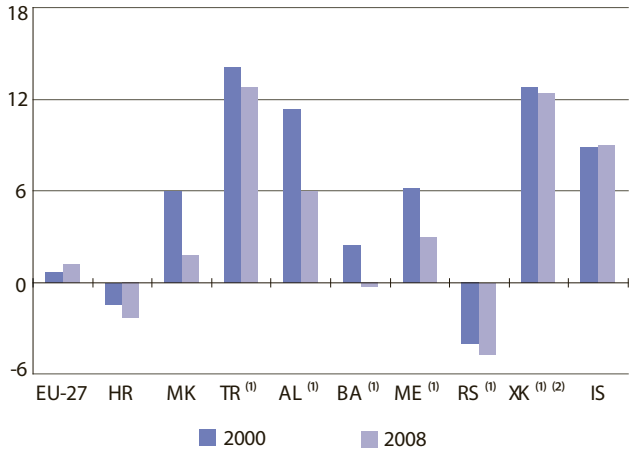
(1) Break in series in 2000.

Table 1.4: Crude death rates (per 1 000 inhabitants)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	10.2	10.2	10.0	9.9	10.0	10.1	9.6	9.8	9.6	9.7	9.7
Croatia	11.5	11.5	11.2	11.2	11.4	11.8	11.2	11.7	11.3	11.8	11.9
The former Yugoslav Republic of Macedonia	8.4	8.3	8.5	8.3	8.8	8.9	8.8	9.0	9.1	9.6	9.2
Turkey (1)	6.5	6.4	6.2	6.2	6.2	6.2	6.2	6.2	6.3	6.6	:
Albania	5.4	5.2	5.4	5.1	5.3	5.8	5.7	5.5	5.4	4.6	:
Bosnia and Herzegovina	7.9	7.7	8.1	8.0	8.1	8.3	8.3	9.0	8.6	9.1	:
Montenegro	8.7	8.8	8.8	8.8	8.9	9.2	9.2	9.4	9.6	9.5	:
Serbia	13.1	13.5	13.8	13.2	13.7	13.9	14.0	14.4	13.9	13.9	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	3.2	3.2	3.5	3.6	3.1	:
Iceland	6.6	6.9	6.5	6.1	6.3	6.3	6.2	6.2	6.3	6.2	6.3

(1) Break in series in 2000.

Figure 1.4: Crude rate of natural increase (per 1 000 inhabitants)



(1) 2007 instead of 2008 data. (2) 2003 instead of 2000 data.

It is possible to calculate a crude rate of natural increase by subtracting the crude death rate from the crude birth rate. A positive result shows that the size of the population is growing, if the effects of migration are discounted. Over a longer period (1998 for all countries, 2003 for Kosovo to 2007 or 2008) Serbia and Croatia were the only countries showing crude death rates higher than crude birth rates. For Serbia this caused the largest natural decrease of population in 2007 of all countries with a value of 4.7 per thousand inhabitants. In comparison, the largest crude rate of natural increase was recorded in Turkey with 12.8 closely followed by Kosovo with 12.4 (2007 data for both countries). Natural population increases with values partly far above the EU-27 increase of 1.2 in 2008, were also registered in the former Yugoslav Republic of Macedonia with a rate of 1.8 (2008 data), Montenegro with a rate of 3.0 and Albania with a rate of 5.9 (2007 data for both countries) and Iceland with a rate of 9.0 per thousand inhabitants (2008 data). In contrast to the EU-27 and Iceland, all other candidate and potential candidate countries recorded lower natural growth rates in 2008 (or 2007) compared to 1998 (2003 for Kosovo).

Fertility, infant mortality and life expectancy

Despite some year on year fluctuations, the fertility rate in all candidate and potential candidate countries except Iceland has been unchanged or fallen when comparing the latest year available (2007 or 2008) with 1998 (Table 1.5). In most cases the level is less than 2 children per woman. By comparison, fertility rates in the EU-27 were 1.5 children per women over the period 2002 to 2006 (the years for which data are available). Turkey was the only country to record fertility rates consistently above the level of 2 children per woman but even here a slowly falling trend was apparent. A figure of 3.2 in 2003 is the only one available for Kosovo. In Iceland the fertility rate fluctuated at around 2 children per woman and reached its highest value with 2.2 in 2008. Fertility has fallen especially sharply in Albania in recent years, reaching 1.3 in 2007, compared with 2.0 in 2003 and 2.2 in 1998. All other countries registered fertility rates of under 2 children per women over the whole period. Along with Iceland and Turkey, Kosovo recorded higher fertility rates than the other countries, a confirmation of their trend towards a younger population than in the other countries.

With the exception of Iceland, the infant mortality rate in both candidate and potential candidate countries was above the EU-27 value for every year since 1998 (Table 1.6). However, there has been a declining trend in both the EU-27 and all the other countries over the available period with the exception of Iceland, which recorded a fluctuation of the rate. The most notable falls occurred in Turkey, Albania and Bosnia and Herzegovina, each reducing its infant mortality rate over the period available by more than 50%. Reductions between 40% and 50% were recorded in Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia.

Despite sizeable reductions, the infant mortality rate in Turkey at 16.0 deaths per thousand live births in 2008 was by far the highest, followed by the former Yugoslav Republic of Macedonia with 10.7 and Kosovo with 9.7 deaths per thousand live births. Three countries registered values below or close to the EU-27 figure of 4.7 deaths per thousand live births in 2006. These were Iceland with 2.5, Croatia with 4.5 and Bosnia and Herzegovina with 5.1 deaths per thousand live births.

Table 1.5: Fertility rates (children per woman)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	:	:	:	:	1.5	1.5	1.5	1.5	1.5	:	:
Croatia	1.5	1.4	1.4	1.4	1.3	1.3	1.4	1.4	1.4	1.4	1.5
The former Yugoslav Republic of Macedonia	1.7	1.6	1.7	1.5	1.6	1.5	1.5	1.5	1.5	1.5	:
Turkey	2.5	2.4	2.4	2.3	2.3	2.3	2.2	2.2	2.2	2.2	2.1
Albania	2.2	2.1	2.0	2.3	1.9	2.0	1.8	1.8	1.4	1.3	:
Bosnia and Herzegovina	1.6	1.4	1.3	1.4	1.2	1.2	1.2	1.2	1.2	1.2	:
Montenegro	1.9	1.8	1.9	1.8	1.9	1.8	1.7	1.6	1.6	1.7	1.8
Serbia	1.7	1.6	1.5	1.6	1.6	1.6	1.6	1.5	1.4	1.4	1.4
Kosovo under UNSCR 1244/99	:	:	:	:	:	3.2	:	:	:	:	:
Iceland	2.1	2.0	2.1	2.0	1.9	2.0	2.0	2.1	2.1	2.1	2.2

Table 1.6: Infant mortality: number of deaths of children (one year of age or younger) per 1 000 live births

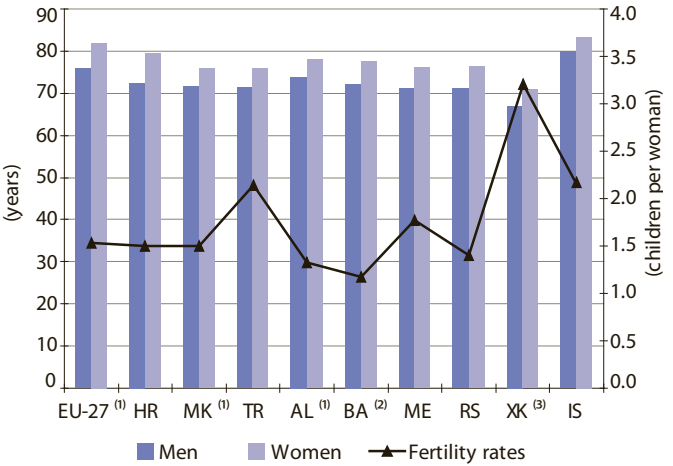
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	6.5	6.1	5.9	5.7	5.4	5.3	5.1	4.9	4.7	:	:
Croatia	8.2	7.7	7.4	7.7	7.0	6.3	6.1	5.7	5.2	5.6	4.5
The former Yugoslav Republic of Macedonia	17.8	16.2	13.2	13.2	11.7	12.8	13.2	12.8	11.5	10.3	:
Turkey (1)	38.6	34.9	31.5	28.4	25.6	23.1	20.9	18.9	17.5	16.7	16.0
Albania	15.0	12.2	11.9	10.8	10.2	8.4	7.8	7.6	7.4	5.6	:
Bosnia and Herzegovina	11.0	10.2	9.7	7.6	9.4	7.6	7.2	6.7	7.5	6.8	5.1
Montenegro	13.9	13.4	11.1	14.6	10.8	11.0	7.8	9.5	11.0	7.4	7.5
Serbia	11.9	11.1	10.6	10.2	10.1	9.0	8.1	8.0	7.4	7.1	6.7
Kosovo under UNSCR 1244/99	:	:	:	:	11.2	15.1	11.8	9.6	12.7	11.1	9.7
Iceland	2.6	2.4	3.0	2.7	2.2	2.4	2.8	2.3	1.4	2.0	2.5

(1) Break in series in 2000.

Life expectancy at birth in the EU-27 and all the other countries is higher for women than for men. At a difference of about 7 years, Croatia recorded the largest discrepancy between male and female life expectancy. It was the only country where the difference was greater than the 6 year difference for the EU-27. All other countries recorded values below the EU-27 male/female difference, with values ranging between 3.8 years for Iceland and 5.4 years for Bosnia and Herzegovina.

With the exception of Iceland, in all candidate and potential candidate countries, life expectancy is lower than in the EU-27 for both sexes. Compared to the EU-27 value for men of 75.8 years (2006 data), life expectancy in Croatia (2008 data) and Albania (2006 data) came closest, recording figures of 3.4 and 1.9 years lower respectively. For women, the closest value to the EU-27 figure of 82.0 years was also registered by Croatia at 2.4 years lower. On the other hand Iceland is the only country showing higher life expectancy for both men and women than the EU-27. For men it is more than four years higher while for women the difference is about one and a half years.

Figure 1.5: Life expectancy at birth, 2008 (years)



(1) 2006 instead of 2008 data. (2) 2007 instead of 2008 data. (3) 2003 instead of 2008 data.

2

Education

Early school leavers

Education and training policies are central to the Lisbon objective of creating a dynamic and competitive knowledge based economy. As part of its objectives for 2010, the EU has made tackling the problem of early school leavers one of its priorities.

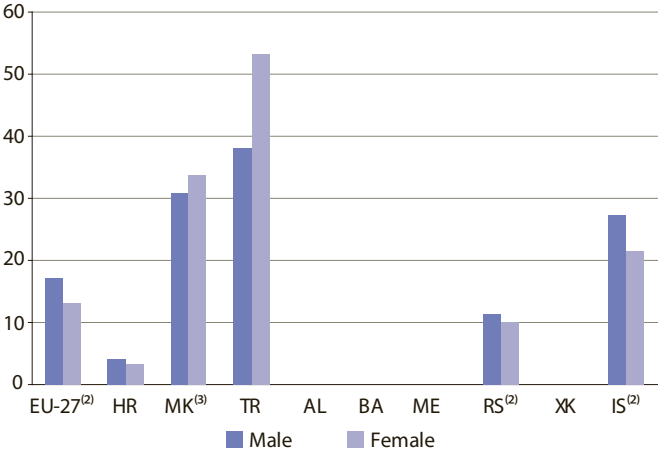
While the number of early school leavers in the EU-27 has been reduced in 2007, there remained 15.2% of young persons aged between 18 and 24 who had not completed upper secondary education and who were not engaged in any education or training. Within the candidate and potential candidate countries for which information is available, Turkey (46.1% in 2008), the former Yugoslav Republic of Macedonia (32.2% in 2002, the only information available) and Iceland (24.4%) had the highest shares for this group. While the figures show a clear downward trend, there were year-to-year rises in Croatia in 2003 and 2006, Turkey in 2004, and Serbia in 2006. The data for Iceland was very volatile with rises, sometimes sharp, in 2001, 2004, 2006 and 2008.

Table 2.1: Proportion of the population aged 18-24 having not completed upper secondary education (currently not in any education or training), (%)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	17.6	17.3	17.1	16.3	15.8	15.5	15.2	15.2	:
Croatia	:	:	8.3	8.4	6.2	4.8	5.1	3.9	3.7
The former Yugoslav Republic of Macedonia	:	:	32.2	:	:	:	:	:	:
Turkey	58.8	57.3	54.8	53.0	54.6	51.3	50.0	47.8	46.1
Albania	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	11.5	11.4	12.6	10.7	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:
Iceland	29.8	30.9	28.8	20.3	24.9	24.9	25.6	23.2	24.4

The proportion of men who had not completed upper secondary education was higher than that for women in the EU-27. This was also the case in Croatia and Serbia, where the proportion of men was slightly higher than that for women. While the same was true in Iceland, the proportion of men was around 6 percentage points higher than that for women. The opposite applied to the former Yugoslav Republic of Macedonia with the proportion of women slightly higher than that for men (in 2002) and to Turkey with the proportion of around 15 percentage points higher for women than for men.

Figure 2.1: Proportion of the population aged 18-24 having not completed upper secondary education (currently not in any education or training) by gender, 2008 (%) [1]



(1) Albania, Bosnia and Herzegovina, Montenegro and Kosovo under UNSCR 1244/99, not available.
(2) 2007 instead of 2008 data. (3) 2002 instead of 2008 data.

Completion of upper secondary education

A Lisbon objective for 2010 is to increase to 85% the proportion of the population aged 20 to 24 who has completed at least an upper secondary education.

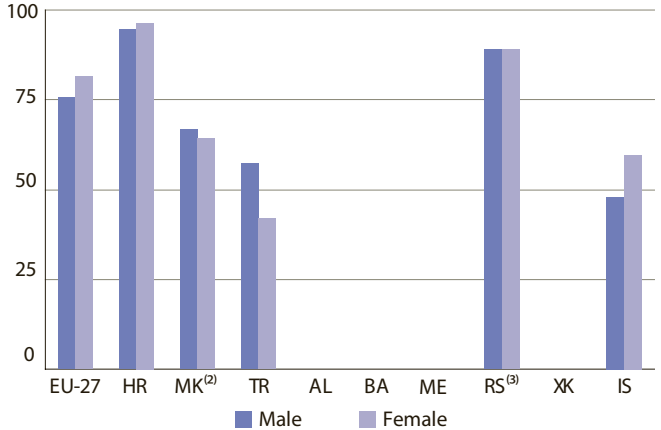
In 2008 more than three quarters of the population aged 20 to 24 had completed at least upper secondary education in the EU-27. This was also the case for Croatia (95.4) and Serbia (89.0%, 2007 data). The proportion in Turkey was around 49% in 2007, the lowest percentage among all countries reporting. All countries reporting have registered an increase in these percentages over time. Within the clear upward trend in the proportions registered in the EU-27 as well as in Croatia, Turkey, Serbia and Iceland, there have been year-to-year fluctuations.

The proportion of population aged 20 to 24 having completed at least upper secondary education varies by gender. In 2008 this share was higher for women than for men in the EU-27, Croatia and Iceland with differences of about six, two and twelve percentage points respectively. The opposite was true for every other country for which data is available. The difference was substantial for Turkey (57.2% for men and 42.1% for women). At 15.1 percentage points, this was the largest difference between the genders. In contrast, the difference between the ratios for men and women was smaller in the former Yugoslav Republic of Macedonia (2.5 percentage points, 2002 data) and barely significant in Serbia (0.1 percentage points).

Table 2.2: Proportion of the population aged 20-24 having completed at least upper secondary education (%)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	76.6	76.6	76.7	76.9	77.1	77.5	77.9	78.1	78.5
Croatia	:	:	90.6	91.0	93.5	93.8	94.7	95.4	95.4
The former Yugoslav Republic of Macedonia	:	:	65.4	:	:	:	:	:	:
Turkey	39.8	39.7	42.7	44.3	42.2	44.2	44.7	47.6	48.9
Albania	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	88.1	89.0	86.8	89.0	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:
Iceland	46.1	46.1	48.5	51.2	51.7	50.8	49.3	52.9	53.6

Figure 2.2: Proportion of the population aged 20-24 having completed at least upper secondary education by gender, 2008 (%) [1]



(1) Albania, Bosnia and Herzegovina, Montenegro and Kosovo under UNSCR 1244/99, not available.
(2) 2002 instead of 2008 data. (3) 2007 instead of 2008 data.

Number of pupils/students by ISCED level of education

Education stages are defined in the ISCED as follows:

0 Pre-primary education;
1 Primary education;
2 Lower secondary education;
3 Upper secondary education;
4 Post-secondary non-tertiary education;
5 First stage of tertiary education;
6 Second stage of tertiary education (leading to an advanced research qualification)

Between 2000 and 2008 there was an increase in the number of students attending the first and second stages of tertiary education in the EU-27 as well as in candidate and potential candidate countries for which data is available. There was one exception at ISCED 6 level in Serbia. Here the number decreased significantly between 2002 and 2007. The number of pupils in primary education increased in Turkey, Bosnia and Herzegovina and Kosovo in the period observed. On the other hand, the EU-27 and all other countries for which data is available, recorded a decrease in the number of pupils in primary education. Note that this analysis cannot be complete as in case of many countries there is no data available for all ISCED levels.

Table 2.3: Number of pupils/students by ISCED level of education (1 000)

	2000						
	ISCED 0	ISCED 1	ISCED 2	ISCED 3	ISCED 4	ISCED 5	ISCED 6
EU-27	13 600	31 148	22 723	24 469	1 407	15 524	397
Croatia (1)	84	196	210	198	:	104	0
The former Yugoslav Republic of Macedonia (2)	35	127	130	92	0	37	:
Turkey	227	10 481	:	2 363	:	1 573	22
Albania (3)	83	283	261	105	:	40	:
Bosnia and Herzegovina (4)	15	177	202	167	:	63	0
Montenegro (5)	12	38	38	31	:	8	:
Serbia (6)	91	349	378	323	:	194	5
Kosovo under UNSCR 1244/99 (7)	20	163	137	89	:	19	:
Iceland	15	31	12	20	0	10	0

(1) 2002 instead of 2000 data; number of students refers to academic years (i.e. 2002 = academic year 2002/2003, etc.). (2) Excluding enrolled students on ISCED 5A-second degree and masters. Data refer to academic years. From 2006 enrolled students on ISCED 5A-second degree and masters are included. (3) Public education only. (4) ISCED 0, 2001 instead of 2000 data. (5) All data on education relate to the school year (e.g. 1997/1998, 1998/1999, ..., 2007/2008). (6) ISCED 6, 2002 instead of 2000 data. (7) 2002 instead of 2000 data.

Table 2.3: Number of pupils/students by ISCED level of education (1 000), (continued)

	2008						
	ISCED 0	ISCED 1	ISCED 2	ISCED 3	ISCED 4	ISCED 5	ISCED 6
EU-27 (1)	14 217	28 386	22 284	22 086	1 519	18 359	526
Croatia	96	174	196	182	:	134	3
The former Yugoslav Republic of Macedonia (2)	17	115	109	95	1	65	0
Turkey	805	10 710	:	3 837	:	2 841	48
Albania (3)	76	210	237	173	:	86	:
Bosnia and Herzegovina (4)	15	174	186	148	:	105	1
Montenegro (5)	12	37	37	31	:	23	0
Serbia (6)	71	289	318	283	1	237	1
Kosovo under UNSCR 1244/99	25	176	150	92	:	26	:
Iceland (1)	12	30	14	25	1	16	0

(1) 2007 instead of 2008 data. (2) Excluding enrolled students on ISCED 5A-second degree and masters. Data refer to academic years. From 2006 enrolled students on ISCED 5A-second degree and master are included. (3) Public education only. (4) For ISCED 0, 2007 instead of 2008 data. (5) All data on education relate to the school year (1997/1998, 1998/1999, ……, 2007/2008). (6) ISCED 5 and 6, 2007 instead of 2008 data.

Tertiary graduates in science and technology

Tertiary graduates are defined as those who have successfully completed education programmes that usually result in obtaining a certificate or diploma, such as a bachelor´s degree, master´s degree or a doctorate. Science and technology is defined by ISCED as including the following subject areas: life sciences, physical sciences, mathematics and statistics, computing, engineering, manufacturing and processing, architecture and building.

Enrolment rates in science and technology at tertiary level for women are nearly half the men's rate in the EU-27 (2007 data), and slightly above 40% in Turkey (2005 data). In the other candidate and potential candidate countries for which data are available, the female participation rate is never less than half that of the male rate.

The male rate of the EU-27 (17.9% in 2007) is significantly higher than in the candidate and potential candidate countries. To a lesser extent, this is also true for female rates, except for Serbia and Iceland, which recorded values relatively close to the EU-27 rate of 8.7. Comparing the first and the last year for which data are available, enrolment rates for both men and women increased in all regions, with substantial rises in many candidate and potential candidate countries. In Montenegro, the rates for both men and women more than doubled between 2003 and 2008. Female rates almost doubled in both Serbia and Iceland.

Table 2.4: Tertiary graduates in science and technology (per 1 000 population aged 20-29)

	Male										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	12.3	12.8	13.8	14.6	15.4	16.5	16.9	17.9	17.6	17.9	:
Croatia	:	7.6	7.4	7.0	7.8	6.4	7.0	7.5	7.6	8.7	:
The former Yugoslav Republic of Macedonia	4.1	4.2	3.5	3.3	3.7	3.5	3.7	3.9	3.6	4.6	:
Turkey	5.2	5.6	5.9	6.3	6.7	7.0	7.6	8.0	:	:	:
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro (1)	:	:	:	:	:	3.1	4.6	5.0	4.6	3.6	6.8
Serbia	7.2	7.2	7.2	7.3	7.5	7.4	8.3	7.4	8.3	:	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	10.1	8.0	10.3	11.6	12.1	12.0	13.2	12.5	13.5	13.1	:

(1) Estimated values.

Table 2.4: Tertiary graduates in science and technology (per 1 000 population aged 20-29), (continued)

	Female										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	5.2	5.6	6.3	6.7	7.1	7.9	7.9	8.4	8.4	8.7	:
Croatia	:	3.7	4.8	4.1	3.4	3.5	3.6	3.8	4.3	4.8	:
The former Yugoslav Republic of Macedonia	3.1	3.1	2.6	2.6	2.7	2.6	3.1	3.4	3.2	3.3	:
Turkey	2.4	2.8	2.8	3.0	3.1	3.3	3.5	3.3	:	:	:
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro (1)	:	:	:	:	:	1.8	2.3	2.5	3.9	2.4	5.3
Serbia	4.8	4.5	4.9	5.4	5.4	5.4	6.2	5.0	7.6	:	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	3.8	4.5	6.5	6.6	6.2	6.9	8.3	7.6	9.0	7.2	:

(1) Estimated values.

Expenditure in education and participation in training

The Lisbon European Council also called for a substantial annual increase in the per capita investment in human resources. In 2006, EU-27 public sector investment in education was equal to 5.1% of GDP. Only Iceland's public expenditure on education was higher in all years for which data were available, fluctuating between 5.7% in 1998 and 7.6% in 2008. In all other candidate and potential candidate countries for which information is available, it was smaller than in the EU-27. For the last year for which data were available, public expenditure on education ranged from 3.0% in Turkey to 4.5% in Croatia of GDP. Looking at the entire period, Croatia, the former Yugoslav Republic of Macedonia and Albania, like the EU-27, showed relatively stable percentages of GDP. There was more volatility between the lowest and the highest percentages in Serbia (1.0 percentage point difference), Turkey and Iceland (each 1.9).

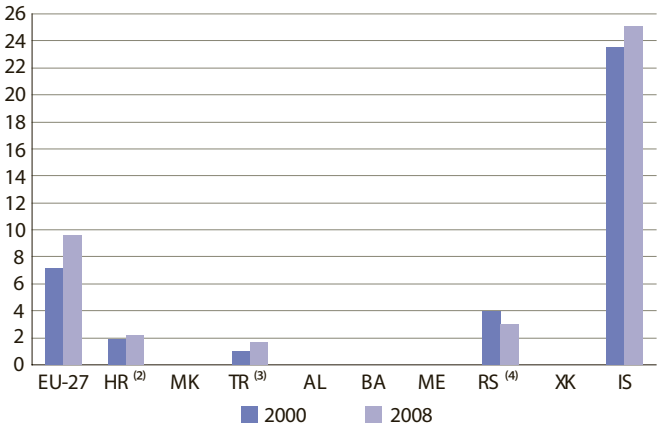
In 2008, the proportion of the population aged 25 to 64 participating in education and training was more than two and a half times higher in Iceland than in the EU-27 (9.6%). On the contrary, the proportions reached in all other countries for which information is available, were at least three times smaller than in EU-27. However, the proportions in each available country, except Serbia, have increased in the period observed.

Table 2.5: Spending on human ressources (public expenditure on education) as a proportion of GDP (%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	:	4.9	4.9	5.0	5.1	5.1	5.1	5.0	5.1	:	:
Croatia	:	4.2	4.5	4.2	4.3	4.5	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	3.4	3.4	:	:	:	:	:
Turkey	2.4	2.7	2.6	2.3	2.8	3.0	3.0	3.1	3.0	3.3	3.0
Albania	3.2	3.3	3.1	3.3	3.0	3.1	3.2	3.2	3.1	3.2	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia (1)	3.3	2.7	2.5	2.5	3.0	3.8	3.5	:	:	:	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	5.7	6.6	6.7	7.0	7.6	7.6	7.5	7.6	7.6	7.4	7.6

(1) 2004, estimated value.

Figure 2.3: Proportion of persons aged 25-64 having participated in education and training (at any time during the four week period prior to being surveyed), (%) [1]



(1) Macedonia, Albania, Bosnia and Herzegovia, Montenegro and Kosovo under UNSCR 1244/99, not available. (2) 2002 instead of 2000 data. (3) 2007 instead of 2008 data. (4) 2004 instead of 2000 data and 2007 instead of 2008 data.

3

Social indicators

Wages and salaries

Average nominal wages and salaries include all incomes and remuneration received by employees for their work. Over time, they measure the evolution of wages and salaries. Table 3.1 shows that nominal wages and salaries increased steadily in the EU-27 and all candidate and potential candidate countries, except Iceland and Serbia, for the years for which data are available. In Iceland, while there were fluctuations around an increasing trend between 1999 and 2007, this was followed by a fall of about 34% from 2007 to 2008 due to the economic crisis. In Serbia, a sharp decline of over 50% between 1999 and 2000 was followed by an increasing trend. Compared to a modest increase for the EU-27 and Iceland, nominal wages and salaries more than tripled in Serbia and Montenegro and almost doubled in Croatia as well as in Bosnia and Herzegovina. In the latest year for which data are available, Iceland recorded the highest average nominal wages and salaries, three times higher than Croatia, the figures for which are more than or almost twice as high than in any other country.

To evaluate remuneration, wages and salaries in real terms, the figures in nominal terms are deflated using the consumer price index. This takes account of the effects of changes in price levels. In real terms, with indices based on 2000=100, Table 3.2 shows for the EU-27 as well as for Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Serbia a rising trend in the purchasing power of wages and salaries from 2001 onwards. Montenegro and Serbia recorded a much higher growth than the EU-27. Iceland achieved sustained year-to-year growth except for a fall in 2008.

Table 3.1 : Average nominal monthly wages and salaries (EUR)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	:	:	:	2 328.9	2 511.7	2 528.9	2 352.2	2 426.2	2 608.5	:	:
Croatia [1]	578.6	600.3	637.8	677.4	724.5	743.4	798.5	844.3	905.7	960.6	1 044.4
The former Yugoslav Republic of Macedonia	153.8	159.4	167.9	173.2	185.0	193.0	200.4	205.5	220.9	238.4	262.7
Turkey	:	:	:	:	258.5	290.3	297.9	355.0	:	:	:
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina [2]	150.3	175.4	190.2	208.6	228.0	247.5	258.2	275.1	:	:	:
Montenegro	122.8	164.4	181.0	211.0	149.1	173.9	195.3	213.1	246.0	338.0	416.0
Serbia	:	169.7	76.5	145.4	218.5	255.3	283.2	307.7	377.2	484.4	560.6
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	:	2 682.0	3 100.0	2 848.3	3 086.6	3 277.6	3 454.2	4 295.0	4 295.8	4 724.4	3 100.9

(1) For the period 1998-2003, the persons employed in crafts, trades and as free-lances, as well as in the police and defence-related activities are excluded; from 2004 onwards the number of persons employed in the police and defence-related activities are included. (2) For 1998-2004: net salary.

Table 3.2 : Index of real wages and salaries (2000=100)

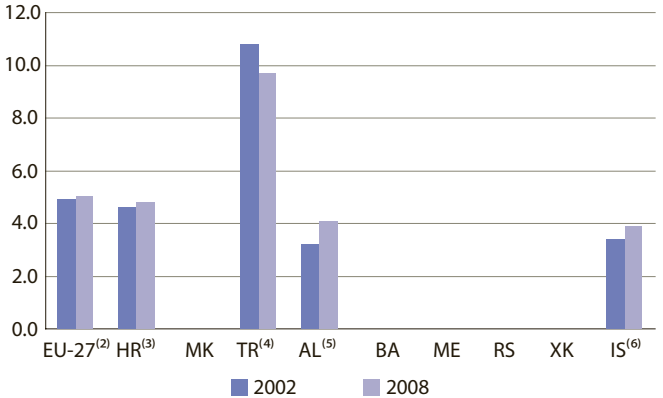
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	92.8	96.1	100.0	104.8	108.9	112.8	116.8	120.0	123.6	128.2	:
Croatia (1)	92.4	98.4	100.0	99.2	103.2	106.1	112.2	113.4	116.6	120.4	121.5
The former Yugoslav Republic of Macedonia	96.8	100.3	100.0	98.1	103.0	106.7	111.4	113.6	118.1	124.5	126.9
Turkey	:	:	:	:	:	:	:	:	:	:	:
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	106.2	99.9	100.0	91.6	109.7	119.3	130.9	139.7	156.4	179.9	195.2
Serbia	115.5	94.2	100.0	118.4	154.9	176.5	196.1	209.5	233.3	266.1	275.7
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	:	96.6	100.0	103.7	105.7	110.6	113.5	121.8	128.0	133.8	128.3

(1) For the period 1998-2003, the persons employed in crafts, trades and as free-lances, as well as in the police and defence-related activities are excluded; from 2004 onwards the number of persons employed in the police and defence-related activities are included.

The inequality of income distribution

The inequality of income distribution is defined as the ratio of total income received by the 20% of the population with the highest income (top quintile) to that received by the 20% of the population with the lowest income (lowest quintile). This measure of income inequality in the EU-27 averaged 5 in 2007. This means that the income of the wealthiest quintile was 5 times greater than that of the poorest. For the latest available year, income inequality in Turkey was twice that of the EU-27. In contrast, the income distribution is close to or lower than the EU-27 average in Croatia, Albania and Iceland with 4.8, 4.1 and 3.9 respectively. A comparison of the two years available in Figure 3.1 shows that income inequality increased everywhere except Turkey, where it fell but still to a level well above the EU-27 figure.

Figure 3.1: Inequality of income distribution, 2008 (%) (1)



(1) The former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo under UNSCR 1244/99, not available. (2) 2005 instead of 2002 data. (3) 2003 instead of 2002 data and 2004 data instead of 2008; data calculated according to Eurostat document "Methodology of calculation of common cross-sectional EU indicators". (4) 2005 instead of 2008 data. (5) Data calculated on the basis of consumption per capita. (6) 2004 instead of 2002 data.

Social inequality

A measure of social inequality is the proportion of the population living in jobless households. In the last year for which data are available, the proportion of the population living in jobless households showed similar values in the EU-27 for children aged 0 to 17 and adults aged 18 to 59 with 9.4% and 9.3% respectively. For children living in jobless households, this value was close to the EU-27 in Croatia (8.7%) and Serbia (11.4%), but more than three times higher in the former Yugoslav Republic of Macedonia (29.4%). For adults living in jobless households, the latter country also showed the largest percentage (24.7%), with almost twice the values for Croatia (12.5%) and Serbia (14.4%). Comparing 2000 data for both, children and adults living in jobless households, with the latest available year, the EU-27 and Croatia showed a decrease and Serbia recorded an increase. In the former Yugoslav Republic of Macedonia, the value for children remained stable while the value for adults showed a small rise.

Table 3.3 : Proportion of the population living in jobless households (%)

	Children aged 0-17 (as a proportion of all children aged 0-17)		Persons aged 18-59 (as a proportion of all persons aged 18-59)	
	2000	2008	2000	2008
EU-27 (1)	9.8	9.4	10.2	9.3
Croatia (2)	10.3	8.7	14.0	12.5
The former Yugoslav Republic of Macedonia (3)	29.4	29.4	23.8	24.7
Turkey	:	:	:	:
Albania	:	:	:	:
Bosnia and Herzegovina	:	:	:	:
Montenegro	:	:	:	:
Serbia (4)	9.3	11.4	10.9	14.4
Kosovo under UNSCR 1244/99	:	:	:	:
Iceland	:	:	:	:

(1) 2007 instead of 2008 data; estimated values. (2) 2002 instead of 2000 data; 2006 instead of 2008 data. (3) Children aged 0-17: 2004 instead of 2000 data and 2006 instead of 2008 data; persons aged 18-59: 2003 instead of 2000 data; 2006 instead of 2008 data. (4) 2004 instead of 2000 data; 2006 instead of 2008 data.

Household consumption expenditure and social expenditure

Total household consumption expenditure can be broken down according to COICOP. At its first level, COICOP identifies twelve categories of household consumption expenditure. In the EU-27, the composition of household expenditure has been shifting gradually from basic to less basic needs, for example, from products such as food, clothing and housing, towards the consumption of items for transport, leisure, recreation and health.

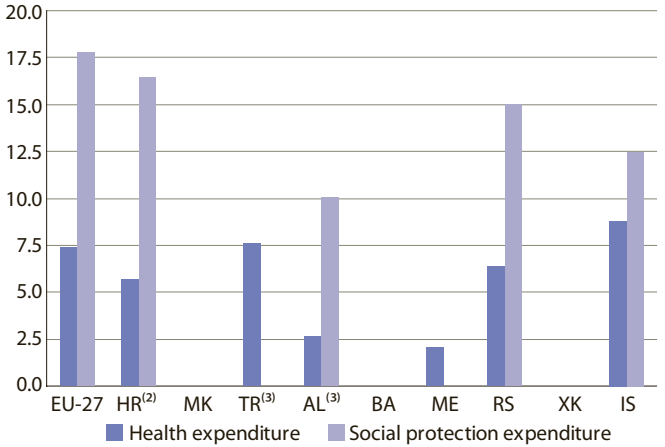
The sectors "Food and non-alcoholic beverages" and "Housing, water, electricity, gas and other fuels" are two large components of consumption and accounted together for about a third of the total in the EU-27 and Iceland, but around a half for the other countries, except Kosovo where these two categories accounted for nearly three quarters of consumption. The largest consumption shares for "Housing, water, electricity, gas and other fuels" were recorded in the EU-27 (21.4%) and three countries: Croatia (30.0%), Turkey (28.4%) and Iceland (24.5%). In the six other countries, the highest percentages were registered for "Food and non-alcoholic beverages" with values between 26.0% in Serbia and 47.6% in Albania. There is a significant difference between the proportion of total expenditure accounted for by "Food and non-alcoholic beverages" in the EU-27 and Iceland (12.6% and 13.0% respectively) and the corresponding figures for the other countries, where expenditure reached values between about 24% in Turkey and almost 48% in Albania.

Table 3.4 : Breakdown of household expenditure, 2008 (%) [1]

	EU-27 [2]	HR [2]	MK [2]	TR [3]	AL [2]	BA [2]	ME	RS [2]	XK [2]	IS
Food and non-alcoholic beverages (COICOP 01)	12.6	25.5	41.3	24.4	47.6	31.8	38.5	26.0	40.0	13.0
Alcoholic beverages, tobacco (COICOP 02)	3.5	3.1	4.4	4.3	4.3	5.7	3.6	5.1	4.0	4.0
Clothing and footwear (COICOP 03)	5.7	6.4	7.5	6.0	6.2	4.8	7.1	5.1	5.0	4.9
Housing, water, electricity, gas and other fuels (COICOP 04)	21.4	30.0	10.9	28.4	7.4	13.8	12.0	22.3	32.0	24.5
Furnishing, household equipment and routine maintenance of the house (COICOP 05)	6.3	4.4	5.6	6.0	5.9	7.0	5.2	5.5	4.0	5.8
Health (COICOP 06)	3.4	2.1	3.3	2.3	4.1	4.5	2.8	4.8	3.0	3.0
Transport (COICOP 07)	13.7	9.3	9.2	11.0	6.2	9.3	11.5	12.3	5.0	15.3
Communication (COICOP 08)	2.7	4.2	4.1	4.5	2.9	2.7	5.2	4.9	2.0	2.7
Recreation and culture (COICOP 09)	9.5	5.0	3.6	2.1	3.1	4.6	3.6	5.5	1.0	9.8
Education (COICOP 10)	1.0	0.7	1.3	2.6	1.7	1.3	2.0	1.3	1.0	1.3
Restaurants and hotels (COICOP 11)	8.9	2.6	4.9	4.3	5.0	7.5	2.8	2.8	2.0	8.2
Personal care (COICOP 12.1)	11.2	3.3	4.1	4.2	3.7	4.0	3.5	2.2	3.0	7.6
Total household expenditure (billion EUR)	:	18.0	3.0	295.7	0.6	10.6	0.1	21.4	1.4	5.3

(1) If the sum of all COICOP groups is not equal to 100%, this is either due to rounding or the fact that only personal care (COICOP 12.1) is considered out of seven sub-groups in COICOP 12. (2) 2007 data.
(3) 2006 data for total and 2007 data for percentage shares; data are based on Household Budget Surveys.

Figure 3.2: Health and social protection expenditure as a proportion of GDP, 2007 (%) [1]



(1) The former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, Montenegro, Serbia, Kosovo under UNSCR 1244/99 and Iceland, not available. (2) 2003 instead of 2007 data. (3) 2005 instead of 2007 data.

Figure 3.2 shows health and social protection expenditure as a proportion of GDP. It stood at 17.8% in the EU-27, slightly higher than the Croatian expenditure ratio of 16.5% or the Serbian expenditure ratio of 15.0%. On the other hand, health expenditure including the element financed by government, ranged between 2.0% in Montenegro and 7.6% in Turkey. Except Albania and Montenegro, the figure was relatively close to the EU-27 value of 7.4%.

4

Labour force

Employment and activity rates

The labour force comprises persons in employment and unemployed persons. The economic activity rate is the ratio of the number of persons that are part of the labour force (either working or seeking work) to the same age group of the total population. Employment rates represent employed persons (those in work) as a percentage of the same age group of the total population.

The Lisbon summit in spring 2000 put full employment with more and better jobs, equal opportunities for all and social inclusion firmly on the policy agenda. This summit set two ambitious employment targets for 2010: an overall employment rate of at least 70% and an employment rate for women of at least 60%. The subsequent Stockholm Council meeting in 2001 added an employment rate target of at least 50% for persons aged between 55 and 64 years by 2010.

The employment rate among the EU-27's population aged between 15 and 64 years rose relatively steadily in the ten years through to 2008, from 61.2% to 65.9% (albeit this remaining below the target rate of 70% set for 2010). With the exception of Iceland, all other candidate and potential candidate countries registered lower employment rates in 2008 than the average rate for the EU-27, ranging from 26.2% (2007) in Kosovo to 57.8% in Croatia. In contrast, the employment rate (84.2%) in Iceland was considerably higher than the rate for the EU-27 in 2008, although it fell back slightly from its relative peak in 2000.

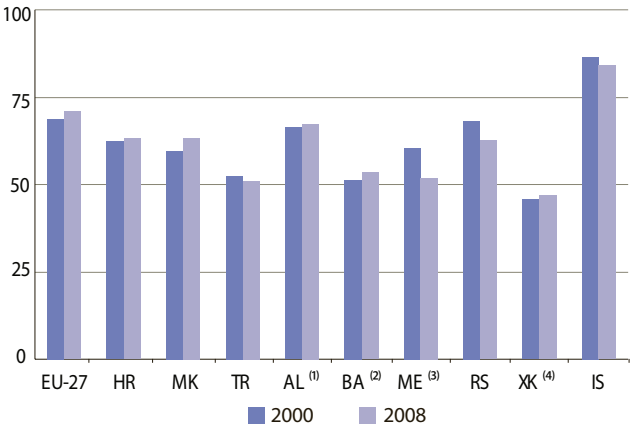
Table 4.1: Employment rates (%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	61.2	61.8	62.2	62.5	62.3	62.6	62.9	63.5	64.5	65.4	65.9
Croatia (1)	55.3	53.2	51.3	51.8	53.4	53.4	54.7	55.0	55.6	57.1	57.8
The former Yugoslav Republic of Macedonia	39.6	40.2	40.3	42.6	40.4	38.5	36.8	37.9	39.6	40.7	41.9
Turkey	51.4	50.8	48.9	47.8	46.7	45.5	46.1	45.9	45.9	44.6	44.9
Albania (2)	:	55.7	55.0	52.1	52.1	51.1	50.3	49.7	48.7	56.4	:
Bosnia and Herzegovina (3)	:	:	:	:	:	:	:	:	35.0	36.8	40.7
Montenegro (4)	38.8	39.2	38.5	37.1	37.7	36.2	37.4	41.0	41.0	43.0	43.2
Serbia	58.2	58.3	59.2	59.7	58.5	57.9	53.4	51.0	49.9	51.5	53.7
Kosovo under UNSCR 1244/99	:	:	:	19.6	23.8	25.3	27.7	28.5	28.7	26.2	:
Iceland	:	86.3	86.6	86.5	84.7	84.0	82.8	84.4	85.2	85.7	84.2

(1) Data up to 2006 refers to half-year periods. Since 2007 data refers to quarterly periods. (2) Break in series starting with 2001 due to a change of the data source. (3) Source: Labour Force Survey. (4) Age group refers to '15+'.

The proportion of the EU-27's population aged between 15 and 64 years old that was economically active in 2008 was higher than in all candidate and potential candidate countries, with the notable exception of Iceland. For the EU-27 as a whole, as well as the majority of the candidate and potential candidate countries, the economic activity rate in 2008 was higher than that recorded for 2000. Declines over this period were recorded, however, in Turkey, Iceland, Serbia and, in particular, Montenegro (a fall of 8.5 percentage points).

Figure 4.1: Economic activity rates (%)



(1) 2007 instead of 2008 data. (2) 2006 instead of 2000 data. (3) Age group refers to '15+'. (4) 2001 instead of 2000 data and 2007 instead of 2008 data.

Employment and activity rates by gender

Across the EU-27 as a whole and among all the candidate and potential candidate countries, the economic activity rates of men were notably higher than those of women in 2008, in part reflecting the continued reliance on women as carers of the home, of children and of other dependants. This characteristic was most notable in Turkey and Kosovo.

These differences were also reflected in the employment rates for men and women. The employment rate of women in the EU-27 was 59.1% in 2008, which although significantly higher than the rate recorded in 1998 (52.0%) remained much lower than the corresponding rate for men (72.8%). The gap between the employment rates of women and men in the EU-27 narrowed, from 18.3 percentage points in 1998 to 13.7 percentage points in 2008.

Among the candidate and potential candidate countries, only Iceland had an employment gender gap (7.5 percentage points) that was narrower than the EU-27 in 2008. The employment gender gaps in Croatia, Montenegro and Albania (2007) were relatively similar to that for the EU-27 in 2008. The employment gender gap (17.0 percentage points) in Serbia was a little wider than the EU-27 average in 2008, the gaps in Bosnia and Herzegovina (24.2 percentage points), Kosovo (27.4 percentage points in 2007) and, particularly, Turkey (43.1 percentage points in 2007) being much wider still. Like the EU-27, there was a progressive narrowing of the gender employment gap in the former Yugoslav Republic of Macedonia and in Montenegro over the ten year period through until 2008, against a background of a rising (albeit very unevenly) total employment rate. In the case of Albania, the gap narrowed sharply from 26.7 percentage points in 1999 to 14.3 percentage points in 2007, in large part reflecting the much sharper upturn in the employment rate of women than of men in 2007, after a number of years of decline in both. In most of the other candidate or potential candidate countries, the gap remained relatively unchanged or widened. Among these countries, the widening of the gap in Kosovo was most notable, reflecting a stronger upswing in the employment rate of men (albeit restricted to the period between 2001 and 2004) than that of women.

Table 4.2: Employment rates by gender

	Male employment rate: proportion of the male population aged 15-64 in employment (%)										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	70.3	70.7	70.8	70.9	70.4	70.3	70.4	70.8	71.7	72.5	72.8
Croatia (1)	61.7	59.0	57.4	59.0	60.5	60.3	61.8	61.7	62.0	64.4	65.0
The former Yugoslav Republic of Macedonia	49.8	49.4	49.7	50.6	48.6	45.6	44.4	45.4	48.3	48.8	50.7
Turkey	74.3	72.7	71.7	69.3	66.9	65.9	67.9	68.2	68.0	66.8	66.6
Albania (2)	:	69.0	66.0	64.0	63.9	62.6	61.2	60.0	58.8	63.6	:
Bosnia and Herzegovina (3)	:	:	:	:	:	:	:	:	46.1	48.7	52.9
Montenegro (4)	48.8	47.3	46.2	45.6	46.6	44.5	46.5	42.4	41.0	48.0	50.8
Serbia	66.3	67.1	68.2	68.6	67.1	67.0	63.1	61.2	59.2	60.0	62.3
Kosovo under UNSCR 1244/99	:	:	:	31.1	39.4	42.8	46.4	45.8	46.1	40.1	:
Iceland	:	90.3	90.2	89.9	87.7	86.7	86.1	87.4	88.6	89.5	87.8

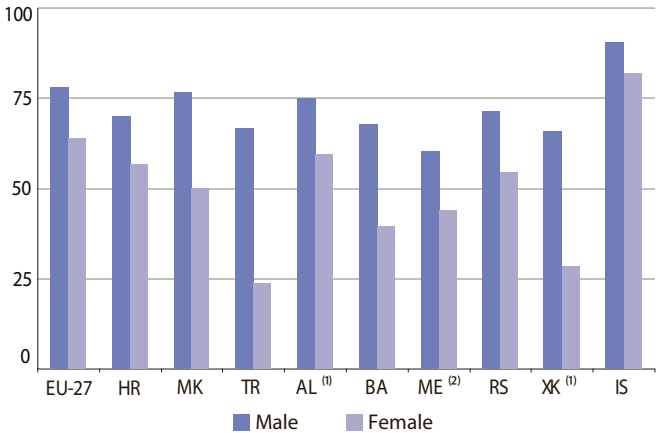
(1) Data up to 2006 refers to half-year periods. Since 2007 data refers to quarterly periods. (2) Break in series starting with 2001 due to a change of the data source. (3) Source: Labour Force Survey. (4) Age group refers to '15+'.

Table 4.2: Employment rates by gender (continued)

	Female employment rate: proportion of the female population aged 15-64 in employment (%)										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	52.0	53.0	53.7	54.3	54.4	54.9	55.5	56.3	57.3	58.3	59.1
Croatia (1)	49.4	47.8	45.5	44.9	46.7	46.7	47.8	48.6	49.4	50.0	50.7
The former Yugoslav Republic of Macedonia	29.3	30.9	30.9	34.5	32.0	31.3	28.9	30.1	30.7	32.3	32.9
Turkey	28.5	28.9	26.2	26.3	26.6	25.2	24.3	23.7	23.8	22.8	23.5
Albania (2)	:	42.3	44.1	39.6	39.7	39.1	38.9	38.8	38.1	49.3	:
Bosnia and Herzegovina (3)	:	:	:	:	:	:	:	:	24.0	25.0	28.7
Montenegro (4)	29.1	31.4	30.6	29.0	29.0	28.1	28.8	27.6	29.0	37.0	36.1
Serbia	50.3	49.8	50.4	50.8	50.0	48.7	44.0	40.8	40.6	43.0	45.3
Kosovo under UNSCR 1244/99	:	:	:	8.1	8.8	8.3	9.9	11.7	11.8	12.7	:
Iceland	:	82.1	82.8	82.9	81.6	81.2	79.4	81.2	81.6	81.7	80.3

(1) Data up to 2006 refers to half-year periods. Since 2007 data refers to quarterly periods. (2) Break in series starting with 2001 due to a change of the data source. (3) Source: Labour Force Survey. (4) Age group refers to '15+'.

Figure 4.2: Economic activity rates, 2008 (%)



(1) 2007 instead of 2008 data. (2) Age group refers to '15+'.

Employment rates for older workers (aged 55-64)

The employment rate for older workers across the EU-27 as a whole rose to 45.6% in 2008, much higher than the corresponding rate (36.2%) ten years earlier but still beneath the target rate of 50% set for 2010. The employment rate for older workers in Albania that was recorded for 2007 (46.6%) was slightly higher than the EU-27 average. The rate (83.3%) recorded in Iceland for 2008, however, was notably higher. In contrast, the employment rates for older workers in the other candidate and potential candidate countries were much lower than the EU-27 average. Nevertheless, rates rose relatively steadily from low levels in the former Yugoslav Republic of Macedonia, in Kosovo and particularly in Croatia. In contrast, the employment rates for older workers in Serbia (at least through until 2006) and particularly in Turkey declined relatively sharply, in part reflecting the broader decline in the employment rate for the total population aged 15 to 64 years old.

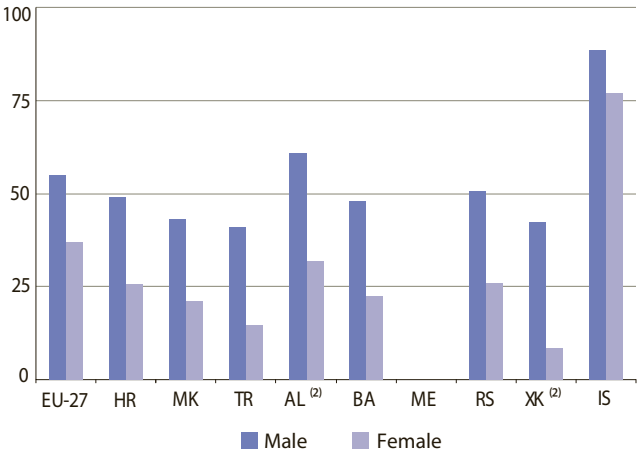
Table 4.3: Employment rates of older workers (%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	36.2	36.5	36.9	37.7	38.5	40.0	40.7	42.3	43.5	44.7	45.6
Croatia (1)	25.6	25.9	24.2	23.7	24.8	28.4	30.1	32.6	34.3	35.8	36.7
The former Yugoslav Republic of Macedonia	26.0	26.3	26.2	27.7	25.8	28.5	24.5	26.2	27.9	28.8	31.7
Turkey	41.1	39.3	36.4	35.9	35.3	32.7	33.1	30.8	30.1	27.1	27.4
Albania	:	:	:	:	:	:	:	:	:	46.6	:
Bosnia and Herzegovina (2)	:	:	:	:	:	:	:	:	30.6	31.9	34.4
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	40.5	42.3	43.3	42.1	42.0	44.3	37.3	35.4	32.6	33.5	36.7
Kosovo under UNSCR 1244/99	:	:	:	16.7	18.4	20.1	23.9	25.2	26.3	24.6	:
Iceland	:	85.9	84.2	85.6	87.2	83.2	82.0	84.8	84.4	84.9	83.3

(1) Data up to 2006 refers to half-year periods. Since 2007 data refers to quarterly periods. (2) For 2006-2008, population aged between 50 and 64.

As with the total labour force, the employment rate for older women was lower than that of older men in the EU-27 and among all of the candidate and potential candidate countries for which data are available. The gender employment gap among older workers in the EU-27 was 18.1 percentage points in 2008, which was greater than the 13.7 percentage point gap among the total labour force. The relatively wider gender employment gap among older workers was a feature in all of the countries. The narrowest gap among older workers was recorded in Iceland (11.2 percentage points in 2008), the widest in Kosovo (34.0 percentage points in 2007).

Figure 4.3: Employment rates of older workers, by gender, 2008 (1)



(1) Montenegro not available. (2) 2007 instead of 2008 data.

Number of persons employed and employment by sector

The level of employment (for employees and self-employed combined) in the EU-27 grew by 1.2% between 2007 and 2008, matching the average annual rate of growth between 2000 and 2008. Among the candidate and potential candidate countries, only Iceland and Montenegro recorded stronger rates of growth over the longer-term, averaging 2.2% and 2.1% per annum respectively between 1998 and 2008. Data for Bosnia and Herzegovina are currently only available for the period between 2005 and 2008, but during these years the level of employment grew rapidly (an average of 7.0% per annum). Aside from Kosovo, for which data are not available, as well as Turkey and Serbia, longer-term growth in the level of total employment in the other countries was much lower than that for the EU-27.

Turkey and Serbia both recorded contractions in the levels of total employment, although in the case of Turkey this was mostly due to the changes recorded in 2007 (a fall of 5.1% compared to the level in 2006). By comparison, the contraction in Serbia was relatively progressive in the period between 1998 and 2006, after which there was a partial rebound; between 1998 and 2008, the level of employment in Serbia declined by an average of 1.1% per annum.

Among all the countries for which 2008 data are available, levels of total employment were higher than those recorded in 2007. Furthermore, with the exception of Iceland, the rate of growth between 2007 and 2008 was higher than the rate recorded for the EU-27.

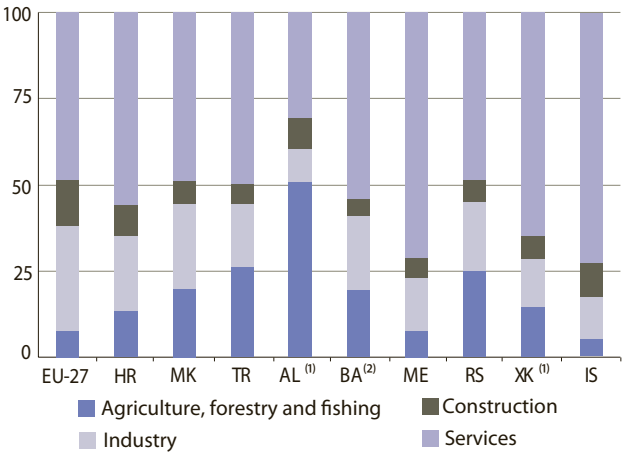
Table 4.4: Total number of persons in employment (1 000)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	:	:	202 019	204 315	204 396	205 737	206 565	210 794	214 913	219 051	221 670
Croatia (1)	1 547	1 478	1 570	1 478	1 521	1 538	1 583	1 573	1 586	1 614	1 636
The former Yugoslav Republic of Macedonia (2)	:	:	:	599	561	545	523	545	570	590	609
Turkey	21 779	22 050	21 582	21 525	21 354	21 146	21 790	22 046	22 330	21 189	:
Albania (3)	1 085	1 065	1 068	920	920	926	931	932	935	1 123	:
Bosnia and Herzegovina (4)	:	:	:	:	:	:	:	727	811	850	890
Montenegro (5)	180	185	182	177	178	168	187	179	178	217	222
Serbia	3 139	3 103	3 094	3 106	3 000	2 919	2 931	2 733	2 631	2 656	2 822
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	145	151	157	158	156	158	156	160	168	176	177

(1) Data up to 2006 refers to half-year periods. Since 2007 data refers to quarterly periods. (2) Total employment covers NACE Sections A to Q. (3) Break in series starting with 2001 due to a change of the data source. (4) In 2005, yearly average, the number of persons employed in legal entities are collected using a regular monthly survey (RAD-1). (5) From 2004 a new methodology is used, which is harmonized with the EU requirements.

Differences between the economies of the EU-27 as a whole and the candidate and potential candidate countries can be shown according to the distribution of employment between different economic sectors. Persons in services accounted for almost one half (49%) of total employment in the EU-27 in 2008. With the notable exception of Albania, the services sectors in the other candidate and potential candidate countries were either of a similar relative size or, as in the cases of Kosovo (where services accounted for about two thirds of total employment in 2007) and Montenegro (where it accounted for about three in every four persons in employment), much larger. In contrast, employment in agriculture, forestry and fishing activities accounted for about one in every two persons in employment in Albania in 2007, nearly seven times the equivalent share for the EU-27 as whole. There were also relatively high shares (the equivalent of about one in every four persons) of employment in agriculture in Turkey and Serbia.

Figure 4.4: Breakdown of employment, 2008 (% of total)



(1) 2007 instead of 2008 data. (2) 2005 instead of 2008 data; in 2005, yearly average, the number of persons employed in legal entities are collected using a regular monthly survey (RAD-1).

Unemployment rates

Unemployed persons are defined as those persons aged 15 to 74 who were not in employment in the reference week of the labour force survey but were available for work and actively seeking work. The unemployment rate is the proportion of unemployed persons relative to the total number of active persons (employed or unemployed) in the labour market. Labour market policies are generally targeted at providing assistance to the unemployed and other groups of people with difficulties entering the labour market. However, interventions are increasingly targeted at women, the young and the elderly.

The average rate of unemployment across the EU-27 as a whole was 7.0% in 2008, which represented a marked turnabout from the 9.2% recorded in 2004. With the exception of Iceland, for which the unemployment rate in 2008 was 3.0%, the unemployment rates for the other candidate and potential candidate countries was higher and often much higher than the EU-27 average.

Almost one in every four (23.4%) active persons in Bosnia and Herzegovina was unemployed in 2008, one in every three (33.8%) in the former Yugoslav Republic of Macedonia and a little more than two in every five persons (43.6%, 2007) in Kosovo. Nevertheless, in most of the candidate and potential candidate countries, the unemployment rates for 2007/2008 were less than the previous year and significantly down on the peak rates recorded in the period since 1998. This was particularly the case in Bosnia and Herzegovina (where the unemployment rate had been as high as 43.9% in 2005), Kosovo (down from 57.1% in 2001) and Montenegro (down from 30.3% in 2005 to 16.8% in 2008).

Table 4.5: Unemployment rates (%)

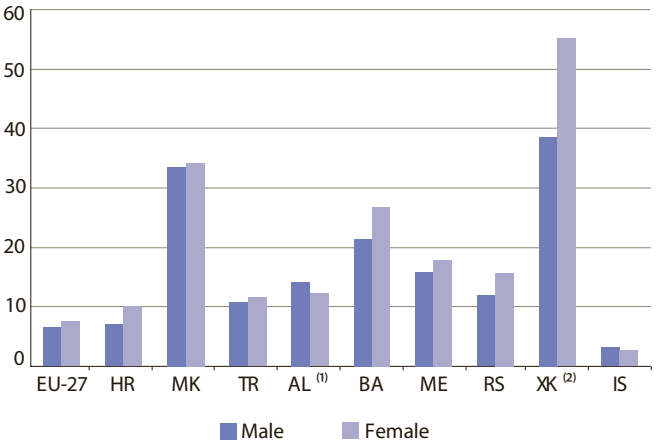
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	:	:	9.3	8.6	8.9	9.0	9.2	8.9	8.2	7.1	7.0
Croatia (1)	11.7	14.5	17.0	16.3	14.7	14.1	13.6	12.6	11.1	9.6	8.4
The former Yugoslav Republic of Macedonia	34.5	32.4	32.2	30.5	31.9	36.7	37.2	37.3	36.0	35.0	33.8
Turkey (2)	6.9	7.7	6.5	8.4	10.3	10.5	10.3	10.3	9.9	10.3	11.0
Albania (3)	:	18.4	16.8	16.4	15.8	15.0	14.4	14.1	13.8	13.4	:
Bosnia and Herzegovina (4)	:	39.4	39.7	40.0	41.1	41.6	41.8	43.9	31.1	29.0	23.4
Montenegro	18.5	19.3	19.3	21.2	20.7	22.7	27.7	30.3	29.6	19.3	16.8
Serbia	14.0	14.5	13.3	13.3	14.5	16.0	18.7	21.1	21.0	18.3	13.6
Kosovo under UNSCR 1244/99	:	:	:	57.1	55.0	49.7	39.7	41.4	44.9	43.6	:
Iceland	3.1	2.0	2.3	2.3	3.3	3.4	3.1	2.6	2.9	2.3	3.0

(1) Data up to 2006 refers to half-year periods. Since 2007 data refers to quarterly periods. (2) 2007 and 2008 household labour force survey results were revised by the final population projections calculated by the Address Based Population Registration System (ABPRS). (3) Administrative data, unemployment refers to registered unemployment. (4) From 2005 onwards, figures include data from Brcko District.

The unemployment rate for women (7.5%) in the EU-27 was higher than that for men (6.6%) in 2008, and apart from Iceland, this characteristic was common to the other candidate and potential candidate countries. The differences in unemployment rates between the sexes was particularly marked in Kosovo (16.7 percentage points, 2007), and to a lesser extent in Bosnia and Herzegovina, Serbia and Croatia (5.4, 3.9 and 3.1 percentage points respectively).

The gender gap was the same or narrower than the 2008 average of 0.9 percentage points for the EU-27 in Turkey (0.9 percentage points) and the former Yugoslav Republic of Macedonia (a difference of 0.7 percentage points). Iceland stood apart from the others, as the rate of unemployment for women was lower (by 0.7 percentage points in 2008) than that for men.

Figure 4.5: Unemployment rates by gender, 2008 (%)



(1) 2007 instead of 2008 data. (2) 2007 instead of 2008 data; administrative data; unemployment refers to registered unemployment.

Long-term and youth unemployment rates

The long-term unemployment rate is defined as the number of persons who have been unemployed for at least 12 months, expressed as a proportion of the total number of active persons in the labour market. Long-term unemployment is one of the main social issues faced by governments and policy-makers.

The long-term unemployment rate across the EU-27 as a whole was 2.6% in 2008. About two in every five unemployed persons in the EU-27 in 2008, therefore, had been unemployed for more than one year. In all of the candidate and potential candidate countries for which data are available (Montenegro excluded), with the exception of Iceland, the latest annual long-term unemployment rate was higher than the EU-27 average for 2008. As with the overall unemployment rate, the highest long-term unemployment rates were in Bosnia and Herzegovina (2007), the former Yugoslav Republic of Macedonia, and Kosovo.

Table 4.6: Long-term unemployment rates, 2008 (%)

	Total	Male	Female
EU-27	2.6	2.4	2.8
Croatia	5.3	4.3	6.6
The former Yugoslav Republic of Macedonia	28.7	28.8	28.5
Turkey	2.9	2.6	4.0
Albania (1)	9.4	9.9	8.7
Bosnia and Herzegovina	24.3	23.5	25.4
Montenegro	:	:	:
Serbia (1)	14.8	12.7	17.5
Kosovo under UNSCR 1244/99 (1)	37.1	32.6	47.1
Iceland	0.1	0.1	0.1

(1) 2007 data.

Over eight in every ten persons unemployed in the former Yugoslav Republic of Macedonia and Kosovo (2007) and about nine in Bosnia and Herzegovina (2007) had been unemployed for more than one year. In contrast, there was almost no (0.1%) long-term unemployment in Iceland.

It is perhaps interesting to note that the long-term unemployment rates of women in the former Yugoslav Republic of Macedonia and in particular Albania were lower than the respective rates for men, despite the total unemployment rates for women being higher. To some extent, this may reflect the availability of part-time work and the readiness of women to take up this work.

The youth unemployment rate is defined as the proportion of young persons aged 15 to 24 who are unemployed. Across the EU-27 as a whole, the youth unemployment rate was 15.5% in 2008. Among the candidate and potential candidate countries, only Iceland (8.2%) had a lower youth unemployment rate than the EU-27.

In the former Yugoslav Republic of Macedonia (56.4%) and particularly Kosovo (70.0%, 2007), a majority of 15 to 24 year olds who were actively seeking employment were unemployed. Youth unemployment rates for 2008 were also high in Bosnia and Herzegovina (47.5%) and Serbia (35.2%) despite sharp falls since 2006. Only in Turkey and Albania (2007) were youth unemployment rates relatively close to the level for the EU-27.

Table 4.7: Youth unemployment rates (%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	:	:	18.3	17.3	17.9	18.1	18.6	18.6	17.3	15.5	15.5
Croatia (1)	31.0	39.2	43.1	41.7	34.4	35.8	33.8	32.0	28.8	24.0	22.0
The former Yugoslav Republic of Macedonia	70.9	62.9	59.9	56.1	58.4	65.7	64.8	62.6	59.8	57.7	56.4
Turkey (2)	14.2	15.0	13.1	16.2	19.2	20.5	19.7	19.3	18.7	20.0	20.5
Albania (3)	:	:	:	:	26.8	:	:	:	:	20.1	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	62.3	58.4	47.5
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	50.6	53.2	50.2	46.4	45.3	44.8	48.1	47.7	47.8	43.7	35.2
Kosovo under UNSCR 1244/99	:	:	:	80.0	77.7	74.9	66.5	70.5	75.5	70.0	:
Iceland	7.0	4.4	4.7	4.8	7.2	8.3	8.1	7.2	8.2	7.2	8.2

(1) Data until 2006 refers to half-year periods. Since 2007 data refers to quarterly periods. (2) 2007 and 2008 household labour force survey results were revised by the ultimate population projections calculated by the Address Based Population Registration System (ABPRS). (3) 2002 data based on the Living Conditions Survey of 1998 and the Living Standards Measurement Study of 2002.

5

National accounts

Gross domestic product (GDP)

Gross domestic product (GDP) is the central aggregate of national accounts. The candidate and potential candidate countries together accounted for the equivalent of 4.8% of the EU-27 in 2007. This figure rises to 5.0%, if 2008 values available for Croatia, Turkey, Bosnia and Herzegovina and Iceland are combined with 2007 values for other countries and are compared to the EU-27 GDP for 2008.

Since 2002, all the candidate and potential candidate countries, for which data are available, have recorded sustained GDP growth in constant prices. More, their GDP growth rates from 2003 were higher than that in the EU-27. However, in most countries, there were substantial variations around the rising trend. Croatia, the former Yugoslav Republic of Macedonia, Albania and Montenegro had their highest growth in 2007, while the largest rise for Bosnia and Herzegovina came in 2006. For most countries where 2008 data are available, growth rates fell dramatically from 2007 to 2008. Growth in Turkey fell from 4.7% in 2007 to 0.9% in 2008, while that in Iceland fell from 5.6% to 1.3%, in both cases close to the EU-27 figure of 0.9%. Growth in Croatia in 2008 at 2.4% was half the figures for earlier years. Only Bosnia and Herzegovina recorded a growth at 5.4%, substantially higher than the EU-27.

Table 5.1: GDP at current prices (million EUR)

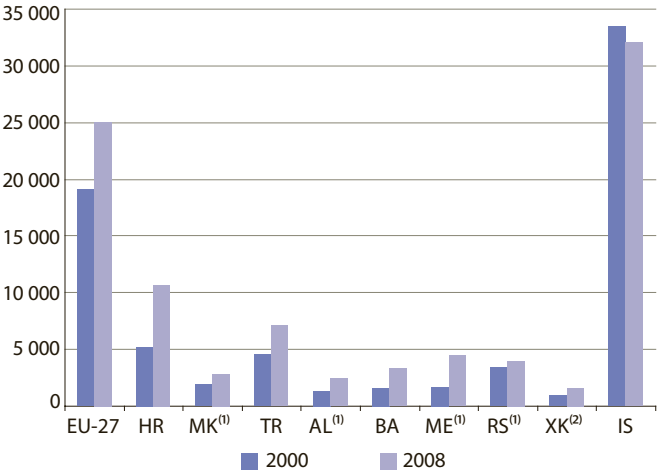
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	8 162 304	8 583 998	9 202 198	9 580 089	9 941 657	10 108 233	10 606 260	11 063 473	11 684 466	12 359 990	12 512 071
Croatia	22 496	21 638	23 146	25 538	28 112	30 011	32 759	35 725	39 102	42 833	47 370
The former Yugoslav Republic of Macedonia	3 193	3 448	3 893	3 839	4 001	4 105	4 325	4 676	5 081	5 791	:
Turkey	242 787	233 424	289 446	219 816	243 570	269 322	314 304	387 655	419 013	472 879	501 167
Albania	2 419	3 209	3 945	4 541	4 705	5 048	5 881	6 561	7 168	7 858	:
Bosnia and Herzegovina	:	:	5 977	6 424	7 067	7 416	8 071	8 655	9 777	11 125	12 637
Montenegro	:	:	1 066	1 295	1 360	1 510	1 670	1 815	2 149	2 808	:
Serbia	:	17 522	25 539	12 821	16 034	17 416	19 075	20 358	23 521	29 543	:
Kosovo under UNSCR 1244/99	:	:	:	1 624	1 735	1 797	3 007	3 068	3 192	3 434	:
Iceland	7 383	8 194	9 421	8 830	9 474	9 709	10 660	13 124	13 311	14 851	10 265

Table 5.2: GDP growth rate at constant prices (national currency) relative to the previous year (%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	3.0	3.0	3.9	2.0	1.2	1.3	2.5	2.0	3.2	2.9	0.9
Croatia	2.1	-1.5	3.0	3.8	5.4	5.0	4.3	4.2	4.7	5.5	2.4
The former Yugoslav Republic of Macedonia	3.4	4.3	4.5	-4.5	0.9	2.8	4.1	4.1	4.0	5.9	:
Turkey	:	-3.4	6.8	-5.7	6.2	5.3	9.4	8.4	6.9	4.7	0.9
Albania	9.0	13.5	6.7	7.9	4.2	5.8	5.7	5.7	5.4	6.0	:
Bosnia and Herzegovina	:	:	:	2.0	4.9	3.8	6.3	3.9	6.9	6.0	5.4
Montenegro	:	:	:	1.1	1.9	2.5	4.4	4.2	8.6	10.7	:
Serbia	0.7	-11.2	5.3	5.6	3.9	2.4	8.3	5.6	5.2	6.9	:
Kosovo under UNSCR 1244/99	:	:	:	:	1.2	3.1	:	:	:	:	:
Iceland	6.3	4.1	4.3	3.9	0.1	2.4	7.7	7.5	4.3	5.6	1.3

Iceland had by far the highest GDP per capita amongst the candidate and potential candidate countries in 2008, with EUR 32 100 per inhabitant, also far above the EU-27 average of EUR 25 100. In contrast, GDP per capita in the other candidate and potential candidate countries was lower than that of the EU-27. Croatia recorded a GDP per capita of EUR 10 678 in 2008, almost 43% of the EU-27 level, followed by Turkey (EUR 7 100 per inhabitant), Montenegro (EUR 4 484 per inhabitant in 2007) and Serbia (EUR 4 002 per inhabitant in 2007). Kosovo recorded the lowest GDP per head at EUR 1 612 (2007). The remaining countries had values, ranging between EUR 2 500 and EUR 3 300 per capita. Over the period 2000 to 2008 or the nearest equivalent range of years available, all candidate or potential candidate countries, apart from Iceland (-4%) and Serbia (18%), recorded a higher percentage growth in GDP per head than that of the EU-27 at 31.4%. Croatia, Bosnia and Herzegovina and Montenegro (2000 to 2007) more than doubled their GDP per capita over the period observed.

Figure 5.1: GDP per capita at current prices (EUR)



(1) 2007 instead of 2008 data. (2) 2003 instead of 2000 data; 2007 instead of 2008 data.

Final consumption expenditure and breakdown of GDP

The proportion of GDP accounted for by final consumption expenditure in the EU-27 was stable, at a little under 80%, during the period 1998 to 2008. By and large, the share of final consumption expenditure in GDP was higher in candidate and potential candidate countries than in the EU-27 and, in many cases, substantially so. Exceptions to this rule were Croatia with a continuing decrease since 2002, ending slightly below the EU-27 level in 2008, Turkey and Iceland, all three close to the EU-27 level. Montenegro and Kosovo recorded values for final consumption expenditure of over 100% in 2007.

In 2008, the breakdown of GDP shows that only Montenegro (2007 data) and Iceland, with values of 27.6% and 24.9% respectively, had a higher proportion of final consumption expenditure by general government than the EU-27 (20.8%). Turkey with 12.8% and Albania with 10.1% (2007 data) recorded the lowest figures. On the other hand, final consumption expenditure by households and non-profit institutions serving households (NPISH) accounted for a lower share of GDP in the EU-27 (57.4%) than in candidate and potential candidate countries, with the exception of Iceland, which recorded a value of 53.5%. Kosovo reported the highest figure of 95.3%. Croatia with 59.1% came close to the EU-27 value.

Investment, as measured by gross fixed capital formation, accounted for 21.6% of the EU-27's GDP in 2008. Turkey recorded a similar value, while Albania showed the highest proportion (36.5%, 2007 data) followed by Croatia and Serbia (2007 data), both with about 31%. Gross capital formation fluctuated considerably over the period since 1998 in all countries. The largest differences between the highest and lowest share in GDP were in Serbia, Iceland and Albania (with around 22, 16 and 15 percentage points difference, respectively). The smallest differences were recorded by the former Yugoslav Republic of Macedonia, Turkey and Bosnia and Herzegovina but with a level of fluctuation more than twice that of the EU-27 at 2.2 percentage points.

Table 5.3: Breakdown of GDP, 2008 (% share of GDP)

	Final consumption expenditure: households and NPISH	Final consumption expenditure: general government	Gross fixed capital formation	Imports of goods & services	Exports of goods & services
EU-27	57.4	20.8	21.6	41.0	41.3
Croatia	59.1	18.6	30.8	50.3	41.9
The former Yugoslav Republic of Macedonia (1)	77.1	17.5	24.2	72.3	53.4
Turkey	69.7	12.8	20.3	28.4	23.9
Albania (1)	80.0	10.1	36.5	54.6	28.0
Bosnia and Herzegovina (1)	82.3	18.3	29.8	69.4	36.1
Montenegro (1)	76.9	27.6	28.0	79.0	46.5
Serbia (1)	73.6	19.8	30.5	54.4	30.6
Kosovo under UNSCR 1244/99 (1)	95.3	18.7	26.0	50.3	10.4
Iceland	53.5	24.9	24.2	47.3	44.6

(1) 2007 instead of 2008 data.

Table 5.4: Final consumption expenditure as a proportion of GDP (%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	78.0	78.3	78.5	78.7	78.9	79.2	79.0	79.2	78.6	77.6	78.1
Croatia	85.5	85.5	84.6	82.7	83.1	81.4	80.4	80.2	78.9	78.7	77.7
The former Yugoslav Republic of Macedonia	92.6	90.3	92.6	94.8	99.5	97.0	98.9	96.5	96.7	94.6	:
Turkey	76.7	80.7	82.2	80.8	80.8	83.5	83.2	83.5	82.9	83.7	82.6
Albania	102.4	92.7	86.0	80.9	86.0	86.1	89.0	88.9	87.4	90.1	:
Bosnia and Herzegovina	:	:	:	:	:	:	111.9	111.0	105.4	100.6	:
Montenegro (1)	:	:	91.9	100.2	105.8	101.0	99.4	99.8	104.2	104.5	:
Serbia	98.4	96.3	97.2	104.0	106.9	102.4	96.8	95.6	95.1	93.4	:
Kosovo under UNSCR 1244/99	:	:	:	163.1	151.6	147.5	109.7	111.9	111.5	114.0	:
Iceland	80.3	82.9	84.0	79.8	80.2	83.3	82.2	84.0	82.6	82.1	78.4

(1) Provisional values.

Table 5.5: Gross fixed capital formation as a proportion of GDP (%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	20.7	20.8	21.3	20.5	19.6	19.6	19.9	20.1	21.0	21.8	21.6
Croatia	21.3	20.7	18.6	21.1	25.2	26.5	25.9	26.3	28.1	28.9	30.8
The former Yugoslav Republic of Macedonia	22.3	19.7	22.3	19.1	20.6	20.0	21.9	20.8	21.9	24.2	:
Turkey	22.1	19.1	20.8	15.1	17.6	17.6	19.4	20.0	22.1	21.6	20.3
Albania	21.4	23.7	34.2	39.7	38.7	38.7	33.4	35.8	36.2	36.5	:
Bosnia and Herzegovina	:	:	:	:	:	:	24.2	25.1	22.5	29.8	:
Montenegro [1]	:	:	22.4	23.4	18.7	15.4	16.6	17.7	25.5	28.0	:
Serbia	9.5	10.5	8.8	13.9	12.9	18.5	31.0	25.2	25.6	30.5	:
Kosovo under UNSCR 1244/99	:	:	:	40.7	34.5	29.3	23.3	23.5	25.0	26.0	:
Iceland	24.1	21.8	22.9	21.5	18.2	20.0	23.5	28.4	34.0	28.2	24.2

(1) Provisional values.

External trade relative to GDP

External trade statistics can be used to indicate how open an economy is, that is, the extent to which an economy satisfies its own consumption or relies on imports, and also the attractiveness of each economy's goods and services for export. The average (simple arithmetic mean) of imports and exports of goods and services as a proportion of GDP is one measure of trade integration: the higher the indicator, the more integrated an economy within the international economy. Relatively small territories (in terms of land area and population) will tend to display higher levels of trade integration than larger territories, simply because they produce a more limited number of goods and services and because of their close geographical proximity to neighbouring territories.

During the period 2000 to 2008, each of the candidate and potential candidate countries reported a trade deficit every year (apart from Turkey in 2001 and 2002 and Iceland in 2002). This was in contrast to the surplus for goods and services recorded by the EU-27 (including intra-EU-27 trade) in each year. With the exception of Iceland, Turkey and Croatia, the candidate and potential candidate countries were heavily reliant upon imports over the whole period but with large fluctuations.

In 2008, the average of imports and exports relative to GDP came to around 41% for the EU-27 (including intra-EU-27 trade). Kosovo (about 30% in 2007) and Turkey (about 26%) reported lower levels, while the level in Albania in 2007 was similar to that in the EU-27. Against that, the latest data available indicates that substantially higher values were recorded for the former Yugoslav Republic of Macedonia and Montenegro (both almost 63% in 2007), followed by Bosnia and Herzegovina (around 53%). The remaining countries recorded an average of exports and imports relative to GDP of between 43% and 46%. With the exception of Kosovo, the openness of all countries to international trade increased in the period observed.

Table 5.6: Exports of goods and services, relative to GDP (%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27 [1]	32.3	32.5	36.1	36.2	35.4	34.7	36.0	37.4	39.8	40.3	41.3
Croatia	35.1	36.5	42.0	43.8	41.0	42.9	43.3	42.6	43.4	42.8	41.9
The former Yugoslav Republic of Macedonia	41.2	42.2	48.6	42.7	38.0	37.9	41.1	45.5	48.1	53.4	:
Turkey	21.3	19.4	20.1	27.4	25.2	23.0	23.6	21.9	22.7	22.3	23.9
Albania	10.8	15.8	17.9	18.4	19.6	20.4	22.0	22.8	24.9	28.0	:
Bosnia and Herzegovina	:	:	:	:	:	:	27.8	28.6	33.1	36.7	36.1
Montenegro [2]	:	:	36.8	38.4	35.4	30.6	42.0	43.6	49.4	46.5	:
Serbia	22.1	11.4	10.9	24.6	22.9	22.9	24.6	28.7	31.7	30.6	:
Kosovo under UNSCR 1244/99 [3]	:	:	:	16.6	12.5	10.4	7.1	7.0	8.9	10.4	:
Iceland	34.7	33.6	33.6	38.8	37.4	34.3	34.1	31.7	32.3	34.8	44.6

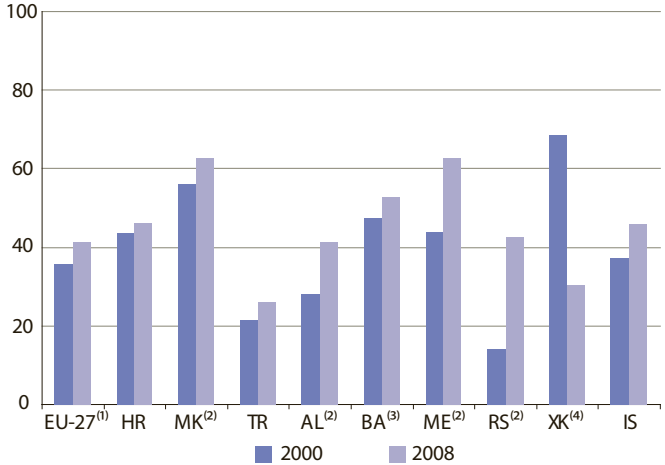
(1) Including intra-EU-27 trade. (2) Provisional values. (3) 2002 to 2007, provisional values.

Table 5.7: Imports of goods and services, relative to GDP (%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27 (1)	30.9	31.7	35.8	35.4	33.9	33.4	34.8	36.7	39.4	39.7	41.0
Croatia	41.9	42.7	45.3	47.6	49.4	50.8	49.6	49.1	50.4	50.4	50.3
The former Yugoslav Republic of Macedonia	56.1	52.2	63.5	56.6	58.2	54.8	61.9	62.8	66.8	72.3	:
Turkey	20.2	19.3	23.1	23.3	23.6	24.0	26.2	25.4	27.6	27.5	28.4
Albania	34.6	32.2	38.1	39.0	44.3	45.1	44.4	47.5	48.5	54.6	:
Bosnia and Herzegovina	:	:	:	:	:	:	66.9	64.8	60.0	68.7	69.4
Montenegro (2)	:	:	51.1	62.0	59.9	47.0	58.1	61.1	79.1	79.0	:
Serbia	30.1	18.2	16.8	42.5	42.7	43.7	52.5	49.4	52.4	54.4	:
Kosovo under UNSCR 1244/99 (3)	:	:	:	120.4	98.6	87.1	40.1	42.5	45.5	50.3	:
Iceland	39.2	38.3	40.9	39.9	35.9	37.4	39.7	44.0	50.0	45.6	47.3

(1) Including intra-EU-27 trade. (2) Provisional values. (3) 2002 to 2007, provisional values.

Figure 5.2: Average of exports and imports, relative to GDP (%)



(1) Including intra-EU-27 trade. (2) 2007 instead of 2008 data. (3) 2004 instead of 2000 data. (4) 2001 instead of 2000 data; 2007 instead of 2008 data.

Relative change in gross value added by sector

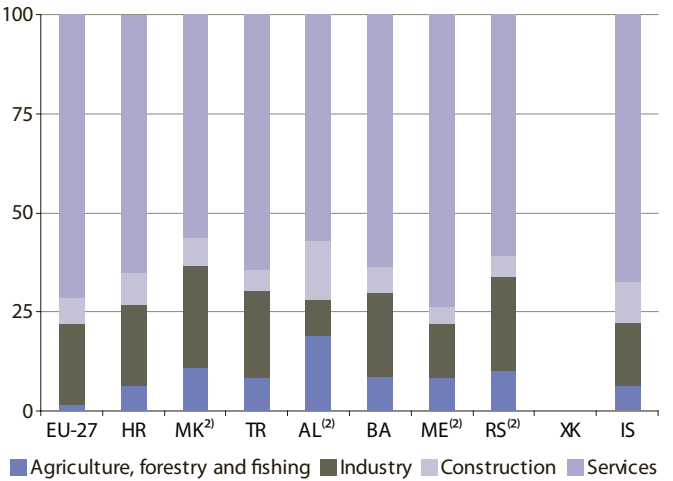
Compared to the EU-27 (which recorded a value of under 2% in 2008), the economies of the candidate and potential candidate countries generated a considerably higher proportion of total value added from the agriculture, forestry and fishing sector. Values for the latest year for which data are available, range from about 6% for Croatia and Iceland to almost 19% for Albania (data for 2007). However, the relative importance of these activities fell at a rapid pace between 2000 and 2008, except for the former Yugoslav Republic of Macedonia, where it remained largely stable. The sharpest declines were in Serbia (10 percentage points) and Albania (almost 7 percentage points), both over the period 2000 to 2007.

The decline in agriculture, forestry and fishing was compensated in the majority of these countries by increases in the services sector (and to a much lesser extent, construction). The only exception was Albania, where the figure for the service sector fell from about 59% in 2000 to little more than 57% in 2007, even though this was higher than in the period 2003 to 2006 where it was only between 53.8% and 55.2%. The growth of the service sector between 2000 and 2007 was particularly pronounced in Serbia (a rise of 11.1 percentage points), Montenegro (a rise of 9.6 percentage points) and Turkey (5.2 percentage points from 2000 to 2008). The rise in the service sector in all other countries, ranging from 1.3 to 3.5 percentage points, was broadly similar to the EU-27 figure of 2.0.

The industry sector decreased in EU-27 (by 2.3 percentage points from 2000 to 2008) and all other countries, except Albania and Bosnia and Herzegovina. Apart from Montenegro with a 5.6 percentage point fall from 2000 to 2007, the decrease in the share of industry in gross value added was between 1.2 to 3.4 percentage points over the period 2000 to 2007.

The share of the construction sector was generally stable or growing relatively moderately over the period 2000 to 2008 (or 2007). The only exceptions were Montenegro, Turkey and Bosnia and Herzegovina with percentage point falls of 0.1, 0.2 and 0.5 respectively. Four countries showed a strong upward trend for the share of the construction sector in the whole economy since 2000. These were Albania, Croatia, Iceland and Serbia where the growth in the construction sector's share of gross value added was greater than the EU-27 figure of 0.9 percentage points.

Figure 5.3: Breakdown of gross value added, 2008 (% of total) (1)



(1) Kosovo under UNSCR 1244/99, not available. (2) 2007 instead of 2008 data.

Table 5.8: Breakdown of gross value added (% of total)

	Agriculture, forestry and fishing										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	2.6	2.5	2.4	2.4	2.2	2.2	2.2	1.9	1.8	1.8	1.8
Croatia	8.9	9.1	8.4	8.4	8.2	6.8	7.2	6.5	6.3	6.1	6.4
The former Yugoslav Republic of Macedonia	13.2	12.9	12.0	11.8	12.4	13.4	13.2	12.8	12.6	11.0	:
Turkey	12.9	10.7	10.8	9.4	11.4	11.1	10.7	10.6	9.4	8.5	8.6
Albania (1)	28.8	25.8	25.5	23.6	23.4	23.5	22.3	20.6	19.4	18.9	:
Bosnia and Herzegovina (1)	:	:	11.6	11.4	10.9	9.7	10.5	10.3	10.2	9.7	8.8
Montenegro (2)	:	:	12.4	11.9	12.2	11.6	10.9	10.4	10.1	8.5	:
Serbia	15.5	19.0	20.2	20.1	15.3	13.5	14.0	12.2	11.3	10.2	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	10.2	9.7	9.0	9.2	9.3	7.9	6.8	6.2	6.4	5.7	6.1

(1) 2007, provisional value. (2) Provisional values.

Table 5.8: Breakdown of gross value added (% of total), (continued)

	Industry										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	23.1	22.5	22.4	21.7	21.1	20.5	20.3	20.2	20.3	20.2	20.1
Croatia	23.0	23.1	23.4	22.8	21.9	21.4	21.8	20.9	20.6	20.4	20.2
The former Yugoslav Republic of Macedonia	27.1	26.5	26.9	26.1	24.2	24.4	22.7	23.1	23.5	25.7	:
Turkey	27.7	25.4	24.6	23.8	23.2	23.5	23.0	23.0	22.9	22.3	21.7
Albania [1]	7.4	7.3	7.8	7.3	6.9	8.7	10.0	10.6	11.1	9.3	:
Bosnia and Herzegovina [1]	:	:	19.2	19.0	18.0	19.2	19.4	19.3	19.2	20.4	21.1
Montenegro [2]	:	:	19.2	20.7	20.0	19.2	18.7	17.1	16.0	13.6	:
Serbia	22.8	23.3	26.4	24.7	24.3	23.0	24.0	23.6	24.4	23.7	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	19.6	17.9	17.3	19.2	16.8	15.8	15.2	13.7	14.8	13.9	15.8

(1) 2007, provisional value. (2) Provisional values.

Table 5.8: Breakdown of gross value added (% of total), (continued)

	Construction										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	5.5	5.6	5.6	5.7	5.7	5.7	5.9	6.0	6.2	6.4	6.5
Croatia	6.6	5.3	4.9	5.4	5.5	6.6	7.1	7.4	7.7	7.7	8.3
The former Yugoslav Republic of Macedonia	6.7	6.1	6.8	6.0	6.0	6.3	6.5	6.6	6.7	7.0	:
Turkey	6.0	5.6	5.4	4.7	4.6	4.5	5.0	5.0	5.4	5.4	5.2
Albania (1)	5.0	6.0	8.3	10.4	12.0	13.7	13.9	13.8	14.3	14.6	:
Bosnia and Herzegovina (1)	:	:	6.9	6.2	5.6	5.2	4.9	5.0	5.0	5.9	6.4
Montenegro (2)	:	:	4.3	3.9	4.0	3.4	3.5	3.6	4.3	4.2	:
Serbia	4.3	3.6	3.6	3.2	3.5	4.3	4.8	4.6	4.8	5.1	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	8.4	8.0	8.6	7.8	7.5	7.5	8.8	10.4	11.2	11.9	10.5

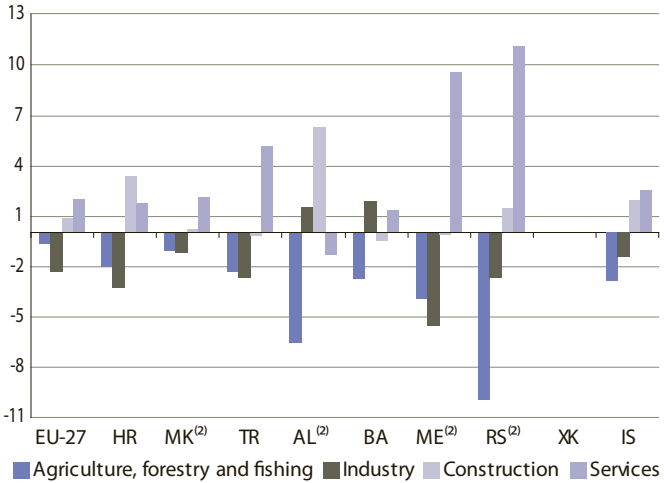
(1) 2007, provisional value. (2) Provisional values.

Table 5.8: Breakdown of gross value added (% of total), (continued)

	Services										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	68.8	69.6	69.6	70.2	71.0	71.6	71.6	71.9	71.7	71.6	71.6
Croatia	61.4	62.5	63.2	63.4	64.4	65.3	63.9	65.2	65.3	65.8	65.0
The former Yugoslav Republic of Macedonia	52.9	54.5	54.2	56.1	57.5	56.0	57.7	57.6	57.3	56.4	:
Turkey	53.4	58.3	59.2	62.1	60.8	60.8	61.3	61.3	62.4	63.7	64.4
Albania (1)	58.8	60.9	58.5	58.6	57.6	54.0	53.8	55.0	55.2	57.2	:
Bosnia and Herzegovina (1)	:	:	62.3	63.4	65.6	65.9	65.2	65.4	65.6	63.9	63.6
Montenegro (2)	:	:	64.1	63.4	63.8	65.8	66.9	68.9	69.5	73.7	:
Serbia	57.3	54.1	49.8	52.0	56.9	59.3	57.2	59.6	59.4	60.9	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	61.8	64.4	65.1	63.8	66.4	68.9	69.2	69.7	67.6	68.6	67.6

(1) 2007, provisional value. (2) Provisional values.

Figure 5.4: Relative change of gross value added, 2000 to 2008 (percentage points)



(1) Kosovo under UNSCR 1244/99, not available. (2) 2007 instead of 2008 data.

Labour productivity and employment change

The total number of persons employed in the EU-27 rose every year over the period 2002 to 2008, with the highest increase recorded in 2007. None of the candidate and potential candidate countries for which data are available reported such sustained increases over the same period. Croatia saw a small decrease in 2006, but followed by a high increase in 2007 (3.5%). In the former Yugoslav Republic of Macedonia employment declined from 2002 to 2004, before rising by between 2.1% and 4.3% in the following years. In Turkey, a decrease in the number of persons employed in 2002 and 2003 was followed by increases in all the later years. Both Montenegro and Serbia exhibited a very volatile employment market over the period 2002 to 2007, with the year-on-year changes in Montenegro ranging from -19.9% to 2.7% and five of the six years showing large decreases in persons employed. Data for this measure are not available for any other countries. It should be noted that the data presented refers to the national accounts concepts and that results may differ somewhat if compared with those derived from labour force or other social statistics.

One measure of labour productivity is the growth in gross domestic product (GDP) in constant prices per person employed. Compared with the EU-27, where there was a sustained and relatively stable increase in labour productivity at between 0.9 and 2.2 per cent, all candidate and potential candidate countries, for which data are available, showed more fluctuation. None of the countries recorded positive changes over the entire of the period observed. However, every country recorded falling labour productivity for only one or two of the years for which data are available. The only exception was Turkey, which recorded decreases in three of the years. Even so, all of the countries registered increased labour productivity over the period as a whole, with the highest growths seen in Albania and Serbia but with Turkey, Albania and Montenegro recording falls in the most recent year available.

Table 5.9: Total number of persons in employment (% change compared with the previous year)

	2002	2003	2004	2005	2006	2007	2008
EU-27	0.4	0.4	0.7	1.0	1.6	1.8	1.0
Croatia (1)	4.2	0.6	1.7	0.8	-0.6	3.5	1.1
The former Yugoslav Republic of Macedonia	-0.6	-1.9	-2.2	2.1	3.2	4.3	3.2
Turkey (2)	-1.8	-1.0	3.0	1.4	1.3	1.1	1.8
Albania	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:
Montenegro	-19.9	-8.9	2.7	-11.4	-5.0	-11.7	:
Serbia	-0.4	-4.4	1.1	-5.5	7.2	2.3	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:
Iceland	:	:	:	:	:	:	:

(1) 2005 to 2008, forecast. (2) 2008, estimated data.

Table 5.10: GDP in constant prices per person employed (% change compared with the previous year)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	1.4	1.9	2.2	1.0	0.9	1.0	1.9	1.0	1.4	1.0	:
Croatia	12.3	1.9	-0.9	9.8	1.2	4.3	2.5	3.4	5.4	1.9	1.3
The former Yugoslav Republic of Macedonia	0.0	5.0	4.2	-2.9	1.4	4.8	6.4	2.0	0.8	1.5	1.7
Turkey (1)	:	-5.4	7.2	-4.7	8.1	6.3	6.1	6.9	5.5	3.3	-0.7
Albania	24.7	25.4	8.0	30.3	7.7	7.6	10.8	8.1	7.8	-9.4	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	-1.4	7.9	:
Montenegro	:	:	:	:	21.8	11.4	1.7	15.6	13.6	-1.0	:
Serbia	0.6	-10.1	5.6	3.5	4.3	7.1	7.1	11.8	-1.8	4.5	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	:	:	:	:	:	:	:	:	:	:	:

(1) 2000 to 2008, estimated data.

6

Finance

General government deficit and debt

There are two key principles to the EU's Stability and Growth Pact, which aims to keep economic developments within the EU, and the euro area in particular, synchronised; namely, that the government deficit must not exceed 3.0% of gross domestic product (GDP) and that the government debt-to-GDP-ratio should be no more than 60.0%. Thus, government deficit and debt are key elements when assessing the government sector financial position.

The general government deficit of the EU-27, measured as a percentage of GDP, widened sharply from the relatively low rate of -0.8% in 2007 to -2.3% in 2008, although this remained well within the target reference value of -3.0%. Apart from Kosovo (2005), all of the candidate and potential candidate countries recorded general government deficits for the latest years for which data are available. Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia, who both reported general government surpluses in 2007, recorded deficits corresponding to -2.0% and -0.9% of their respective GDPs in 2008. Deficits were also recorded for Turkey (-1.2% of GDP, 2007), Croatia (-1.4%, 2008) and Serbia (-2.4%, 2008), which, by way of comparison, were all within the EU's own target reference rate, the deficit for Albania (-3.3%, 2006) being a little higher. Over the longer-term, the deficit ratios reported in Albania, Turkey (despite a relatively small widening in 2007) and Croatia narrowed sharply and relatively steadily. In contrast, the general government surplus reported for Serbia in 2005 gave way to a progressively wider deficit.

The particular exposure of Iceland's banks to the recent global financial crisis, the government's subsequent actions, and the broader economic crisis that followed, help explain the considerable turnaround in the country's general government balances from 2007 to 2008. Iceland reported a surplus that was equivalent to 5.4% of GDP in 2007, but a deficit equivalent to -13.6% of GDP in 2008.

Table 6.1: General government deficit /surplus (million EUR)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	-153 141	-81 977	56 886	-135 248	-247 677	-312 399	-303 722	-270 657	-163 600	-104 241	-287 987
Croatia (1)	:	:	:	-1 438	-1 008	-1 434	-1 237	-1 243	-1 157	-1 050	-647
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	17	11	-28	35	-62
Turkey	:	:	-10 402	-53 456	-24 841	-24 080	-14 019	-2 349	-592	-5 954	:
Albania	-285	-289	-302	-315	-287	-247	-298	-227	-239	:	:
Bosnia and Herzegovina	:	:	:	:	:	52	130	210	282	142	-255
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	210	-376	-560	-843
Kosovo under UNSCR 1244/99	:	:	:	:	107	40	52	34	:	:	:
Iceland	:	:	:	:	:	:	:	642	841	807	-1 456

(1) Data as reported in fiscal notifications; estimated values.

Table 6.2: General government deficit /surplus (% of GDP)

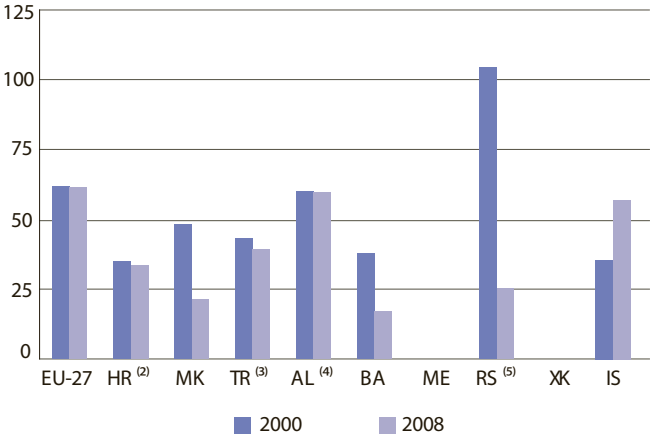
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	-1.9	-1.0	0.6	-1.4	-2.5	-3.1	-2.9	-2.4	-1.4	-0.8	-2.3
Croatia [1]	:	:	:	-5.6	-3.6	-4.8	-3.8	-3.5	-3.0	-2.5	-1.4
The former Yugoslav Republic of Macedonia	:	0.3	2.3	-2.5	-0.5	0.1	0.4	0.2	-0.5	0.6	-0.9
Turkey	:	:	:	-33.0	-12.9	-11.3	-4.5	-0.6	-0.1	-1.2	:
Albania [2]	-11.8	-9.0	-7.6	-6.9	-6.1	-4.9	-5.1	-3.4	-3.3	:	:
Bosnia and Herzegovina	:	:	:	:	:	0.7	1.6	2.4	2.9	1.3	-2.0
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	1.0	-1.6	-1.9	-2.4
Kosovo under UNSCR 1244/99 [3]	:	:	:	:	8.4	2.2	2.7	:	:	:	:
Iceland	:	1.1	1.7	-0.7	-2.6	-2.8	0.0	4.9	6.3	5.4	-13.6

(1) Data as reported in fiscal notifications; estimated values. (2) 2004, estimated value. (3) GDP data from IMF.

General government debt and gross external debt

Average general government consolidated gross debt across the EU-27 rose to 61.5% of GDP in 2008, back above the target rate of 60.0% after having fallen below it in 2007. The 2008 figure was very similar to the ratio (61.9%) recorded in 2000. The general government gross debt ratios of the candidate and potential candidate countries were below, and largely well below, the EU-27's own target reference rate in the latest years for which data are available. Furthermore, in most of these countries the debt ratio had fallen sharply between the beginning of the 2000s and 2007/2008. Among the candidate and potential candidate countries, the lowest government debt ratio was recorded by Bosnia and Herzegovina (17.2% in 2008), followed by the former Yugoslav Republic of Macedonia (21.4% in 2008) and Serbia (25.3% in 2008). In the case of Serbia, this represented a considerable narrowing of the debt from the 104.8% of GDP, recorded in 2001. In the case of Iceland, the impact of the financial crisis was also reflected in the change of the government's debt ratio from 29.3% of GDP in 2007 to 57.5% in 2008.

Figure 6.1: General government debt (% of GDP) (1)



(1) Data for Montenegro and Kosovo under UNSCR 1244/99 are not available. (2) 2001 instead of 2000 data. (3) 2007 instead of 2008 data. (4) 2006 instead of 2008 data. (5) 2001 instead of 2000 data; based on GDP estimated by the Ministry of Finance.

Table 6.3: General government debt (million EUR)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	5 422 148	5 644 554	5 693 168	5 842 145	5 998 790	6 242 936	6 591 500	6 933 904	7 160 566	7 249 674	7 696 717
Croatia [1]	:	:	:	9 003	9 748	10 646	12 097	13 719	13 915	14 207	15 634
The former Yugoslav Republic of Macedonia	:	1 105	1 866	1 873	1 716	1 599	1 583	1 849	1 674	1 430	1 387
Turkey	:	:	114 639	146 788	148 604	172 840	180 368	213 155	187 490	193 649	174 538
Albania	1 452	1 723	2 374	2 656	3 007	3 106	3 431	3 636	4 069	:	:
Bosnia and Herzegovina [2]	:	:	2 079	2 265	2 198	2 057	2 066	2 222	2 086	2 029	2 157
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	13 434	11 529	11 023	9 676	10 283	9 352	8 875	8 782
Kosovo	:	:	:	:	:	:	:	:	:	:	:
Iceland	:	:	:	:	:	:	:	3 586	3 508	4 144	3 565

(1) Data as reported in fiscal notifications; estimated values. (2) Covers only the external government debt.

Table 6.4: General government debt (% of GDP)

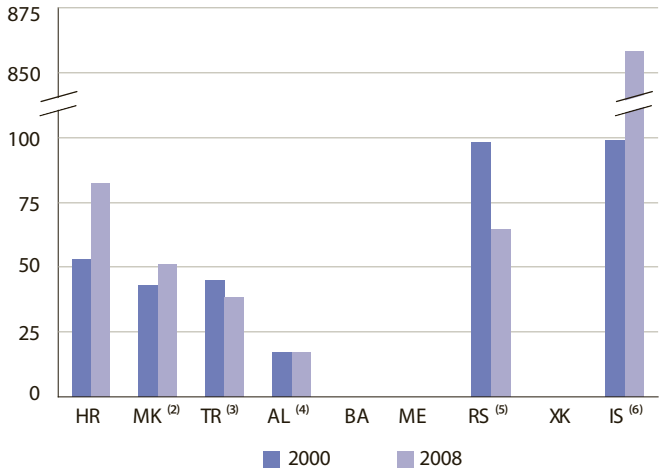
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	66.5	65.9	61.9	61.0	60.3	61.8	62.2	62.7	61.3	58.7	61.5
Croatia [(1)]	:	:	:	34.8	34.8	35.9	37.8	38.3	35.7	33.1	33.5
The former Yugoslav Republic of Macedonia	:	32.0	48.1	48.8	43.0	39.1	36.6	39.5	33.1	25.8	21.4
Turkey	:	:	42.9	77.6	73.7	67.3	59.2	52.3	46.1	39.4	:
Albania	53.5	53.7	60.2	58.5	63.9	61.5	58.3	55.3	59.7	:	:
Bosnia and Herzegovina	:	:	37.9	35.2	31.3	27.7	25.6	25.7	21.3	18.2	17.2
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	104.8	71.9	63.3	50.7	50.5	39.8	30.0	25.3
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:
Iceland	:	40.0	36.0	40.5	44.5	39.9	36.0	26.1	28.0	29.3	57.5

(1) 2001 to 2008, estimated values.

The general government debt ratio reflects developments in both GDP and debt. Between 2000 and 2008, general government debt within the EU-27 as a whole increased by a total of about 35%, an average annual rise of 3.8%. In comparison, the GDP of the EU-27 as a whole increased in nominal terms by an average of 3.9% per annum over the same period. Although most of the candidate and potential candidate countries (information being unavailable for both Montenegro and Kosovo) recorded a decline in the general government debt ratio over the course of the period between 2000 and 2008, they differed in the way that this was achieved. In both Serbia and the former Yugoslav Republic of Macedonia, in euro terms there were relatively progressive declines in general government debt (nearly 35% and almost 26% in total respectively) between 2000/2001 and 2008, coupled with strong growth in nominal GDP (an average 15.3% and 6.6% per annum respectively). In Bosnia and Herzegovina, general government debt remained relatively unchanged during the years between 2000 and 2008 at a time when GDP grew at an average 9.8% per annum. In Turkey, the growth in general government debt (an average 6.8% per annum) was slightly below the growth in nominal GDP. In Croatia, the growth in general government debt was somewhat lower than the growth in nominal GDP over the same period.

The recent developments in Iceland require a closer analysis. In national currency terms, Iceland's government debt rose sharply (60.3%) between 2007 and 2008, slight growth in nominal GDP being recorded in the same period. The sharp devaluation (64.1%; average annual exchange rates) in the Icelandic króna between 2007 and 2008, however, means that in euro terms general government debt declined sharply (-14.0%) between 2007 and 2008 and that nominal GDP shrank even faster (-30.9%). Whether in national currency or euro-terms, there was a considerable rise in the debt ratio.

Figure 6.2: Gross external debt of the whole economy (% of GDP) [1]



(1) Bosnia and Herzegovina, Montenegro and Kosovo under UNSCR 1244/99, not available. (2) Gross foreign debt data do not include short-term trade credits. (3) 2007 instead of 2008 data. (4) 2006 instead of 2008 data. (5) 2001 instead of 2000 data. (6) Iceland's ratio was 858% in 2008.

Gross external debt covers both short- and long-term debts of residents to non-residents, requiring payment of interest and/or principal. It excludes equity investment and money market instruments. Amongst the candidate and potential candidate countries for which data are available, Albania reported by far the lowest ratio (17.0% in 2000 and 16.9% in 2006) of external debt relative to GDP. In contrast, Croatia reported a rise in this ratio from 53.0% in 2000 to 82.6% in 2008. The former Yugoslav Republic of Macedonia recorded a modest increase in the ratio from 42.7% to 51.0% and Turkey a modest reduction from 44.7% to 38.4% (2007 data). However, there was a steep decline in the external debt ratio of Serbia from 98.3% of GDP in 2001 to 64.7% in 2008. The external debt to GDP ratio in Iceland rose steeply from 99.0% in 2000 to 858.0% in 2008, a different scale to the ratios of the other candidate and potential candidate countries.

Balance of payments and the current account

The balance of payments summarises the economic transactions of a territory with the rest of the world. The standard components of the balance of payments are:

- The current account, which refers to trade in goods and services, income (compensation of employees, investment income), and current transfers;
- The capital and financial account, which refers to capital transfers and the acquisition/disposal of non-produced, non-financial assets, and financial assets and liabilities.

The EU-27 and all of the candidate and potential candidate countries had current account deficits in 2008 and, in all cases, the deficits widened compared with 2007 levels. As with the EU-27, there were a number of candidate and potential candidate countries that recorded a surplus in the capital account for 2008. However, for Albania, Bosnia and Herzegovina and Serbia, the surpluses for 2008 were smaller than those reported in 2007. In contrast, a capital account surplus in Croatia for 2008 followed a corresponding deficit in 2007. Only Kosovo, the former Yugoslav Republic of Macedonia and Iceland, among the candidate and potential candidate countries, recorded a deficit on the capital account in 2008.

All of the countries recorded surplus financial accounts for 2008, all of which, with the exception of Turkey, were higher than in 2007.

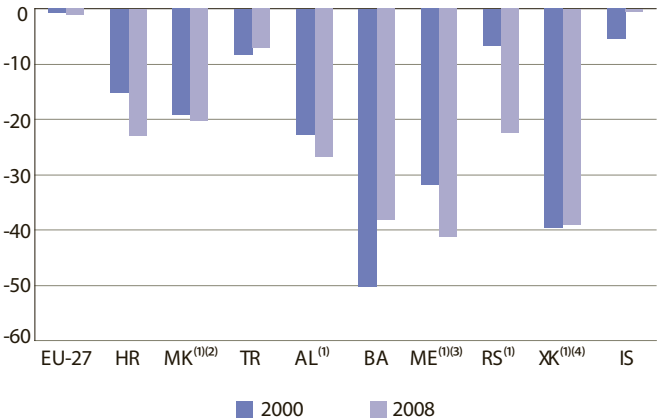
Relative to GDP, the trade deficit of the current account of the EU-27 was relatively small (1.2% in 2008, up from 0.8% in 2000). With the exception of Iceland (0.5% in 2008), the respective current account trade deficits as a proportion of GDP in the candidate and potential candidate countries were much larger than that of the EU-27, ranging from about 7% in Turkey to just over 40% in Montenegro (2007 data). Other countries with relative high deficits were Kosovo (39.0% of GDP, 2007 data) and Bosnia and Herzegovina (38.1%). There were sharp contrasts amongst the candidate and potential candidate countries in the development of their current account trade deficits relative to GDP. There was a notable widening of the relative trade deficits reported for Serbia (nearly 16 percentage points between 2000 and 2007) and Montenegro (more than 9 percentage points between 2002 and 2007), in contrast to a significant narrowing (a little more than 12 percentage points between 2000 and 2008) for Bosnia and Herzegovina.

Table 6.5: Balance of payments, 2008 (million EUR)

	Current account	Capital account	Financial account	Net errors and omissions
EU-27	-122 559	24 143	110 010	-113 950
Croatia	-4 438	32	6 005	-1 566
The former Yugoslav Republic of Macedonia	-851	-13	865	-1
Turkey	-28 233	0	25 203	3 030
Albania (1) (2)	-832	90	592	150
Bosnia and Herzegovina	-1 871	198	1 716	-43
Montenegro	-1 006	-0	1 050	-44
Serbia	-5 876	13	5 925	-62
Kosovo under UNSCR 1244/99	-744	-2	390	355
Iceland (1)	-4 537	-22	2 076	231

(1) 2007 instead of 2008 data. (2) Includes the 'Use of loans and credits of the IMF'.

Figure 6.3: Current account: trade balance (% of GDP)



(1) 2007 instead of 2008 data. (2) For the period 1995 to 2002, the values in euro are calculated using the annual average exchange rate; from 2003 the values in euro are calculated on the basis of the current exchange rate. (3) 2002 instead of 2000 data. (4) 2001 instead of 2000 data.

Foreign direct investment (FDI)

Inward foreign direct investment (FDI) is investment made by foreign entities in enterprises resident in the reporting economy. Outward FDI (or FDI abroad) is investment by entities resident in the reporting economy in an enterprise abroad. Both inward and outward FDI are the net result of investment and disinvestment. The sign convention adopted for both inward and outward FDI flows is that investment is always recorded with a positive sign and a disinvestment with a negative sign.

It should be borne in mind that FDI flows can fluctuate significantly from one year to another, particularly when there are changes in the economic climate. The EU-27 was a net investor abroad in 2008 with net outflows of EUR 181.7 billion, which was considerably more than in 2007 (EUR 124.1 billion) despite marked declines in both outward and inward FDI flows. In contrast, inward FDI flows (investments by foreigners) were much greater than outward FDI flows (investments abroad) for all of the candidate and potential candidate countries in 2008 (Albania 2007 data), with the exception of Iceland.

Despite relatively sharp falls in inward flows of FDI to the majority of the candidate and potential candidate countries between 2007 and 2008 (Montenegro being the exception), the longer-term trend (since 2000) of inward flows of FDI was strongly upward; for example, although inward FDI flows to Turkey declined by EUR 3.8 billion between 2007 and 2008, they remained EUR 11.3 billion higher than in 2000. In contrast to the other candidate and potential candidate countries, outward FDI flows for Iceland were much greater than inward FDI flows for the nine years through to 2008. Outward FDI flows accelerated between 2003 (EUR 336 million) and 2007 (EUR 7.7 billion). The development of the economic crisis in 2008, however, lead to considerable disinvestment (EUR -4.9 billion) of Iceland's investment abroad.

Table 6.6: Foreign direct investment (million EUR)

	Outward FDI										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27 [1]	:	:	:	:	:	:	142 278	239 454	317 472	484 197	354 387
Croatia	:	58	5	210	607	106	279	192	208	184	128
The former Yugoslav Republic of Macedonia [2]	0	0	-1	1	0	0	1	2	0	-1	-9
Turkey	327	605	942	555	185	441	627	855	736	1 537	1 758
Albania	0	0	0	0	0	0	0	0	0	0	:
Bosnia and Herzegovina	0	0	0	0	0	0	1	0	3	17	0
Montenegro	:	:	:	:	0	5	2	4	26	115	74
Serbia	:	:	2	14	21	-3	-2	18	68	692	192
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	0	0	4	7	19
Iceland	:	116	427	386	347	336	2 079	5 708	4 238	7 673	-4 862

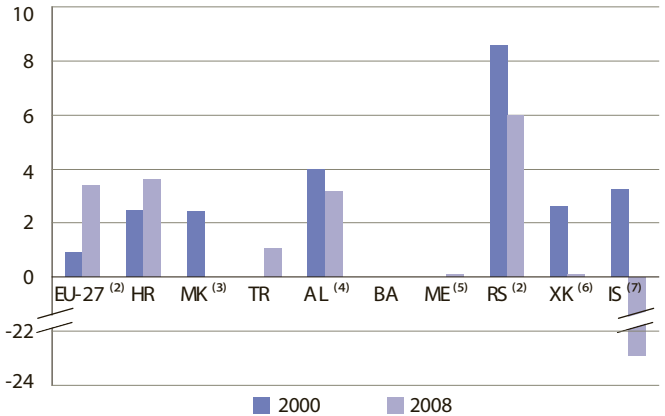
(1) 2008 data provisional. (2) For the period 1999 to 2002, the values in euro are calculated using the annual average exchange rate; from 2003 the values in euro are calculated on the basis of the current exchange rate.

Table 6.6: Foreign direct investment (million EUR), (continued)

	Inward FDI										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27 (1)	:	:	:	:	:	:	58 286	129 167	201 297	360 106	172 667
Croatia	:	1 363	1 141	1 467	1 138	1 762	950	1 468	2 765	3 667	3 330
The former Yugoslav Republic of Macedonia (2)	134	83	233	500	112	100	261	77	345	506	413
Turkey	838	735	1 063	3 743	1 198	1 548	2 239	8 063	15 920	16 202	12 373
Albania (3)	40	39	157	231	141	157	267	209	250	466	:
Bosnia and Herzegovina	60	166	159	133	282	338	567	493	572	1 546	690
Montenegro	:	:	:	:	76	44	53	384	493	640	641
Serbia	:	:	56	198	526	1 202	775	1 265	3 467	2 513	2 004
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	19	80	249	421	360
Iceland	:	64	185	194	93	294	593	2 480	3 221	-782	160

(1) 2008 data provisional. (2) For the period 1999 to 2002, the values in euro are calculated using the annual average exchange rate; from 2003 the values in euro are calculated on the basis of the current exchange rate. (3) 2007, estimated value.

Figure 6.4: Market integration: FDI intensity (average of inward and outward FDI flows as % of GDP) (1)



(1) Bosnia and Herzegovina, not available. (2) 2001 instead of 2000 data; 2001 data refers to EU-25 only.
(3) 2007 instead of 2008 data. (4) 2005 instead of 2008 data. (5) 2002 instead of 2000 data.
(6) 2005 instead of 2000 data. (7) Iceland's FDI intensity was -22.9% in 2008.

FDI intensity is the average of inward and outward FDI flows divided by GDP. It is an indicator (albeit sometimes volatile for developing countries) of integration with the international economy. An increase in FDI intensity relative to GDP implies that the national economy has been further integrated into international markets through higher investments by foreign investors in the national economy and/or national investors increasing their investments abroad. Among the candidate and potential candidate countries for which data are available, the highest level of FDI intensity in 2008 was recorded for Serbia (average FDI flows corresponding to 6.0% of GDP), although this was down sharply on the ratio recorded in 2001. Only Croatia also had an FDI intensity ratio (3.6%) in 2008 above that of the EU-27 (3.4%), in both cases this being higher than the respective ratios for 2000. The FDI intensity ratio for Albania fell back to 3.2% in 2008, below that of the EU-27. Arguably, the most volatility was recorded for Kosovo, where the FDI intensity ratio fell back from about 2.6% in 2005 to 0.1% in 2008, which might in large part reflect the scaling back of investment flows after the initial, post conflict, surge.

Money supply

An interest rate is defined as the cost or price of borrowing, or the gain from lending. Rates are characterised either by the parties involved in the transaction (such as consumers, governments and banks) or by the period of lending/borrowing. For comparative purposes three types of interest rate are shown in Table 6.7: lending interest rates applied to household consumption loans with a maturity of less than 1 year; deposit rates applied to non-financial corporations (and therefore not covering households) with a maturity of less than 1 year; and day-to-day money market interest rates on loans with a maturity of one business day (overnight money).

By way of comparison, interest rates in the Euro area were lower than those of any candidate and potential candidate countries for which 2008 data are available, with the exception of Bosnia and Herzegovina (for the lending interest rate in 2008 and deposit interest rates in both years shown). However, interest rates in most of these countries (the exceptions being Kosovo and Iceland) were much lower in 2008 than they were in 2000, a marked contrast to developments in the euro area. The declines in interest rates between 2000 and 2008 were particularly strong in Turkey, illustrated by the 40 percentage point fall in the day-to-day money market interest rate.

Table 6.7: Interest rates (%)

	Interest rate for day-to-day money		Lending interest rate (one year)		Deposit interest rate (one year)	
	2000	2008	2000	2008	2000	2008
Euro Area (EA) [1][2]	4.1	3.9	7.1	8.2	2.0	2.9
Croatia	6.9	6.6	20.6	12.2	8.2	4.8
The former Yugoslav Republic of Macedonia [3]	7.2	4.0	17.5	8.5	:	:
Turkey	56.0	16.1	51.2	19.7	38.2	22.9
Albania [4]	:	:	24.0	13.6	8.0	6.3
Bosnia and Herzegovina [5]	:	:	12.6	7.0	1.4	0.4
Montenegro	:	:	:	:	:	:
Serbia	:	:	:	:	:	:
Kosovo under UNSCR 1244/99 [6]	:	:	14.7	14.8	2.8	4.2
Iceland	13.5	18.3	12.4	22.0	6.9	15.0

(1) Euro Area: EA-12 in 2000, EA-15 in 2008. (2) Lending rates and deposit rates in EA-12: 2003 instead of 2000 data. (3) Until 2005 data cover transactions with all maturities concluded on the Institutionalized Money Market. From 2006, data cover bilateral transactions over night at the end of the year. (4) 2007 instead of 2008 data; average weighted rate applied on new 12-month loans over the respective month, on 12-month maturity. (5) 2002 instead of 2000 data; short-term lending rates in national currency to private enterprises and cooperatives (weighted average). (6) 2004 instead of 2000 data; since January 2008 interest rate on loans includes disbursement fees charged by banks.

The M1 aggregate is the narrowest money supply measure and covers notes and coins in circulation, as well as overnight deposits. The M2 aggregate comprises M1 plus savings deposits, as well as other short-term claims on banks.

Between 2000 and 2005, the M1 money supply aggregate for the EU-27 relative to GDP rose by almost 9 percentage points, thereafter remaining broadly at the same level through to 2008. The M1 aggregate of the candidate and potential candidate countries represented a lower proportion of GDP than it did for the EU-27 from 2004 onwards. However, in a number of these countries and particularly Croatia, Turkey (through to 2005) and Bosnia and Herzegovina, the M1 money supply expanded at a relatively faster rate than that of the EU-27. For the countries for which 2008 data are available, the M1 money supply relative to GDP was lower in 2008 than it was in 2007 (the exception being Iceland).

These developments were broadly similar when looking at the M2 money supply aggregate; all the candidate and potential candidate countries (with the exception of Kosovo) recorded higher M2 money supply-to-GDP-ratios over the years from 2000 to 2007, often rising at much faster rates than for the EU-27 in relative terms, although remaining below the comparative share level of the EU-27. Kosovo was the only candidate or potential candidate country among those for which data are available where medium-term declines (for the period 2000 to 2005) in the money supply-to-GDP-ratio were recorded. Iceland recorded a notable increase in this ratio from 2007 (49.8%) to 2008 (67.6%).

Table 6.8: Money supply, relative to GDP (%)

	M1										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	21.9	23.0	22.7	23.8	25.2	27.0	27.9	31.5	32.2	31.6	32.3
Croatia	8.2	8.3	10.3	12.6	14.8	14.8	13.8	14.7	16.9	18.4	15.9
The former Yugoslav Republic of Macedonia (1)	7.8	9.4	9.5	10.8	10.8	11.2	10.9	10.7	11.6	13.3	:
Turkey	2.9	3.7	4.2	4.1	3.8	4.9	5.0	10.1	9.2	9.4	8.0
Albania	20.5	21.8	23.7	24.5	24.5	20.9	23.0	27.9	28.1	25.4	:
Bosnia and Herzegovina (2)	:	:	12.0	21.4	21.8	21.5	22.4	24.2	26.5	28.3	24.3
Montenegro	:	:	:	:	:	18.9	17.4	19.4	22.5	21.1	:
Serbia	:	7.2	2.1	7.6	9.6	8.8	8.0	8.6	10.1	10.5	:
Kosovo under UNSCR 1244/99	:	:	:	59.8	57.5	49.6	23.7	18.6	:	:	:
Iceland	:	11.0	10.6	9.2	10.7	12.8	15.1	16.8	18.1	31.6	38.5

(1) From 2003, data series for money supply are revised in order to include data for saving houses. (2) Break in series in 2001.

Table 6.8: Money supply, relative to GDP (%), (continued)

	M2										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	48.0	48.3	46.7	48.9	50.1	52.4	53.1	55.7	57.7	60.1	64.7
Croatia	:	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia (1)	13.4	16.1	17.7	29.8	26.3	30.7	34.1	36.5	41.9	47.1	:
Turkey	12.9	17.7	17.8	16.9	14.9	17.6	18.9	38.7	38.2	42.6	40.7
Albania	48.8	50.8	50.6	52.3	52.1	50.4	52.1	52.3	54.2	51.8	:
Bosnia and Herzegovina (2)	:	:	21.1	37.2	36.7	37.9	43.3	47.7	52.7	56.3	51.7
Montenegro	:	:	:	:	:	26.7	26.2	33.9	51.1	55.5	:
Serbia	:	9.1	2.6	8.9	11.4	11.0	10.6	11.4	14.1	16.5	:
Kosovo under UNSCR 1244/99	:	:	:	67.5	64.9	61.9	37.5	35.6	:	:	:
Iceland	:	21.6	19.3	18.9	19.6	22.5	26.1	29.6	31.1	49.8	67.6

(1) From 2003, data series for money supply are revised in order to include data for saving houses. (2) Break in series in 2001.

Exchange rates and consumer price indices

Exchange rate fluctuations may play an important role in determining the competitiveness of an economy, particularly with respect to its export performance. The euro has been the currency of Kosovo since 1999 and Montenegro since 2002. The convertible mark of Bosnia and Herzegovina (BAM) is fixed against the euro at the rate that was set for the Deutsche Mark. For the other candidate and potential candidate countries, there were stark differences in the development of national currencies against the euro. The exchange rates of the Croatian kuna (HRK) and denar of the former Yugoslav Republic of Macedonia (MKD) were relatively stable in relation to the euro over the period between 1998 and 2008. In the period between 1998 and 2006 (despite a temporary interruption in 2002 and 2003), there was a notable appreciation in the value of the Albanian lek (ALL) of more than 25%. In contrast, there was a severe depreciation of the Turkish lira (TRY) against the euro over the course of the ten years through to 2008, particularly in the period through until 2004; one euro was worth 0.29 lira in 1998 but worth 1.9 lira in 2008. There was also a relatively steady depreciation of the Serbian dinar (RSD) against the euro, notably in the period between 1999 and 2006. Against the background of the financial crisis, there was a dramatic depreciation of Icelandic króna (ISK) between 2007 and 2008; despite a divergence in 2005, the annual average exchange rate of the króna against the euro lay in the relatively narrow band between 86.18 and 87.76 during the period of 2001 to 2007, before plummeting through 120 to 140 króna to the euro between March and September 2008 to a relative ECB reference rate low of 305 króna per euro in October 2008. The average rate over 2008 as a whole was 143.83 króna to the euro.

Table 6.9: Average exchange rates (1 EUR = ... national currency)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Croatia (HRK) [1]	7.14	7.58	7.63	7.47	7.41	7.56	7.50	7.40	7.32	7.34	7.22
The former Yugoslav Republic of Macedonia (MKD)	61.07	60.62	60.73	60.91	60.98	61.26	61.34	61.30	61.19	61.18	61.27
Turkey (TRY) [1]	0.29	0.45	0.57	1.10	1.44	1.69	1.78	1.68	1.81	1.79	1.90
Albania (ALL)	169.16	146.96	132.58	128.47	132.36	137.51	127.67	124.19	123.08	123.63	:
Bosnia and Herzegovina (BAM) [2]	1.97	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96	1.96
Montenegro (EUR) [3]	:	:	:	:	:	1.00	1.00	1.00	1.00	1.00	1.00
Serbia (RSD)	:	11.74	49.67	59.77	60.68	65.06	72.57	82.91	84.16	79.98	81.47
Kosovo/UNSCR 1244 (EUR) [3]	:	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Iceland (ISK) [4]	79.70	77.18	72.58	87.42	86.18	86.65	87.14	78.23	87.76	87.63	143.83

(1) 1999 to 2006, source is Eurostat. (2) Fixed against the Deutsche Mark, i.e. fixed rate against the EUR. (3) Uses EUR as official currency. (4) Average annual exchange rate as published by the European Central Bank. This rate is very close to the rate published by the Central Bank of Iceland for all years except 2008. For 2008, as a result of the financial crisis which lead to high exchange rate volatility and very narrow markets for the Icelandic Krona, the average annual rate published by the Central Bank of Iceland (127.46 ISK for 1 EUR) differs by more than 10% from the ECB rate.

Consumer price indices (CPIs) are economic indicators constructed to measure the changes over time in the price of consumer goods and services that are acquired, used or paid for by households. The consumer price index of the EU-27 increased by 3.7% in 2008, the highest rate of increase since 1998, in large part reflecting the knock-on effect of rising energy prices. There were even sharper upturns in the CPIs of most of the candidate and potential candidate countries between 2007 and 2008, the most extreme of which was in Kosovo where the rate of increase in the CPI jumped from 2.8% for 2007 to 12.4% for 2008. Albania was an exception, the rate of increase in the CPI in 2008 slowing down in comparison to that for 2007. Over the ten-year period through until 2008, few of the candidate and potential candidate countries could match the relatively narrow band within which the CPI of the EU-27 grew. However, the rates of increase in the CPIs of Serbia (since 2001) and particularly Turkey (since the start of the period under review) shrank sharply through to 2007.

Table 6.10: Consumer price indices (% change compared with the previous year)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27 (1)	4.6	3.0	3.5	3.2	2.5	2.1	2.3	2.3	2.3	2.4	3.7
Croatia	:	4.0	4.6	3.8	1.7	1.8	2.1	3.3	3.2	2.9	6.1
The former Yugoslav Republic of Macedonia	-0.1	-0.7	5.8	5.5	1.8	1.2	-0.4	0.5	3.2	2.3	8.3
Turkey (2)	84.6	64.9	54.9	54.4	45.0	25.3	10.6	8.2	9.6	8.8	10.4
Albania (3)	8.7	-1.0	4.2	3.5	1.7	3.3	2.2	2.0	2.5	3.1	2.2
Bosnia and Herzegovina	:	:	4.8	3.1	0.4	0.6	0.4	3.8	6.1	1.5	7.4
Montenegro	:	:	:	:	:	:	:	:	:	:	7.4
Serbia	29.9	43.5	79.6	93.3	16.6	9.9	11.4	16.2	11.7	7.0	13.5
Kosovo under UNSCR 1244/99	:	:	:	:	-1.0	0.3	-0.8	-2.1	-1.5	2.8	12.4
Iceland	:	3.4	5.0	6.7	4.8	2.1	3.2	4.0	6.8	5.0	12.4

(1) 1998 and 1999, estimated values. (2) National consumer price index (not strictly comparable with interim HICPs). (3) Variation between December of year X compared with December of year X-1 (previous year).

7

Agriculture

Utilised agricultural area

The utilised agricultural area (UAA) is the total area taken up by arable land, permanent grassland, permanent crops and kitchen gardens used by agricultural holdings, regardless of the type of tenure or whether it is used as common land. It forms one part, along with wooded areas, land occupied by buildings and other land, of the total land area. Changes in this breakdown indicate the extent to which man has modified the basic land resource of a territory for agriculture, industry and commercial establishments, human settlements, transport, recreation and other uses. The use of land for agricultural purposes depends to a large extent on the topography, geology and agro-climatic conditions of a country. For example, mountainous and cold-climate regions will be less suitable for agriculture than flat and more temperate regions.

The utilised agricultural area of the EU-27 was 179 million hectares in 2008, about 15 million hectares less than in 1998. The reduction in the UAA during this period was largest in Spain (3.6 million hectares), Poland (2.6 million hectares) and Italy (2.3 million hectares). The utilised agricultural area of Turkey (almost 40 million hectares) was by far the largest among the candidate and potential candidate countries and about eight times the size of the UAA in Serbia, the second largest. The UAA of Turkey was the equivalent of 21.9% of the total UAA across the EU-27 as a whole and accounted for about three quarters of the total UAA of all the candidate and potential candidate countries. In contrast to the EU-27, the area of utilised agricultural land remained relatively stable in the majority of the candidate and potential candidate countries during the period between 2000 and 2008.

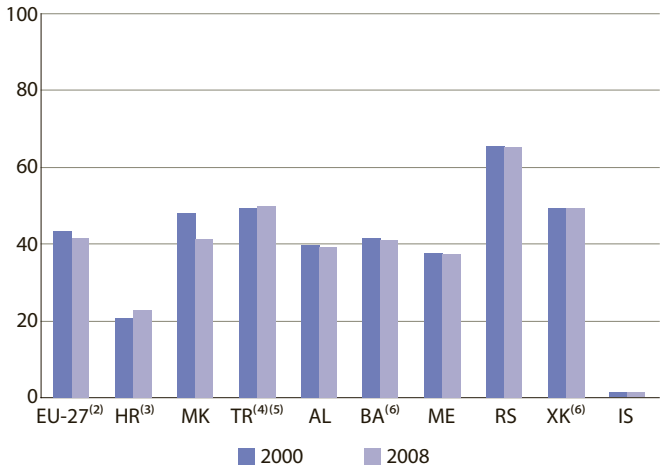
In 2008, almost two thirds (about 65%) of Serbia's total land area was used for agriculture. This was the highest share of any of the candidate and potential candidate countries, and considerably more than the share (about 41%) for the EU-27 as a whole. For the latest years available in the other countries, the utilised agricultural area accounted for between about one quarter of the total land area of Croatia to one half of the total area of Turkey and Kosovo.

Table 7.1: Utilised agricultural area (1 000 hectares)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27 [1]	194 163	191 538	189 403	188 173	185 898	184 202	183 571	183 372	184 421	181 094	178 813
Croatia [2]	2 048	2 032	1 169	1 178	1 181	1 196	1 176	1 211	1 230	1 202	1 288
The former Yugoslav Republic of Macedonia	1 293	1 284	1 236	1 244	1 316	1 303	1 265	1 229	1 225	1 077	1 064
Turkey	39 344	39 180	38 757	40 967	41 196	40 645	41 210	41 223	40 496	39 505	39 073
Albania	1 144	1 144	1 144	1 139	1 140	1 121	1 122	1 077	1 120	1 121	1 122
Bosnia and Herzegovina	:	:	:	2 126	2 122	2 192	2 196	2 187	2 194	2 139	2 107
Montenegro [3]	519	518	518	518	518	518	518	517	517	516	516
Serbia	5 086	5 086	5 074	5 077	5 071	5 079	5 075	5 075	5 066	5 053	5 055
Kosovo under UNSCR 1244/99	:	:	:	539	:	:	:	:	:	:	:
Iceland [4]	:	120	120	120	120	120	120	120	120	120	120

(1) 1998 to 2002, 2004 to 2006 and 2008, estimates. (2) Break in series in 2000: a survey has replaced former estimation methods. (3) 1998 to 2005, provisional values. (4) Estimates.

Figure 7.1: Utilised agricultural area as a proportion of total area (%) (1)



(1) Iceland, not available. (2) Estimated values. (3) Total area of the country refers to land area. (4) Total area of the country includes the lake surface area. (5) Provisional value. (6) 2001 instead of 2000 data.

The structure of the EU's agricultural sector is extremely diverse, ranging from large, highly intensive farms to subsistence holdings. In the candidate and potential candidate countries, where traditional working practices are still widespread, subsistence farming is often common. Land abandonment, under-grazing and a lack of capital to maintain agricultural infrastructure are some of the problems faced by farmers in the candidate and potential candidate countries.

Across the EU-27 as a whole, arable land accounted for about three fifths (59.7%) of UAA in 2008, almost twice the share of permanent grassland (33.3%) and considerably more than the share of land under permanent crops (7.0%). The breakdown of UAA varied considerably among the candidate and potential candidate countries. Land under permanent crops showed the lowest percentages of all types of land in all countries reaching values above the EU level only in Montenegro (18.3%), Albania (11.0%) and Turkey (7.5%). Arable land accounted for about two thirds of UAA in both Croatia and Serbia in 2008 but only a quarter (24.1%) of the UAA of Montenegro. Permanent grassland accounted for more than a half of UAA in the former Yugoslav Republic of Macedonia (50.9%) and Montenegro (57.6%), but for lower proportions in Croatia and Serbia. However, it accounted for only one fifth (20.8 %) of the UAA of Kosovo in 2001.

Table 7.2: Breakdown of utilised agricultural area

	Total utilised agricultural area (UAA)		of which (% of total UAA)					
	1 000 hectares		Arable land		Permanent grassland		Land under permanent crops	
	2000	2008	2000	2008	2000	2008	2000	2008
EU-27 (1)	189 403	178 813	60.7	59.7	32.6	33.3	6.7	7.0
Croatia	1 169	1 288	71.5	66.4	22.1	26.6	5.9	6.6
The former Yugoslav Republic of Macedonia (2)	1 236	1 064	40.4	39.8	51.5	50.9	3.6	3.4
Turkey	38 757	39 073	61.5	55.1	31.9	37.4	6.6	7.5
Albania	1 144	1 122	50.5	52.0	38.9	37.0	10.6	11.0
Bosnia and Herzegovina (3)	2 122	2 107	47.4	46.7	48.1	49.0	4.5	4.3
Montenegro	518	516	24.1	24.1	58.2	57.6	17.7	18.3
Serbia	5 074	5 055	66.1	65.3	27.6	28.8	6.2	5.9
Kosovo under UNSCR 1244/99 (4)	539	:	53.5	:	20.8	:	0.9	:
Iceland	120	120	:	:	:	:	:	:

(1) Estimates. (2) Excluding meadows. (3) 2002 instead of 2000 data.

Livestock

The livestock population across the EU-27 comprised about 153 million pigs, 88 million head of cattle (of which 24 million were dairy cattle), 91 million sheep and about 1.5 billion poultry. Cattle and pig production cycles are relatively distinct, so some care needs to be taken when making comparisons between years and countries. Nevertheless, the number of pigs as well as the number of sheep and goats in the EU-27 was considerably lower in 2008 (both between 4% and 5% respectively) than a year earlier, with the number of cattle in 2008 close to the relative low point recorded in 2006.

Among the candidate and potential candidate countries, Turkey had by far the largest cattle population (just under 11 million head) in 2008, about one eighth (12.2%) of the size of the EU-27's cattle herd. The next largest cattle herd amongst this group of countries was in Serbia (1.1 million head in 2008). Reflecting cultural beliefs and customs, there was relatively limited pig production in most of the candidate and potential candidate countries, the pig herd in Serbia (3.6 million head) being about 75 % more than all of the other candidate and potential candidate countries combined. The national herd of sheep and goats (almost 30 million animals) in Turkey was the equivalent of about one third of the total stock of sheep and goats in the EU-27 in 2008.

The EU-27 dairy herd comprised almost 24 million cows in 2008, representing about one quarter (almost 27%) of the total number of cattle. In these relative terms, the dairy herds of the candidate and potential candidate countries were of much more significance, accounting for about 50% of cattle in the former Yugoslav Republic of Macedonia and Serbia, about 60% in Kosovo and between 65% and 70% in Bosnia and Herzegovina, Albania and Montenegro.

Table 7.3: Livestock population (1 000 heads)

	Cattle										
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
EU-27	:	:	:	93 780	92 336	91 123	90 220	89 641	88 463	89 037	88 837
Croatia (1)	443	438	427	438	417	444	466	471	483	467	454
The former Yugoslav Republic of Macedonia	268	270	265	265	259	260	255	248	255	254	254
Turkey (2)	11 031	11 054	10 761	10 548	9 803	9 788	10 069	10 526	10 871	11 037	10 860
Albania (3)	705	720	728	708	690	684	654	655	634	577	541
Bosnia and Herzegovina	:	:	:	:	:	:	453	460	515	468	459
Montenegro (4)	178	180	179	178	183	175	169	118	115	109	106
Serbia	1 283	1 246	1 162	1 128	1 112	1 102	1 079	1 096	1 106	1 087	1 057
Kosovo under UNSCR 1244/99	:	:	289	347	319	:	335	352	382	322	:
Iceland	:	75	73	70	67	66	65	66	69	71	72

(1) 1998 to 2005 data as of 31 December for legal entities and 15 January for private family farms; from 2006 data as of 1 December for both legal entities and private family farms. (2) Excluding buffaloes.
(3) 2006, estimated value. (4) Number of livestock in 1 000 including enterprises, cooperatives and households; 1998-2004, estimated values.

Table 7.3: Livestock population (1 000 heads), (continued)

	Pigs										
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
EU-27	167 666	:	:	158 153	160 426	158 970	158 559	159 108	161 929	160 039	153 067
Croatia (1)	1 166	1 362	1 234	1 234	1 286	1 347	1 489	1 205	1 488	1 348	1 104
The former Yugoslav Republic of Macedonia	197	226	204	189	196	179	158	158	167	255	247
Turkey	5	3	3	3	4	7	4	2	1	2	2
Albania (2)	83	99	103	106	114	132	143	147	152	147	161
Bosnia and Herzegovina	:	:	:	:	:	:	596	654	712	535	502
Montenegro (3)	23	22	19	21	22	24	27	11	13	10	10
Serbia	4 293	4 066	3 615	3 587	3 634	3 439	3 165	3 212	3 999	3 832	3 594
Kosovo under UNSCR 1244/99	:	:	59	75	110	:	55	47	68	40	:
Iceland	:	4	4	5	4	4	4	4	4	4	4

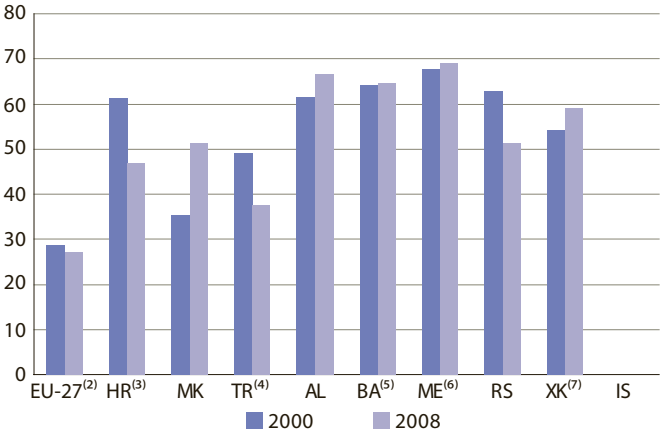
(1) 1998 to 2005 data as of 31 December for legal entities and 15 January for private family farms; from 2006 data as of 1 December for both legal entities and private family farms. (2) 2006, estimated value.
(3) Number of livestock in 1 000 including enterprises, cooperatives and households; 1998-2004, estimated values.

Table 7.3: Livestock population (1 000 heads), (continued)

	Sheep and goats										
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
EU-27	111 639	108 995	102 602	99 320	98 964	99 057	98 929	97 032	96 383	95 653	91 154
Croatia [1]	510	567	608	632	677	673	848	931	783	738	727
The former Yugoslav Republic of Macedonia	1 315	1 289	1 251	1 286	1 234	1 239	1 432	1 244	1 249	944	949
Turkey	37 492	38 030	35 693	33 994	31 954	32 203	31 811	31 822	32 260	31 749	29 568
Albania [2]	2 923	3 061	3 045	2 933	2 773	2 919	2 739	2 701	2 770	2 729	2 620
Bosnia and Herzegovina [4]							893	903	1 005	1033	1 031
Montenegro [5]	333	306	293	244	241	252	254	255	249	222	209
Serbia	1 868	1 794	1 670	1 612	1 685	1 741	1 728	1 748	1 718	1 756	1 760
Kosovo under UNSCR 1244/99			193	230	116		106	152	113	152	:
Iceland	:	491	466	474	470	463	456	455	456	455	459

(1) 1998 to 2005 data as of 31 December for legal entities and 15 January for private family farms; from 2006 data as of 1 December for both legal entities and private family farms. (2) 2006, estimated value. (3) 2004 to 2006 excluding goats. (4) Number of livestock in 1 000 including enterprises, cooperatives and households; 1998-2004, estimated values.

Figure 7.2: Dairy cows as a proportion of the total number of cattle (%) [1]



(1) Iceland not available. (2) 2001 instead of 2000 data. (3) 1998 to 2005 data as of 31 December for legal entities and 15 January for private family farms; from 2006 data as of 1 December for both legal entities and private family farms. (4) Excluding buffaloes. (5) 2004 instead of 2000 data. (6) Number of livestock in 1 000 including enterprises, cooperatives and households, 2000 estimated value. (7) 2007 instead of 2008 data.

Animals for slaughter

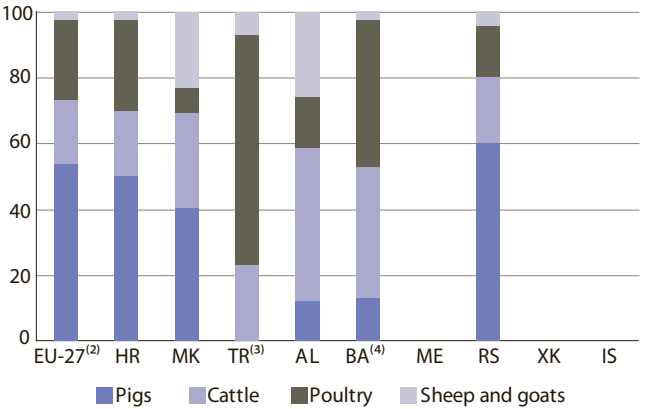
The information presented on the slaughter of livestock relates to bovine, porcine, equine, ovine and caprine species, as well as poultry. Meat production in the EU-27 dwarfed that of the candidate and potential candidate countries as a whole. In 2007, the EU-27 produced 41.2 million tonnes of meat, of which about one half came from pigs, almost a quarter from poultry and about one fifth from cattle. In comparison, among those candidate and potential candidate countries for which data are available, Turkey produced 1.6 million tonnes of meat in 2008, which was three times higher than the amount produced by Serbia, which was in turn about twice as much as the next highest (Croatia).

The differences in the composition of the livestock of the candidate and potential candidate countries were also reflected in the breakdown of meat production. Poultry meat accounted for a little over two thirds (70%) of meat production in Turkey and about one half (45%) of the production in Bosnia and Herzegovina, but only about 8% of meat production in the former Yugoslav Republic of Macedonia.

Pig meat accounted for a small majority of meat production in Serbia and Croatia but little or none of the production in those countries where pig meat is not traditional for cultural reasons. Meat from cattle provided almost half of the meat production of Albania.

In the ten years up to 2007, the level of meat production in the EU-27 remained remarkably stable. Among the few candidate and potential candidate countries for which such series are available, there were contrasting developments. Among these, there was a staggered and significant increase (about 60%) in meat production in Turkey between 1998 and 2008, in contrast to a relatively progressive decline (about 15%) in Serbia over the same period.

Figure 7.3: Animals slaughtered (% of total carcass weight), 2008 (1)



(1) Montenegro, Kosovo under UNSCR 1244/99 and Iceland, not available. (2) 2007 data. (3) Excluding buffaloes. (4) Excluding goats.

Table 7.4: Slaughtered production (1 000 tonnes of carcass weight)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27 (1)	41 523	42 257	41 093	41 059	41 632	41 479	41 413	41 222	41 288	41 242	:
Croatia	206	207	273	281	295	300	290	297	291	311	295
The former Yugoslav Republic of Macedonia	54	57	58	57	53	57	55	53	50	53	52
Turkey (2)	1 015	1 116	1 150	1 063	1 146	1 270	1 360	1 387	1 371	1 674	1 604
Albania (3)	58	64	64	65	68	71	73	74	75	87	78
Bosnia and Herzegovina (4)	:	:	:	:	:	:	45	49	50	55	65
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia (5)	607	580	578	531	547	512	521	516	494	531	507
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	:	:	:	:	:	:	:	:	:	:	:

(1) 1998-2005, estimated values. (2) All data include the amount of total meat production obtained from the related slaughtered animals in the related year. (3) 2006, estimated value. (4) Excluding goats.
(5) Includes slaughtered pigs, poultry, cattle and sheep; net weight; 2007, provisional value.

Crop production

The EU-27 cereal harvest (including rice) was 315 million tonnes in 2008. Although slightly below the record harvest of 2004, this was about 55 million tonnes more than the 2007 harvest. Wheat accounted for just under one half (47.9%) of cereals harvested in the EU-27 in 2008, with barley accounting for a further one fifth (20.8%) and grain maize another one fifth (20.2%). From the data available, the candidate and potential candidate countries were estimated to have harvested cereals equivalent to about 14% of the total for the EU-27 in 2008, the majority of which (some 29.3 million tonnes) were harvested in Turkey. In many of the countries, cereals production in 2008 rebounded strongly from the relatively poor harvest of 2007, in the case of Croatia reaching a relative high (3.7 million tonnes). However, this was not the case in Turkey, where cereal production remained about 7 million tonnes less than the relative peak of 36.5 million tonnes reached in 2005.

The sugar sector in EU agriculture is currently going through a period of structural reforms, with a phased renunciation of the sugar quota. This explains some of the sharp decline in the harvested production in 2006 to 110.4 million tonnes and is likely to be further reflected in subsequent years, when the data become available. In comparison, Turkey harvested 15.5 million tonnes of sugar beet in 2008, substantially more than any of the other candidate and potential candidate countries for which data are available. Although this represented something of a rebound from the relative low in 2007, sugar beet production in Turkey remained much smaller than the 22.3 million tonnes harvested in 1998. Of the other countries, only Croatia and Serbia also had any notable sugar beet production, although harvest levels in 2008 (1.3 million tonnes and 2.3 million tonnes respectively) were down markedly on those for 2006 and 2007.

Table 7.5: Crop production (1 000 tonnes of harvested production)

	Cereals (including rice)										
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
EU-27	289 590	277 209	277 876	284 218	288 762	251 685	324 765	287 290	269 057	260 041	314 919
Croatia [1]	3 209	2 881	2 312	2 829	3 080	2 014	3 067	3 039	3 034	2 534	3 724
The former Yugoslav Republic of Macedonia	660	637	565	476	556	466	677	645	595	470	613
Turkey	33 060	28 749	32 108	29 426	30 686	30 658	33 957	36 471	34 642	29 256	29 287
Albania	603	498	566	503	519	489	499	511	508	494	609
Bosnia and Herzegovina	1 184	1 369	930	1 139	1 309	793	1 439	1 350	1 341	1 000	1 329
Montenegro [2]	5	4	3	4	5	4	3	3	3	2	3
Serbia [3]	8 104	8 584	5 213	9 001	8 298	5 453	9 867	9 510	8 268	6 115	8 707
Kosovo under UNSCR 1244/99	:	:	:	459	396	:	408	441	392	295	:
Iceland	:	2	3	4	5	7	10	10	11	11	15

(1) 2008, provisional value. (2) Includes households, enterprises and cooperatives. (3) Without triticale, buckwheat and millet, which are minor; rice production does not exist in Serbia.

Table 7.5: Crop production (1 000 tonnes of harvested production), (continued)

	Sugar beet										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	142 299	145 544	136 977	123 963	141 946	122 115	132 292	135 512	110 410	:	:
Croatia (1)	1 233	1 114	482	965	1 183	678	1 260	1 338	1 560	1 583	1 270
The former Yugoslav Republic of Macedonia	58	67	56	38	44	40	47	58	0	8	0
Turkey	22 283	17 102	18 821	12 633	16 523	12 623	13 517	15 181	14 452	12 415	15 488
Albania	56	40	42	39	39	50	40	40	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	1 972	2 428	1 070	1 806	2 098	1 738	2 814	3 101	3 189	3 206	2 300
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	:	:	:	:	:	:	:	:	:	:	:

(1) 2008, provisional value.

8

Energy

Energy intensity, electricity generation and renewable energy

The energy intensity of an economy is defined as the ratio of gross inland energy consumption in kg of oil equivalent per EUR 1 000 of GDP (kgoe/1 000 EUR) at constant prices (reference year 2000): the lower the figure, the higher the energy efficiency. In 2006, the figure for the EU-27 was little over 200 kg of oil equivalent. All candidate and potential candidate countries for which data are available recorded higher values than the EU-27. In 2007, they ranged from 282 kgoe/1 000 EUR in Turkey to around 660 kgoe/1 000 EUR in the former Yugoslav Republic of Macedonia and Serbia. Over the period observed, energy intensity has shown a downward trend in the EU-27 (-1.5% on average per year) and all other countries except Serbia and Iceland. The decreases were moderate in the three candidate countries. This reflects the importance of energy intensive industries in their recent strong economic growth. Albania showed a larger fall with 5.5%. Montenegro and Serbia recorded the highest negative and positive growths respectively, but over a very short run of years. Except for Turkey, Serbia and Iceland, the gap in energy efficiency between the EU-27 and the candidate and potential candidate countries has narrowed over the years available.

In 2007, the EU-27 generated about 3.4 million GWh of electricity. Production in the candidate and potential candidate countries varied from almost 200 thousand GWh in Turkey to 2.8 thousand GWh in Montenegro, both in 2008. Since 1998, electricity production in the EU-27 has been growing by 1.6% per year. Average annual growth in Iceland with over 10%, Turkey and Kosovo (only from 2002 to 2007) with about 6% each was much higher than in EU-27. In contrast, there was an annual average decline in Albania (2.7%), reflecting low values in the most recent years, the former Yugoslav Republic of Macedonia (0.9%) and Serbia (0.3%).

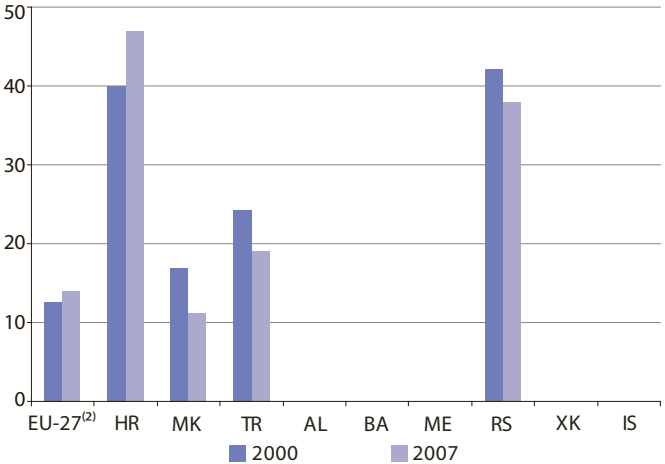
Table 8.1: Energy intensity of the economy (kg of oil equivalent per EUR 1 000 GDP 2000)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	227.8	219.5	213.9	214.7	211.8	214.7	212.1	208.6	202.5	:	:
Croatia	352.4	354.3	337.8	331.2	340.3	331.9	318.9	308.1	295.8	292.1	:
The former Yugoslav Republic of Macedonia	813.2	761.7	710.3	720.2	770.9	710.6	684.7	685.1	673.0	660.1	:
Turkey	:	290.9	295.2	293.2	286.8	291.5	279.2	267.1	273.3	282.0	:
Albania	604.9	506.7	467.7	454.2	419.4	437.7	455.0	434.3	389.8	363.3	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	493.8	384.4	:
Serbia	:	:	:	:	:	:	:	413.1	413.6	660.7	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	:	341.0	343.4	342.6	345.5	336.5	322.8	311.3	358.5	:	:

Table 8.2: Electricity generation (1 000 GWh)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	2 910.0	2 939.7	3 020.9	3 108.1	3 116.9	3 216.0	3 287.6	3 308.9	3 354.0	3 361.7	:
Croatia	10.9	12.2	10.7	12.2	12.3	12.7	13.3	13.1	13.0	12.4	:
The former Yugoslav Republic of Macedonia	7.0	6.9	6.8	6.4	6.1	6.7	6.7	6.9	7.0	6.5	:
Turkey	111.0	116.4	124.9	122.7	129.4	140.6	150.7	162.0	176.3	191.6	198.6
Albania	5.1	5.4	4.7	3.7	3.2	4.9	5.5	5.5	5.6	3.0	3.9
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	2.7	2.7	2.7	2.5	2.3	2.7	3.3	2.9	3.0	2.1	2.8
Serbia	38.0	31.0	32.0	31.0	31.0	32.0	34.0	36.0	36.0	37.0	:
Kosovo under UNSCR 1244/99	:	:	:	:	3.2	3.2	3.5	4.0	4.0	4.3	:
Iceland	6.3	7.2	7.7	8.0	8.4	8.5	8.6	8.7	9.9	12.0	16.5

Figure 8.1: Share of renewable energy in electricity consumption (%) (1)



(1) Albania, Bosnia and Herzegovina, Montenegro, Kosovo under UNSCR 1244/99 and Iceland, not available. (2) 2006 instead of 2007 data.

Renewable energy sources include wind, solar, geothermal, hydro-electricity and biomass/waste. The share of renewable energy in electricity consumption measures the contribution of electricity from renewable energy sources to total national electricity consumption. This share can vary greatly and depends, to a large extent, on the geographic characteristics of the territory concerned, particularly for geothermal and hydroelectric generation. Between 2000 and 2007, the proportion of renewable sources in electricity consumption in the EU-27 rose from 12.7% (2000) to 14.0% (2006). With the exception of the former Yugoslav Republic of Macedonia in 2007, all countries for which data are available showed higher shares than the EU-27 for the two years compared. 100% of Iceland's energy consumption came from renewable energy. Among the other countries, Croatia was alone in reporting an increase from 40.0% to 47.0% over the years 2000 to 2007. In contrast, the two other candidate countries and Serbia recorded a sharp decline in the share of renewable energy sources in electricity consumption, falling 5.7 percentage points in the former Yugoslav Republic of Macedonia, 5.2 in Turkey and 4.2 in Serbia between 2000 and 2007.

Primary production of energy

To allow different types of energy to be aggregated, data on primary energy production (coal, oil, gas, nuclear heat, and hydro-electricity) is converted to a common unit, 'tonnes of oil equivalent (toe)'. In 2007, the EU-27's primary energy production was around 850 million toe (Table 8.3). Amongst the candidate and potential candidate countries, primary energy production varied from more than 27 million toe in Turkey (2007) to almost 1.1 million toe in Albania (2007).

In the period since 1998, primary energy production has been falling in the EU-27 as well as in the former Yugoslav Republic of Macedonia, Turkey and Albania. The downward trend averaged 1.1% per year for the EU-27 (1998 to 2007) compared with 2.4% in Albania, 1.6% in the former Yugoslav Republic of Macedonia and 0.7% in Turkey over the same period. Only Iceland recorded a sustained strong average annual increase of 9.3% for the same period.

The energy mix in primary production is determined to a large extent by the natural resource endowment of a territory, strategic policy decisions, with nuclear energy (considered as a primary source of energy) as an example and the development of renewable energy. Table 8.4 shows the energy mix in primary production. In the EU-27, the major source in 2007 was "Other", which far outweighed coal, natural gas and crude oil. This heading includes nuclear and renewable sources. It is calculated as the difference between the primary production of energy and the total of 'crude oil', 'hard coal and lignite' and 'natural gas'. Hard coal and lignite was the main primary energy source in the former Yugoslav Republic of Macedonia, Turkey and Serbia and was the sole source of primary energy recorded in Montenegro, Bosnia and Herzegovina and Kosovo (data available for recent years only). In Croatia, the most important source was natural gas, while crude oil and other products dominated in Albania.

Table 8.3: Primary production of energy products (1 000 toe)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	940 729	942 908	932 962	932 241	932 067	926 356	922 330	890 188	870 307	849 551	:
Croatia	3 983	3 570	3 562	3 730	3 689	3 727	3 852	3 781	4 128	4 037	:
The former Yugoslav Republic of Macedonia	1 744	1 698	1 595	1 642	1 577	1 666	1 598	1 578	1 617	1 504	:
Turkey	29 324	27 659	26 047	24 576	24 281	23 783	24 332	24 549	26 580	27 453	:
Albania	1 345	1 113	987	933	896	1 012	1 178	1 149	1 237	1 080	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	982	795	1 136
Serbia	:	:	:	:	:	:	:	7 729	7 925	8 797	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	1 814	2 191	2 306	2 451	2 462	2 457	2 519	2 636	3 259	3 946	4 397

Table 8.4: Breakdown of primary production of energy, 2007 (1 000 toe)

	Crude oil	Hard coal and lignite	Natural gas	Other
EU-27	115 297	190 424	167 356	376 474
Croatia	937	0	2349	843
The former Yugoslav Republic of Macedonia	0	1254	0	363
Turkey	2 241	14 797	827	8 715
Albania	564	15	16	642
Bosnia and Herzegovina (1)	:	230	:	:
Montenegro	:	795	:	:
Serbia	654	7 073	198	872
Kosovo under UNSCR 1244/99	:	4 681	:	:
Iceland	0	0	:	:

(1) 2005 data.

Energy supply and consumption

The energy supply within a country is determined by primary production and by net imports (imports minus exports). Gross inland energy consumption is the amount of energy required to meet the energy needs of the country. It includes coal, oil, gas, nuclear power etc. required as input to electricity generation.

Gross inland consumption =

primary production

+ net imports

± changes in stocks

– marine bunkers

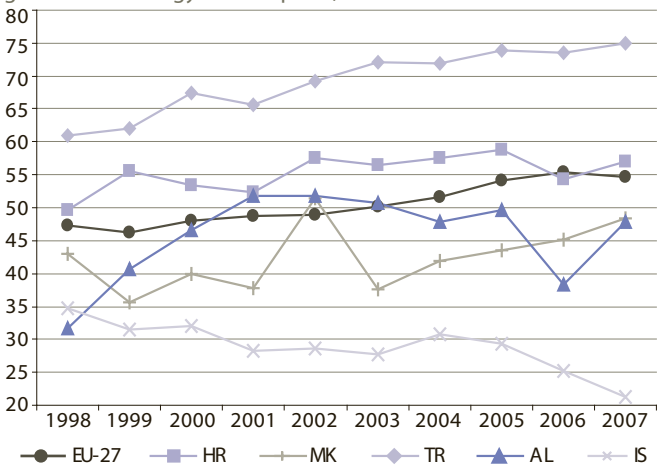
In the EU-27 and all candidate and potential candidate countries, except Iceland, there was a growing reliance on energy imports to meet demand (Table 8.5). About half (55%) of the EU-27's energy consumption in 2007 was accounted for by net imports, compared with about 47% in 1998. In Turkey and Croatia dependency on net imports, was higher than that for the EU-27. In Turkey, net imports accounted for around 75% of the total in 2007, while Croatia recorded about 57%. Montenegro with 10.8%, Serbia with 19.2% and Iceland with 21.3% had the smallest share of net imports in total gross inland consumption in the most recent year for which data is available. Iceland is also the only country where the share of imports decreased (by 13.4 percentage points between 1998 and 2007). Figure 8.2 illustrates the longer-term trends. It shows that Turkey and the EU-27 have been becoming more reliant on imports. In Turkey's case, import dependency grew from about 61% in 1998 to around 75% in 2007. The other countries show more variability but the trend to greater reliance on imports still emerges over the longer run. Iceland with its geothermal and hydroelectric resources is the exception.

Table 8.5: Energy supply and consumption (1 000 toe)

	Primary production of energy			Net imports of energy			Gross inland energy consumption		
	1998	2002	2007	1998	2002	2007	1998	2002	2007
EU-27	940 729	932 241	849 551	813 830	858 852	988 354	1 722 652	1 757 803	1 806 336
Croatia	3 983	3 689	4 037	3 991	4 967	5 315	8 037	8 624	9 323
The former Yugoslav Republic of Macedonia	1 744	1 577	1 504	1 247	1 486	1 469	2 904	2 892	3 038
Turkey	29 324	24 281	27 453	45 607	54 234	80 596	74 709	78 331	107 625
Albania	1 345	896	1 080	626	965	1 020	1 971	1 861	2 130
Bosnia and Herzegovina [1] [2]	:	:	:	:	369	681	:	:	:
Montenegro [3]	:	982	795	:	-49	87	:	933	804
Serbia [4]	:	7 729	8 797	:	1 431	1 686	:	8 322	8 765
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:
Iceland	1 814	2 451	3 946	934	969	1 070	2 690	3 388	5 016

(1) 2003 instead of 2002 data. (2) 2006 instead of 2007 data. (3) 2006 instead of 2002 data. (4) 2005 instead of 2002 data; 2006 instead of 2007 data for Net imports of energy and Gross inland energy consumption.

Figure 8.2: Energy dependency ratio (net energy imports as % of gross inland energy consumption) (1)

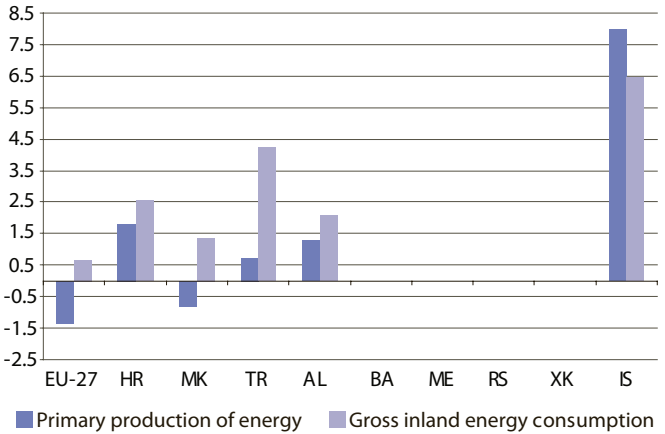


(1) Bosnia and Herzegovina and Kosovo under UNSCR 1244/99 not available. Montenegro and Serbia not considered because no data for a longer period available.

The longer-term trends for primary energy production and gross inland energy consumption in the form of average annual growth rates shows no general pattern. There are four different scenarios:

- Decreasing production combined with increasing consumption: EU-27 and the former Yugoslav Republic of Macedonia;
- Consumption growing faster than production: Croatia, Turkey and Albania;
- Production growing faster than consumption: Serbia (only data for 2006 and 2007 available) and Iceland;
- Faster decrease in production than consumption: Montenegro (only data for the period 2006 to 2008 available).

Figure 8.3: Energy production and consumption - average annual growth rates 2000 to 2007 (%) [1]



(1) Bosnia and Herzegovina and Kosovo under UNSCR 1244/99, not available. Montenegro and Serbia only values for two subsequent years each available and thus not possible to calculate an average annual growth rate.

Breakdown of final energy consumption

Final use of energy can be broken down by sector:

- The industrial sector, excluding the energy sector itself in its role in the transformation of energy from one form to another;
- The transport sector (private and public transport, passenger and freight transport);
- 'Other sectors' which include agriculture, fishing, services, administrative bodies and households.

As Table 8.6 shows, the structure of final energy demand differed substantially between the EU-27, and the candidate and potential candidate countries in the latest year for which data is available. These differences reflect divergences in the structure of each country's economy (importance of industry and manufacturing, the rate of motorisation, modes of transport used, energy efficiency, etc.). In the EU-27, industry accounted for little over a quarter of final energy consumption, transport about a third with other sectors and households taking the remaining 40%. Croatia had a very similar distribution of energy consumption between sectors.

In contrast, in the former Yugoslav Republic of Macedonia, Turkey, Montenegro, Serbia, Kosovo and Iceland, industry's share of total energy consumption was much larger, ranging between 35.8% (Iceland) and 44.6% (Turkey) in the latest year for which data are available. Albania is a special case. The share of its energy consumption in transport sector at 42.2% is the highest percentage for all countries and is almost three times the share of its industrial sector.

Between 1998 and 2007, industry's share in final energy consumption decreased by 1.2% percentage points in the EU-27. The same trend is apparent for Croatia, the former Yugoslav Republic of Macedonia, Albania (2002 to 2007) and Montenegro (only 2006 to 2008), the latter showing a decrease by 14 percentage points in 2008 compared to the pervious year, which might be the early impact of the economic crisis. On the other hand, in Turkey, Serbia, Kosovo and Iceland, industry's share of final energy consumption grew by between 2.0 percentage points in Serbia and by 15.5 percentage points in Kosovo during the period observed.

Table 8.6: Breakdown of final energy consumption (% of total)

	Industry										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	29.1	28.6	29.4	29.0	28.9	28.6	28.3	27.8	27.2	27.9	:
Croatia	27.7	25.6	26.0	26.4	24.9	24.2	25.4	24.2	24.7	25.5	:
The former Yugoslav Republic of Macedonia	38.9	29.8	33.5	32.9	25.1	30.0	30.4	33.5	34.6	36.6	:
Turkey	42.0	39.6	42.9	41.0	44.7	46.0	44.9	43.9	45.4	44.6	:
Albania	:	:	:	:	15.4	13.2	12.1	12.4	18.2	14.8	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	56.0	52.0	38.0
Serbia	:	:	:	:	:	:	35.2	40.4	39.3	37.2	:
Kosovo under UNSCR 1244/99	:	:	:	:	27.8	30.1	30.4	31.4	32.3	37.1	43.3
Iceland	30.1	31.6	34.0	35.3	35.6	34.9	35.7	34.7	35.8	:	:

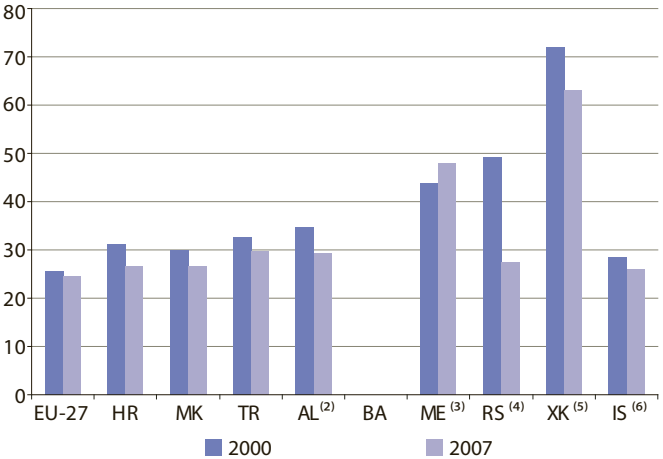
Table 8.6: Breakdown of final energy consumption (% of total), (continued)

	Transport										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	29.7	30.5	30.5	30.2	30.8	30.4	30.8	31.0	31.6	32.6	:
Croatia	28.1	28.7	28.7	28.3	29.4	29.7	29.7	30.6	32.0	33.8	:
The former Yugoslav Republic of Macedonia	22.0	24.6	22.9	24.2	21.0	21.8	21.6	20.9	20.5	22.3	:
Turkey	19.0	20.6	19.5	21.4	19.2	19.1	20.0	19.4	19.4	20.9	:
Albania	:	:	:	:	35.2	39.4	43.7	44.3	40.2	42.2	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	0.0	0.0	13.0
Serbia	:	:	:	:	:	:	0.6	0.5	0.5	22.3	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	17.1	16.4	16.3	15.4	14.3	14.4	15.5	16.3	20.1	:	:

In the EU-27 (growth of 2.9 percentage points, 1998 to 2007) and in all candidate and potential candidate countries, for which data for more than five years are available, transport's share of final energy consumption grew between 0.3 percentage points in the former Yugoslav Republic of Macedonia (1998 to 2007) and 7.0 percentage points in Albania (2002 to 2007). Montenegro and Serbia are not included in this analysis because the values recorded for both countries might not be reliable.

In the EU-27, households alone accounted for around a quarter of final energy consumption in both 2000 and 2007. All countries, for which data are available, recorded shares above the EU-27 level in 2000, falling in every case except Montenegro in the last year observed. The decreases in all countries were larger than in the EU-27 (1.2 percentage points) showing the largest falls in Serbia with 21.7 percentage points (from 2005 to 2007) and 9.0 percentage points in Kosovo from 2002 to 2007. Despite that fall, Kosovo still shows the highest share of households on total energy consumption of all countries for which data are available. Amongst the candidate countries Croatia recorded with 4.6 percentage points the largest fall between 2000 and 2007.

Figure 8.4: Households - proportion of final energy consumption (% of total) (1)



(1) Bosnia and Herzegovina not available. (2) 2002 instead of 2000 data and 2004 instead of 2007 data. (3) 2006 instead of 2000 data. (4) 2004 instead of 2000 data. (5) 2002 instead of 2000 data. (6) 2006 instead of 2007 data.

9

Industry, construction & services

Production and output price indices

Over time, the index of production for all industries (excluding construction) provides a measure of the trend in value added at factor cost at constant prices. Almost all the candidate and potential candidate countries reported rapid growth in industrial production over the period 2000 to 2008 relative to the EU-27. Except Montenegro, all recorded average annual growth rates are either the same or greater than the 1.6% for the period 2000 to 2007 achieved by the EU-27. These ranged from 1.6% for the former Yugoslav Republic of Macedonia to 8.2% for Bosnia and Herzegovina. In 2008, the index of industrial production in all countries was higher than the 112 recorded by the EU-27 in 2007. Indeed Bosnia and Herzegovina, Croatia and Turkey recorded levels significantly higher than the EU-27 figure.

As measured by the domestic output price index, inflation was 2.8% in the EU-27 in 2007. The only country with a rate below this EU-27 value in 2007 was the former Yugoslav Republic of Macedonia where a figure of -4.4% was recorded. All other candidate and potential candidate countries, for which data are available, had inflation rates higher than that of the EU-27, lying between 6.6% in Albania and 14.0% in Montenegro (from 2007 to 2008 each).

Over the period 2000 to 2008, the average annual increases of the domestic output price index in the EU-27 was nearly 3%. Only the former Yugoslav Republic of Macedonia recorded a lower rate, while all the other countries showed much higher increases, ranging from 3.3% in Croatia to 17.3% in Serbia. Annual average growth rates for the index of production are less dispersed, varying from 1.5% in Montenegro to 8.2% in Bosnia and Herzegovina.

Table 9.1: Index of production for all industries excluding construction (2000=100)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	93.6	95.2	100.0	100.2	99.8	100.4	102.8	104.0	108.0	111.9	:
Croatia	99.8	98.3	100.0	106.0	111.8	116.3	120.6	126.7	132.4	139.8	142.1
The former Yugoslav Republic of Macedonia	99.2	96.6	100.0	96.9	91.8	96.1	94.0	100.6	104.2	108.0	113.9
Turkey	:	:	100.0	91.3	99.9	108.7	119.3	128.7	136.3	143.6	140.5
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina (1)	:	:	100.0	105.3	112.4	118.0	132.8	144.7	159.3	170.4	187.3
Montenegro (2)	105.0	96.0	100.0	99.0	100.0	102.0	116.0	114.0	115.0	115.0	113.0
Serbia	120.7	89.8	100.0	100.1	101.9	98.8	105.9	106.7	111.7	115.8	117.1
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	:	:	:	:	:	:	:	:	:	:	:

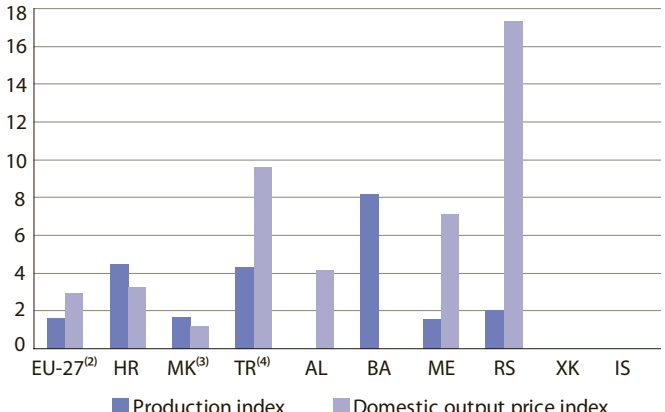
(1) 2001 to 2008, estimated values. (2) 2000, break in series.

Table 9.2: Domestic output price index for all industries excluding construction (2000=100)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	95.3	95.2	100.0	102.1	102.1	103.8	106.9	112.6	119.2	122.5	:
Croatia	88.9	91.2	100.0	103.6	103.2	105.2	108.9	112.2	115.5	119.3	129.4
The former Yugoslav Republic of Macedonia	91.9	91.8	100.0	102.0	101.1	100.8	101.7	104.9	112.6	115.4	110.3
Turkey	:	:	:	:	:	100.0	112.2	120.1	131.8	139.8	157.9
Albania	:	95.3	100.0	94.6	100.6	106.9	118.4	124.4	124.5	129.7	138.2
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	85.9	100.0	114.5	119.6	125.0	132.2	135.0	139.9	151.8	173.0
Serbia (1)	34.5	49.4	100.0	187.7	204.2	213.6	233.1	266.1	301.5	319.3	358.9
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	:	:	:	:	:	:	:	:	:	:	:

(1) From 2001 onwards, NACE classification has been used.

Figure 9.1: Average annual growth rates of industrial production and prices (excluding construction) between 2000 and 2008 (%) [1]



(1) Kosovo under UNSCR 1244/99 and Iceland, not available. (2) 2007 instead of 2008 data. (3) In 2008, the statistical office started with a new weighting structure for PPI based on 2005. Values for 2005, 2006 and 2007 are recalculated on the base of 2005. (4) 'Domestic output price index': 2003 instead of 2001 data.

Construction output and construction costs

The construction output (production) index is one business cycle indicator measuring the volume of output and activity in the construction sector. A second business cycle indicator is the construction cost index, which shows the evolution of costs incurred by contractors in their construction work. It is calculated from two components: material costs and labour costs. In the period from 2000 to the most recent year available, all countries for which data are available, showed a continuing rise in the construction cost index, somewhat different from the picture for construction output (or production).

Table 9.3: Construction output index (2000=100)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	94.5	98.0	100.0	100.3	101.3	102.2	102.4	103.3	107.4	111.4	:
Croatia (1)	119.2	110.0	100.0	103.6	116.9	143.6	146.5	145.4	159.0	162.9	182.1
The former Yugoslav Republic of Macedonia	67.1	87.8	100.0	77.3	80.2	94.4	113.1	99.7	122.3	113.9	121.2
Turkey	:	:	:	:	:	:	:	100.0	118.4	124.9	115.7
Albania	:	96.7	100.0	95.8	102.1	108.4	120.1	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	100.0	110.9	124.2	108.2	128.2	179.5	457.1	442.5	644.7
Serbia (2)	117.4	98.7	100.0	86.9	153.7	183.9	241.4	274.5	304.4	362.0	377.5
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	:	:	:	:	:	:	:	:	:	:	:

(1) 1998 to 2005, Eurostat estimates. (2) 1998 to 2008, provisional values.

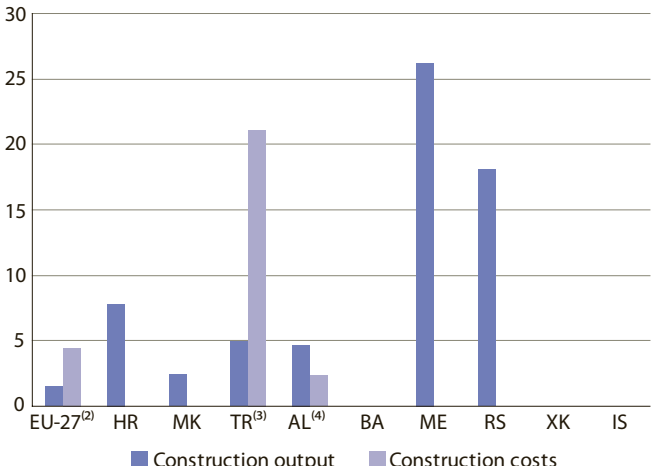
Table 9.4: Construction cost index (2000=100)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	92.5	96.1	100.0	103.9	108.6	113.8	120.7	124.8	130.1	135.6	:
Croatia	:	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:	:
Turkey (1)	44.9	70.0	100.0	156.5	212.7	258.2	295.8	325.0	377.0	408.5	464.2
Albania	83.8	91.1	100.0	106.3	107.3	110.2	113.5	115.1	116.4	119.3	120.8
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	:	:	:	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	:	:	:	:	:	:	:	:	:	:	:

(1) 1998 to 2004, estimated values.

In the period 2000 to 2008 (where data are available), production in the construction sector of the candidate and potential candidate countries grew at a faster pace than the EU-27 average (2000 to 2007). With 2000=100, EU-27 construction output recorded a continuous year-on-year growth. A similar picture emerged for Croatia (with the exception of 2005), Albania (2000 to 2004), Montenegro (with a rebound in 2003) and Serbia except for a strong setback in 2001. The former Yugoslav Republic of Macedonia and Turkey were the only exceptions to this trend. For the former Yugoslav Republic of Macedonia, construction output fluctuated substantially, being below its 2000 level in four of the years covered. Turkey increased its output from 2005 to 2008, followed by a strong setback in 2008. In comparison with the EU-27, construction costs increased less in Albania but at much higher rates in Turkey in the periods for which data are available.

Figure 9.2: Average annual growth rates of construction output and costs, 2000-2008 (%) (1)



(1) Bosnia and Herzegovina, Kosovo under UNSCR 1244/99 and Iceland, not available. (2) 2007 instead of 2008 data. (3) 'Construction output': 2005 instead of 2000 data. (4) 'Construction output': 2004 instead of 2008 data.

Retail trade and tourism

The index of the volume of retail sales provides a measure of retail turnover in constant prices. Between 2000 and 2006, retail sales grew on average by 3.5% per year in the EU-27, well below the rates recorded in the candidate and potential candidate countries. This was true irrespective of whether there was a longer run of data (2000 to 2008 for Croatia, Albania, Montenegro and Serbia) or for a shorter period (Turkey, 2005 to 2008). Among these countries, the annual average increase in the volume of retail sales in Turkey was 3.8%, in Croatia 7.5%, in Montenegro 15.4%, in Serbia 16.1% and in Albania 16.8%.

Tourism is relatively underdeveloped in the majority of the candidate and potential candidate countries. One exception is Croatia, where there were slightly more than 7 million non-resident arrivals in 2008. However, data are not available for Turkey and Iceland, both major tourist destinations, and Kosovo. Apart from Croatia, there was rapid growth in the number of tourist arrivals from a relatively low base in the majority of these countries with average annual growth rates between 4.9% in the former Yugoslav Republic of Macedonia and 27.0% in Montenegro. Comparing the two five year periods 1998 to 2003 and 2003 to 2008 tourism has developed at particularly fast rates since 2003. With the exception of Croatia and Albania all countries recorded higher average annual growth rates for the period 2003 to 2008. But Albania was the only country showing a fall in arrivals of non-residents staying in collective accommodation establishments in the whole period.

Table 9.5: Retail trade - volume sales index (2000=100)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	93.0	96.1	100.0	105.0	108.1	111.0	114.8	117.9	122.8	:	:
Croatia [1]	:	:	100.0	105.6	117.5	129.0	133.4	138.1	147.7	165.1	178.0
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:	:
Turkey [2]	:	:	:	:	:	:	:	100.0	113.0	112.2	111.8
Albania	:	134.1	100.0	157.5	151.9	183.9	217.5	198.4	252.0	279.4	345.6
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	100.0	149.2	161.9	179.5	210.0	246.9	199.3	272.0	315.5
Serbia	100.0	95.6	100.0	102.9	119.2	140.0	167.6	223.2	244.8	301.6	329.5
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	:	:	:	:	:	:	:	:	:	:	:

(1) Gross series; VAT included; includes legal and physical persons. (2) Base 2005=100.

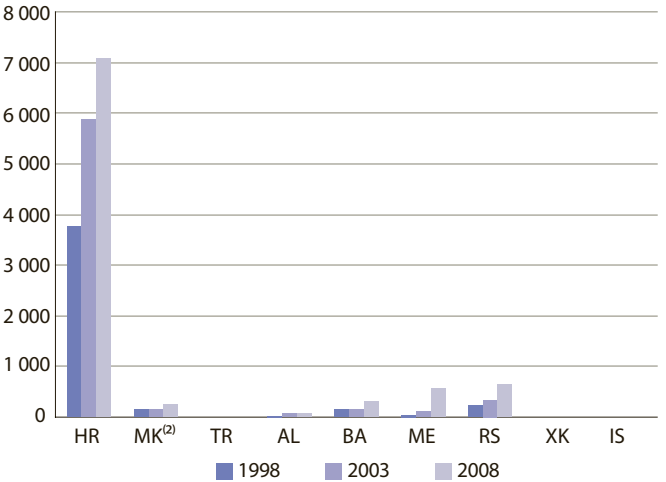
Table 9.6: Tourism - index of the number of bed places in hotels and similar collective accommodation establishments (2000=100)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27 (1)	94.5	98.7	100.0	98.3	100.4	102.4	104.7	105.3	108.5	110.1	:
Croatia (2)	100.0	97.1	100.0	94.1	94.2	97.0	99.8	102.0	81.8	81.8	82.0
The former Yugoslav Republic of Macedonia	94.3	97.2	100.0	97.1	99.5	100.4	99.3	100.5	99.9	102.1	104.3
Turkey	96.6	98.2	100.0	113.4	121.8	129.4	139.7	148.6	156.4	:	:
Albania (3)	85.2	86.6	100.0	129.7	135.1	89.5	94.6	113.2	121.6	145.3	135.1
Bosnia and Herzegovina (4)	79.1	88.4	100.0	104.5	106.0	106.6	107.0	127.4	139.9	155.3	160.1
Montenegro	108.4	100.2	100.0	99.6	95.2	87.7	89.5	94.7	95.0	95.2	93.5
Serbia	98.2	99.1	100.0	101.1	102.0	100.0	103.6	104.5	106.4	114.5	119.3
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	:	:	:	:	:	:	:	:	:	:	:

(1) 2007, estimated value. (2) For the period 1995 to 2005 data include permanent and temporary bed places in hotels and similar establishments. For 2006 and 2007 only permanent bed places in hotels and similar establishments are included. (3) 2004 break in series, a new methodology is used. (4) 2001 to 2006, estimated values.

Accommodation capacity in hotels, expressed as index of the number of bed places in hotels and other collective accommodation establishments, showed variations across countries over the period observed. Compared with the growth of around 10 index points in the EU-27, significant increases were recorded in Turkey and Bosnia and Herzegovina (both with a rise of about 60 index points), Albania (about 35), as well as Serbia (nearly 20). In contrast, the figures in the former Yugoslav Republic of Macedonia fluctuated around the base year level over the whole period. Compared to the base year, capacity always showed lower, but labile values in Montenegro and Croatia (with the exception of 2005) over the whole period.

Figure 9.3: Arrivals of non-residents staying in collective accommodation establishments (1 000) (1)



(1) Turkey, Kosovo under UNSCR 1244/99 and Iceland, not available. (2) Arrivals of non-resident tourists in all types of accommodation establishments excluding private tourism accommodation.

10

Transport

Transport infrastructure

The EU-27 had 4.8 million km of roads (excluding motorways) in 2004 (Table 10.1). In 2008, Croatia recorded 28 thousand km and the former Yugoslav Republic of Macedonia 14 thousand km. Turkey reported 352 thousand km for the same year. For the years available, the EU-27 and all the candidate and potential candidate countries, except Serbia, showed a growth of road lengths. For the EU-27, growth averaged around 0.7% per year while in Croatia and Turkey (2004 to 2008) there was very little change (0.3% and 0.2% respectively). Road lengths in Albania (2003 to 2008) grew by more than 7% per year, while Kosovo recorded an annual average rise of almost 11% (2004 to 2008) but from a very low base.

In 2006, the EU-27 had 200 thousand km of railway lines in operation. Turkey had nearly 9 thousand km, Serbia 4 thousand km and Croatia 3 thousand km in 2008. As the figures show, the length of lines in operation changes relatively slowly. In the period 2000 to 2006, the length of railway lines operating in the EU-27 declined by about one percent per year. Over the longer period from 1998 to 2008, Turkey was the only country recording growth, albeit at a very low rate, while all other countries showed a stable situation.

Table 10.1: Transport infrastructure (1 000 kilometres)

	Length of all roads (excluding motorways)										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27 (1)	4 656.3	4 656.9	4 668.1	4 701.5	4 829.4	4 842.3	4 843.5	:	:	:	:
Croatia	27.5	27.6	27.7	27.8	27.9	27.8	27.6	27.6	27.9	28.0	28.2
The former Yugoslav Republic of Macedonia	11.5	12.2	12.5	12.9	13.0	13.0	13.1	13.3	13.7	13.8	13.9
Turkey (2)	379.0	383.0	416.0	426.4	427.5	428.5	349.3	349.3	349.3	350.8	352.0
Albania	:	:	:	:	:	2.5	2.6	2.7	2.7	3.6	3.6
Bosnia and Herzegovina	:	:	:	:	16.4	16.4	16.4	17.4	17.4	18.4	18.4
Montenegro	7.0	7.1	7.2	7.3	7.3	7.3	7.3	7.4	7.4	:	:
Serbia	43.5	37.7	37.6	37.7	38.0	37.0	38.6	38.6	38.4	38.4	38.4
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	1.3	1.7	1.7	1.7	1.9
Iceland	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

(1) EU-25 data; estimated values. (2) 2004, break in series.

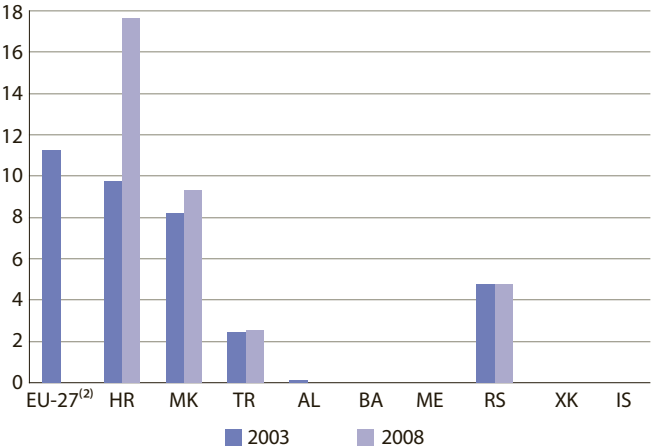
Table 10.1: Transport infrastructure (1 000 kilometres), (continued)

	Length of railway network (lines in operation)										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27 (1)	:	:	210.6	208.5	208.7	207.6	205.8	200.6	200.8	:	:
Croatia	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
The former Yugoslav Republic of Macedonia	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7
Turkey	8.6	8.7	8.7	8.7	8.6	8.7	8.7	8.7	8.7	8.7	8.7
Albania	:	:	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Bosnia and Herzegovina	:	:	:	:	1.0	1.1	1.1	1.1	1.1	1.0	1.0
Montenegro	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	:	:
Serbia	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	0.4	:	:	:	:
Iceland	:	:	:	:	:	:	:	:	:	:	:

(1) EU-25 data; estimated values.

Motorway density in the EU-27, excluding Greece, Bulgaria and Romania, measured in kilometres per thousand km^2 of land area was 11.2 in 2003. From 2003 to 2008, there was growth in motorway density in all countries for which data are available, with values almost doubling in Croatia and slightly increasing in the former Yugoslav Republic of Macedonia and Turkey. Exceptions are Serbia, where the value remained unchanged and Albania, where there are no more motorways in 2008.

Figure 10.1: Density of the motorway network (kms per 1 000 km^2 of land area) (1)



(1) Bosnia and Herzegovina, Montenegro, Kosovo under UNSCR 1244/99 and Iceland, not available.
(2) EU-27 data, excluding Greece, Bulgaria and Romania are estimated and only available for 2003.
(3) Data for Albania were 0.09 in 2003 and zero in 2008.

Inland transport and number of cars

Between 1998 and 2007, the number of passenger cars in the EU-27 grew by 1.5% per year to reach 218 million. The number of passenger cars in the candidate and potential candidate countries varied from 6.8 million for Turkey to 119 thousand in Montenegro for the latest year for which data is available. Other countries with large fleets were Croatia and Serbia with around 1.5 million each (Table 10.2). Positive annual growth rates in the candidate and potential candidate countries ranged from around 16% per year for Kosovo (2005 to 2008) and about 11% in Albania (1998 to 2008) to little more than 4% in Iceland (1998 to 2005), with all these countries showing a sustained year on year increase. In contrast, Serbia and the former Yugoslav Republic of Macedonia showed fluctuations in the number of passenger cars and recorded declines over the period for which data is available.

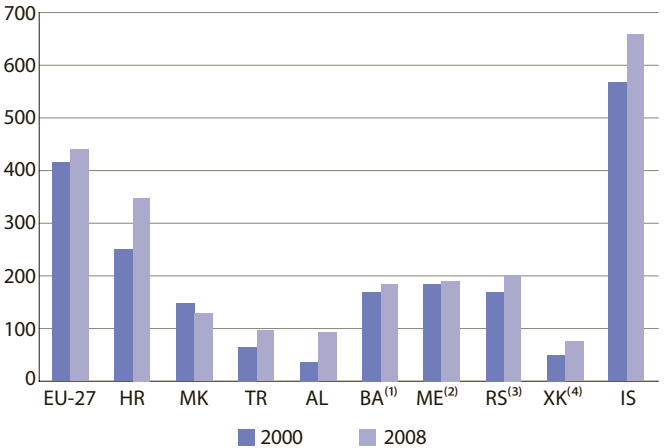
An alternative way of looking at the degree of motorisation within countries is shown in Figure 10.2. This displays car ownership per thousand inhabitants and provides a more direct comparison between countries. On this measure, the number of cars per thousand inhabitants in the EU-27 rose from 416 in 2000 to 440 in 2008, an increase of almost 6%. In 2008, Iceland, with 662 cars, has the highest absolute number of passenger cars per 1 000 inhabitants. Over the different periods observed, all countries, except the former Yugoslav Republic of Macedonia and Montenegro, showed larger growth in the number of passenger cars per 1 000 inhabitants than the EU-27. The highest increases were recorded in Albania at around 144% (2000 to 2008), Kosovo with about 48% (2005 to 2008) and Turkey with almost 46% (2000 to 2008). Croatia recorded a rise from 250 in 2000 to 348 cars in 2008, a 39.2% increase, approaching levels equivalent to those in the EU-27. In 2008, all countries, except Iceland and Croatia, had densities less than half the average in the EU-27, ranging between 74 cars per 1 000 inhabitants in Kosovo and 202 cars in Serbia.

Table 10.2: Number of passenger cars (1 000)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27 [1]	190 617	195 042	200 870	205 884	209 894	212 255	214 986	219 192	221 312	218 016	:
Croatia	1 000	1 064	1 125	1 196	1 244	1 293	1 338	1 385	1 436	1 491	1 545
The former Yugoslav Republic of Macedonia [2]	289	290	299	309	308	300	249	253	242	249	263
Turkey	3 838	4 072	4 422	4 535	4 600	4 700	5 400	5 773	6 141	6 472	6 796
Albania	91	92	115	134	149	175	190	195	225	281	290
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	647	682	709
Montenegro	:	113	113	99	103	106	109	119	:	:	:
Serbia	1 749	1 573	1 274	1 382	1 344	1 388	1 455	1 481	1 512	1 477	1 486
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	102	147	146	160
Iceland	140	151	159	160	162	167	175	187	194	206	209

(1) EU-25 data; estimated values. (2) 2004, break in series.

Figure 10.2: Average number of passengers cars per 1 000 inhabitants (units)



(1) 2006 instead of 2000 data. (2) 2005 instead of 2008 data. (3) Source: Ministry of Internal Affaires excluding the vehicles that were not registered before the given deadline (1 month). (4) 2005 instead of 2000 data.

Freight transport

Table 10.3 shows road freight transport's share in total inland transport. For the EU-27, it is estimated that the share has been rising slowly since 2000, reaching about 77% in 2007. Croatia has levels very similar to the EU-27 but has shown more variability from year to year. Both the former Yugoslav Republic of Macedonia and Turkey have much higher levels for road freight transport's share in the total inland market, just under 95% (2007) in the case of Turkey and, since 2001, well over 80% for the former Yugoslav Republic of Macedonia. In the case of Iceland, road's share is 100%, because the other modes are not used for inland transport in this country.

Table 10.4 shows the allocation of freight transport between modes, using various measures and time periods. Figures in tonne-km are available for rail, road, inland waterways and pipeline transport. The distribution of transport volumes depends to a great extent on the geography of a country and, in particular, whether it straddles a major trade route. Table 10.5 provides information on the transport performance of rail and road transport.

For the EU-27, road is clearly the dominant mode, transporting almost 2 thousand billion tonne-km in 2007. With about 182 billion tonne-km in 2008 Turkey recorded the highest value of all candidate and potential candidate countries, but still less than a tenth of the EU-27 level. Road transport in all other countries for which data are available was less than a tenth of Turkey's, ranging between 73 million tonne-km in Montenegro and 11 billion tonne-km in Croatia. A comparison of the first and last years available for each country shows an increase in road transport in all except Serbia. In Serbia, transport by road more than halved from 1998 to 2008 despite a recovery since 2003. Serbia and the former Yugoslav Republic of Macedonia were the only countries recording a fall between 2007 and 2008.

Table 10.3: Road share of inland freight transport (modal split), (% of tonne-km)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27 (1)	:	:	73.7	74.8	75.4	75.7	76.0	76.4	76.3	76.5	:
Croatia	:	:	:	75.9	76.4	76.1	76.7	76.0	74.8	74.0	76.0
The former Yugoslav Republic of Macedonia	:	:	86.9	87.1	92.3	93.6	92.6	91.3	93.1	88.5	84.0
Turkey	94.8	94.8	94.3	95.3	95.5	94.6	94.4	94.8	94.9	94.9	:
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	38.8	49.8	:	:	:	:	:	:	:	:	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

(1) Eurostat estimates.

Table 10.4: Breakdown of freight transport, 2008

	Rail (million tonne-km)	Road (million tonne-km)	Inland waterways (million tonne-km)	Pipeline (million tonne-km)	Sea inward and outward (million tonnes)
EU-27 (1)	382 624	1 865 861	137 712	27 012	3 683
Croatia	3 312	11 042	79	1 677	29
The former Yugoslav Republic of Macedonia	743	3 978	:	:	:
Turkey (2)	10 739	181 935	:	36 397	128
Albania	52	:	:	5	:
Bosnia and Herzegovina	1 284	1 820	:	:	:
Montenegro (3)	182	73	:	:	:
Serbia	4 339	1 112	1 369	1 056	:
Kosovo	489	:	:	:	:
Iceland	:	:	:	:	:

(1) Rail and road: 2006 estimated values EU-25; inland waterways: 2006 data; sea: 2005 data. (2) 2001 data for sea. (3) 2006 instead of 2008 data.

Rail is the second largest transport mode in the EU-27 (about 383 billion tonne-km) and most of the candidate and potential candidate countries. As for road transport, Turkey recorded the largest transport level of rail transport for all countries. In 2006, all countries taken together accounted for less than 1% of the level of rail transport in the EU-27. About half was recorded in Turkey, almost a quarter in Serbia and somewhat less than a fifth in Croatia. The EU-27 level has changed little over the four years from 2003 to 2006. In contrast, Bosnia and Herzegovina with an average annual increase of 24.5% (2000 to 2008) and Kosovo with 18.0% (2005 to 2008) showed the largest increases. Despite showing long-term growth trend, Croatia, the former Yugoslav Republic of Macedonia, Albania and Serbia recorded decreases between 2007 and 2008, ranging from about 7% (Croatia) to nearly 2% (Albania).

For modes of transport other than road and rail, only pipeline transport emerged as important in Turkey, a reflection of its geographic position between the EU-27 and a number of major oil and gas producers. There, the 36 billion tonne-km transported in 2008 is about a third higher than the level in the EU-27.

Table 10.5: Inland freight transport

	Rail freight (million tonne-km)										
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27 [1]	:	:	:	:	:	383 855	383 855	383 415	382 624	:	:
Croatia [2]	1 831	1 685	1 788	2 074	2 206	2 487	2 493	2 835	3 305	3 574	3 312
The former Yugoslav Republic of Macedonia	408	380	527	462	334	373	426	530	614	779	743
Turkey	8 466	8 446	9 895	7 562	7 224	8 669	9 417	9 152	9 676	9 921	10 739
Albania	25	27	28	19	21	31	32	26	36	53	52
Bosnia and Herzegovina	:	:	222	281	309	317	615	1 159	1 095	1 090	1 284
Montenegro	208	55	52	51	66	55	93	129	182	:	:
Serbia	2 537	1 190	1 917	1 989	2 262	2 591	3 164	3 482	4 232	4 551	4 339
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	298	363	395	489
Iceland	:	:	:	:	:	:	:	:	:	:	:

(1) Estimated values. (2) Excluding empty private wagons.

Table 10.5: Inland freight transport (continued)

	Road freight (million tonne-km)										
	1998	**1999**	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
EU-27 (1)	:	1 574 284	1 614 529	1 639 055	1 672 638	1 671 962	1 759 333	1 787 495	1 865 861	1 914 687	:
Croatia (2)	1 151	1 093	1 090	6 783	7 413	8 241	8 819	9 328	10 175	10 502	11 042
The former Yugoslav Republic of Macedonia (2)	894	839	776	3 098	3 679	5 450	5 341	5 531	8 299	5 938	3 978
Turkey	160 980	150 974	161 552	151 421	150 912	152 163	156 853	166 831	177 399	181 330	181 935
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	334	269	313	326	660	891	1 284	1 764	1 820
Montenegro	70	79	66	78	71	71	65	61	73	:	:
Serbia (3)	2 621	2 974	582	475	459	452	277	680	797	1 161	1 112
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	:	:	:	:	:	:	:	:	:	:	:

(1) Estimated values. (2) 2001, break in series. (3) 2000, break in series, only enterprises (big and medium size) with transport as prevailing activity surveyed.

11

Communication & information society

Fixed and cellular telephony

In the EU-27 there were nearly 234 million land telephone lines installed in 2006. In the same year, the figure for all candidate and potential candidate countries, for which data were available, was about 26 million lines, around 11% of the EU-27 total. A comparison of the latest two years for which data were available in each country shows that only three – Croatia, Albania and Serbia – increased the number of fixed lines. All other countries registered a fall. At almost 50%, this was particularly significant in Kosovo and brought its total close to the number recorded in 2000.

There were 520 million mobile subscribers in the EU-27 in 2006, while the cumulative sum for the candidate and potential candidate countries in the same year (2004 data for Kosovo) was a little more than 70 million subscribers, or 13.5% of the EU-27 total.

In the latest two years for which data is available, the total number of mobile subscribers in almost all candidate and potential candidate countries increased at higher rates than in the EU-27 (10.2%). The lowest growth was 4.1% in Serbia. Kosovo saw a rise between 2004 and 2008 of over 100%, some compensation for the fall in the number of land telephone lines.

Table 11.1: Number of main telephone lines (1 000)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27 [1]	225 241	228 809	233 048	234 530	233 445	230 608	233 307	233 168	233 556	:	:
Croatia [2]	1 558	1 641	1 721	1 780	1 706	1 709	1 695	1 677	1 654	1 687	1 724
The former Yugoslav Republic of Macedonia [3]	457	784	806	792	793	723	733	670	672	667	665
Turkey	16 960	18 054	18 395	18 904	18 915	18 917	19 125	18 978	18 832	18 201	17 502
Albania	116	140	153	198	220	255	231	243	260	:	:
Bosnia and Herzegovina	:	:	671	724	895	929	968	986	1 002	1 021	996
Montenegro	159	170	177	183	187	188	178	178	176	:	:
Serbia	2 153	2 251	2 190	2 234	2 299	2 409	2 457	2 673	2 719	2 993	3 085
Kosovo under UNSCR 1244/99	:	:	81	95	104	101	91	93	172	174	88
Iceland	178	158	159	157	149	152	150	151	147	:	:

(1) 2002, estimated value. (2) From 2002 onwards, the number of land telephone lines includes the total number of analogue lines, ISDN lines and fixed wireless. (3) 1998, number of telephone subscribers.

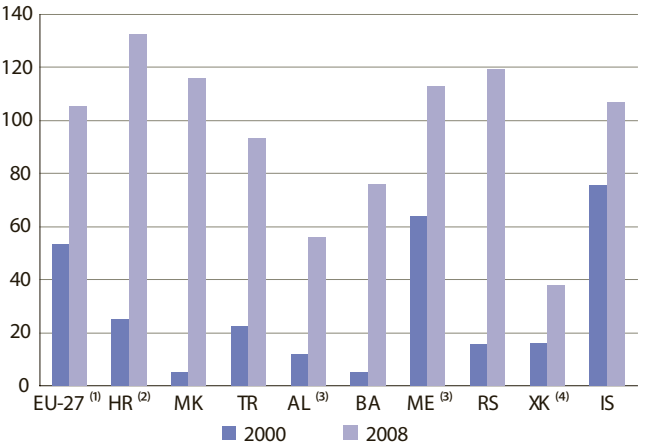
Table 11.2: Cellular mobile telephone service subscriptions (1 000)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	95 535	159 793	257 781	313 867	345 567	379 918	424 310	472 087	520 094	:	:
Croatia (1)	177	361	1 112	1 731	2 313	2 537	2 835	3 650	4 395	5 035	5 880
The former Yugoslav Republic of Macedonia	30	48	100	221	366	608	998	1 216	1 417	1 806	2 368
Turkey	3 507	7 684	15 063	18 299	23 323	27 888	34 708	43 609	52 663	61 976	65 824
Albania	:	:	:	370	800	1 150	1 259	1 530	1 769	:	:
Bosnia and Herzegovina	:	:	186	351	672	1 041	1 321	1 585	1 879	2 450	2 910
Montenegro	:	:	:	393	479	418	484	543	703	:	:
Serbia	:	:	1 168	1 885	2 420	2 991	4 324	5 222	6 644	8 453	8 796
Kosovo under UNSCR 1244/99	:	:	:	:	:	315	342	:	:	:	810
Iceland	105	160	212	245	259	278	288	298	315	322	339

(1) Break in series: from 1999 onwards data cover the number of pre-paid and post-paid users.

The markets for mobile telephony in the EU-27 and some of the candidate and potential candidate countries, especially Croatia, the former Yugoslav Republic of Macedonia, Montenegro, Serbia and Iceland have reached saturation, with penetration rates in excess of 100%. This could reflect some subscribers having multiple subscriptions. Rapid growth was still being reported in all countries over the period available. The highest take-up of mobile subscriptions was recorded in Croatia, where there was an average of 132 (pre-paid and post-paid) closely followed by Serbia with 119. These two, together with the former Yugoslav Republic of Macedonia, Montenegro and Iceland had penetration rates above the EU-27 value of 105 subscriptions per 100 inhabitants. For the two years shown in Figure 11.1, the biggest increases were recorded for the former Yugoslav Republic of Macedonia where the penetration rate was almost twenty-three times the number in 2000. In Bosnia and Herzegovina it was more than fifteen times larger than in 2000. In comparison, the EU-27 value doubled between 2000 and 2006.

Figure 11.1: Cellular mobile telephone penetration, number of subscriptions per 100 inhabitants

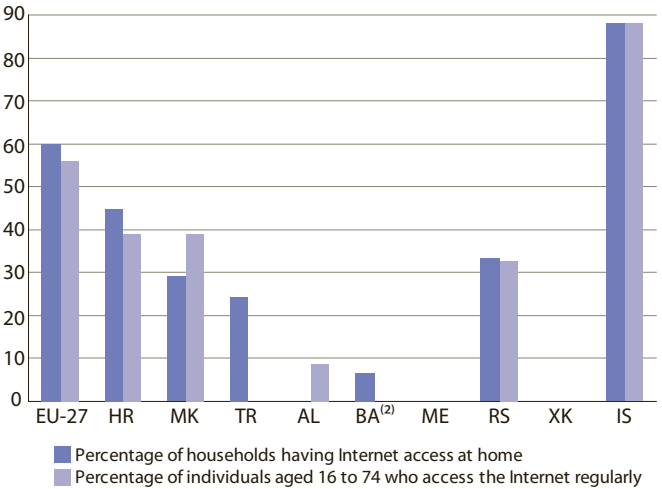


(1) 2006 instead of 2008 data. (2) Data cover pre-paid and post-paid users. (3) 2001 instead of 2000 data and 2006 instead of 2008 data. (4) 2003 instead of 2000 data.

Personal computers and the Internet

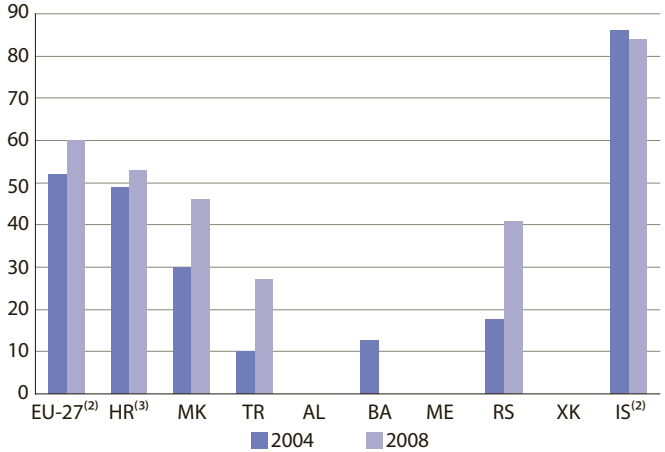
In the EU-27, 60% of households owned one or more personal computers. Lower ownership figures were recorded for all other countries for which data are available with the exception of Iceland, where the rate of ownership was 84%. Again with the exception of Iceland, the ownership rates are steadily increasing in the EU-27 and countries for which data is available. However, not all of these households have access to the Internet at home, covering all forms of Internet use including e-mail, web browsing, home banking and e-commerce. The proportion of households with Internet access at home in the candidate and potential candidate countries was less than half that of the EU-27 (60%) in the former Yugoslav Republic of Macedonia, Turkey, Bosnia and Herzegovina and Serbia while it was three quarters of the EU-27 value in Croatia. At 88%, it was far above the EU-27 level in Iceland. The proportion of regular Internet use, which is defined as the use of the Internet on average at least once a week, was 56% in the EU-27. In Croatia and the former Yugoslav Republic of Macedonia, regular Internet use was about two thirds of the EU-27 level. In Iceland, at 88%, the rate far exceeds the EU-27 percentage.

Figure 11.2: Internet usage by individuals, 2008 (%) (1)



(1) Montenegro and Kosovo under UNSCR 1244/99, not available. (2) 2004 data; source: Household Budget Survey.

Figure 11.3: Percentage of households having access to a personal computer via one of its members [1]



(1) Albania, Montenegro and Kosovo under UNSCR 1244/99, not available. (2) 2006 instead of 2008 data. (3) 2007 instead of 2004 data.

Enterprises and the Information Society

For enterprises, there were similar levels of access to the Internet in the EU-27 and the other countries. 93.0% of EU-27 enterprises had access to the Internet, with a higher proportion in Croatia (97.0%) and a similar level in Serbia (91.5%). In both Turkey (89.2%) and the former Yugoslav Republic of Macedonia (83.4%) the level was somewhat lower. However, in no case did all enterprises having Internet access use it for interactions with public authorities. The shares ranged between 56% in Serbia to 91% in Iceland (68% in the EU-27).

Table 11.3: Internet usage in enterprises, 2008 (%)

	Proportion of enterprises having access to the Internet	Proportion of enterprises using the Internet to interact with public authorities	Proportion of enterprises' turnover from Internet e-commerce
EU-27	93.0	68.0	13.0
Croatia	97.0	57.0	20.0
The former Yugoslav Republic of Macedonia	83.4	65.6	:
Turkey (1)	89.2	68.8	:
Albania	:	:	:
Bosnia and Herzegovina	:	:	:
Montenegro	:	:	:
Serbia	91.5	55.7	:
Kosovo under UNSCR 1244/99	:	:	:
Iceland (2)	100.0	91.0	9.0

(1) Proportion of enterprises using the Internet to interact with public authorities covers NACE sections D, F, G, H, I, K and only NACE 92.1 and NACE 92.2 of NACE O. (2) 2006 data for proportion of enterprises' turnover from Internet e-commerce.

12

External trade in goods

Total external trade in goods

The EU-27 data that is presented in this chapter refers to extra-EU trade. This is the trade that the EU-27 as a whole has with the rest of the world. Intra-community trade, which is the trade between the 27 Member States, is not covered. The external trade statistics presented in this chapter cover the trade in goods only; the trade in services is excluded.

The EU-27 exported goods to non-member countries to the value of EUR 1 309.1 billion in 2008 and imported goods from them to the value of EUR 1 558.4 billion. The resulting trade deficit of EUR 249.3 billion was much larger than the deficit recorded in 2007 (EUR 192.5 billion), and five and a half times larger than in 2002.

Trade deficits for goods were also recorded for 2008 in each of the candidate and potential candidate countries for which trade data are available. With the exception of Iceland and Turkey, these deficits were larger than those recorded in 2007. Among the candidate and potential candidate countries, the largest trade deficit (EUR 35.0 billion) for goods in 2008 was recorded for Turkey. The value of goods exported by Turkey corresponded to 66% of the value of the goods it imported in 2008, this being the 'cover ratio'. In 2008, the highest cover ratio was recorded for Iceland (88%). In contrast, the cover ratio in Kosovo was 10% in 2008, the lowest among the candidate and potential candidate countries, reflecting both limited exports and a relative reliance on imports.

Table 12.1: Total exports of goods (million EUR)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	849 739	884 707	891 898	869 236	952 954	1 052 719	1 159 295	1 240 908	1 309 145
Croatia	:	:	5 188	5 439	6 454	7 069	8 252	8 855	9 342
The former Yugoslav Republic of Macedonia	:	:	1 178	1 203	1 346	1 644	1 918	2 446	2 689
Turkey	30 182	35 062	38 137	41 679	50 891	58 849	68 020	78 126	95 952
Albania	283	340	331	395	479	906	:	:	:
Bosnia and Herzegovina	:	:	:	908	1 299	1 920	:	:	:
Montenegro	:	:	:	:	:	461	627	487	433
Serbia (1)	1 680	1 896	2 192	2 442	2 832	3 608	5 102	6 432	7 428
Kosovo under UNSCR 1244/99	:	:	:	:	57	56	111	165	198
Iceland	2 044	2 246	2 359	2 111	2 322	2 487	2 758	3 479	3 650

(1) Break in series: from January 2004 on, data are based on the Single Administrative Document, harmonized with EU regulations.

Table 12.2: Total imports of goods (million EUR)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	992 698	979 145	936 972	935 245	1 027 522	1 179 569	1 351 729	1 433 399	1 558 444
Croatia	:	:	11 327	12 510	13 354	14 950	17 105	18 686	20 762
The former Yugoslav Republic of Macedonia	:	:	2 105	2 031	2 354	2 601	2 980	3 795	4 643
Turkey	59 444	46 256	54 478	60 163	78 528	93 410	111 096	123 959	130 962
Albania	1 179	1 486	1 590	1 648	1 823	2 118	:	:	:
Bosnia and Herzegovina	:	:	:	2 928	3 966	5 670	:	:	:
Montenegro	:	:	:	:	:	974	1 483	2 073	2 527
Serbia (1)	3 606	4 758	5 919	6 589	8 623	8 439	10 463	13 507	15 589
Kosovo under UNSCR 1244/99	:	:	:	:	1 063	1 157	1 306	1 576	1 928
Iceland	2 798	2 525	2 406	2 498	2 988	4 024	4 788	4 881	4 152

(1) Break in series: from January 2004 on, data are based on the Single Administrative Document, harmonized with EU regulations.

Table 12.3: Trade balance of goods (million EUR)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	-142 959	-94 438	-45 073	-66 010	-74 568	-126 849	-192 435	-192 491	-249 298
Croatia	:	:	-6 139	-7 071	-6 901	-7 880	-8 853	-9 832	-11 420
The former Yugoslav Republic of Macedonia	:	:	-927	-828	-1 008	-957	-1 062	-1 349	-1 954
Turkey	-29 263	-11 194	-16 341	-18 484	-27 637	-34 560	-43 076	-45 833	-35 010
Albania	-896	-1 145	-1 259	-1 252	-1 344	-1 212	:	:	:
Bosnia and Herzegovina	:	:	:	-2 019	-2 667	-3 750	:	:	:
Montenegro	:	:	:	:	:	-514	-855	-1 585	-2 094
Serbia (1)	-1 926	-2 862	-3 727	-4 147	-5 792	-4 831	-5 360	-7 075	-8 161
Kosovo under UNSCR 1244/99	:	:	:	:	-1 007	-1 101	-1 195	-1 411	-1 730
Iceland	-754	-278	-47	-387	-666	-1 537	-2 030	-1 403	-502

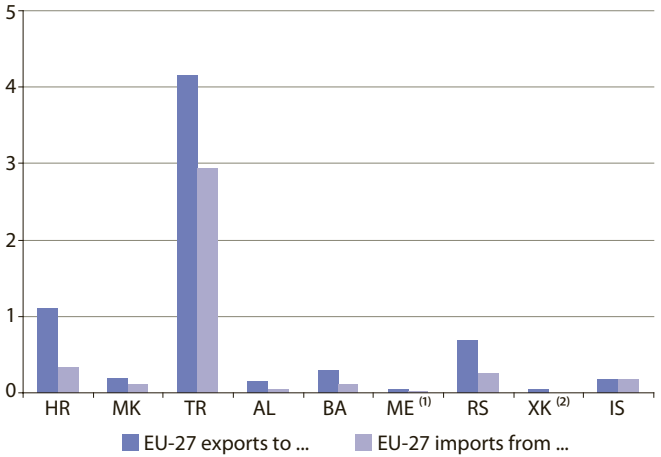
(1) Break in series: from January 2004 on, data are based on the Single Administrative Document, harmonized with EU regulations.

Trade with the EU

Turkey is one of the EU-27's main trading partners; it accounted for 4.1% of all extra-EU-27 exports of goods in 2008 and 2.9% of extra-EU-27 imports. As a group, the other candidate and potential candidate countries accounted for a more moderate share of extra-EU-27 trade in goods (2.7% of exports and 1.1% of imports). For the external trade of the candidate and potential candidate countries, in contrast, the EU-27 was a much more significant partner. During the period between 2000 and 2008, the EU-27 was the main trading partner for most of the candidate and potential candidate countries, often accounting for a majority of both imports and exports of goods.

About three quarters of the value of goods exported from Iceland in 2008 were accounted for by goods exported to the EU-27. While this was the highest share among those candidate countries and potential candidate countries for which 2008 data are available, it was below the 93.8% recorded for Albania in 2005. In the other countries, the respective shares of exports to the EU-27 in 2008 varied between 47.4% in Kosovo and 62.1% in Croatia. The most recent data available for Bosnia and Herzegovina from 2005 also falls within this range. Despite some annual fluctuations, the relative importance of the EU-27 as an export market for goods from candidate and potential candidate countries remained broadly unchanged over the nine years through to 2008. The principal exception was Kosovo, where the share of exports to the EU-27 rose strongly, from 29.4% in 2004 to 47.4% in 2008. There was also a notable rise in the share of exports from Montenegro to the EU-27 (from 53.5% in 2005 to 65.6% in 2007, before falling back to 61.3% in 2008). It should also be noted that between 2007 and 2008 there were sharp falls in the share of exports to the EU-27 from Turkey (down 8.4 percentage points) and the former Yugoslav Republic of Macedonia (down 5.7 percentage points).

Figure 12.1: Trade in goods, 2008 (% share of extra-EU-27 exports and imports)



(1) 2006 instead of 2008 data. (2) Value for imports is too small to be shown in the graph.

Table 12.4: Exports to the EU-27 (% of total exports)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Croatia	:	:	66.1	68.3	65.8	63.3	64.3	60.9	62.1
The former Yugoslav Republic of Macedonia	:	:	55.9	58.9	60.3	56.9	61.3	65.2	59.5
Turkey	56.4	56.0	56.6	58.0	57.9	56.4	56.1	56.3	47.9
Albania	93.2	91.3	92.6	93.8	90.9	93.2	:	:	:
Bosnia and Herzegovina	:	:	:	53.4	54.2	53.8	:	:	:
Montenegro	:	:	:	:	:	53.5	62.2	65.6	61.3
Serbia (1)	54.3	58.2	59.5	53.9	56.6	58.7	57.5	56.0	54.2
Kosovo under UNSCR 1244/99	:	:	:	:	29.4	38.4	38.0	42.0	47.4
Iceland	68.7	70.0	72.6	73.7	75.2	74.7	71.0	74.7	75.9

(1) Break in series: from January 2004 on, data are based on the Single Administrative Document, harmonized with EU regulations.

Table 12.5: Imports from the EU-27 (% of total imports)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Croatia	:	:	71.9	73.3	71.0	67.9	67.2	64.8	64.2
The former Yugoslav Republic of Macedonia	:	:	61.7	60.3	60.8	54.7	53.0	49.6	48.2
Turkey	52.4	47.9	49.8	50.6	49.3	45.2	42.6	40.3	37.0
Albania	80.7	80.3	77.0	74.3	70.5	67.2	:	:	:
Bosnia and Herzegovina	:	:	:	58.5	53.0	51.9	:	:	:
Montenegro	:	:	:	:	:	45.3	45.4	41.3	41.1
Serbia [(1)]	61.6	57.6	59.6	58.3	58.0	54.2	54.4	55.1	53.0
Kosovo under UNSCR 1244/99	:	:	:	:	39.5	37.3	34.4	36.3	36.4
Iceland	60.7	59.0	58.2	63.0	59.8	61.4	56.9	59.1	53.5

(1) Break in series: from January 2004 on, data are based on the Single Administrative Document, harmonized with EU regulations.

Although the EU-27 remained the principal external trading partner in goods for most of the candidate and potential candidate countries in 2008, the relative share of imports from the EU-27 declined progressively over the course of the preceding years. This development was most clear for Turkey, where the share of imports from the EU-27 declined from 52.4% in 2000 to 37.0% in 2008, but was also noted in Albania (a fall of 13.5 percentage points between 2000 and 2005, the latest year available) and the former Yugoslav Republic of Macedonia (a decline of 13.5 percentage points between 2002 and 2008).

Market share data are better understood in the context of the overall development of the market. In this respect, it is important to note that although the EU-27's share of goods imported by the candidate and potential candidate countries either declined between 2007 and 2008 or remained stable, the actual value of goods imported by them from the EU-27 increased in all but one case (the exception being Iceland).

With the exception of Iceland, each of the candidate and potential candidate countries registered annual trade deficits in goods with the EU-27 for each year for which data are available over the period from 2000 to 2008. The largest trade deficits in goods with the EU-27 for 2008 were for Turkey (EUR 7.6 billion), Croatia (EUR 7.5 billion) and Serbia (EUR 4.2 billion), in each case representing a sharp widening compared with the deficits recorded in 2007. In Croatia and Serbia, as well as in Montenegro and Kosovo, this further widening of the trade deficits in 2008 continued relatively established trends. Although the 2008 trade deficits for Turkey and the former Yugoslav Republic of Macedonia also widened sharply (particularly in the case of the latter), this followed a sharp narrowing of their respective deficits in 2007. Among those candidate or potential candidate countries for which 2008 data are available, Iceland was the only one for which a trade surplus in goods (EUR 519 million) with the EU-27 was recorded, and this represented a relatively sharp turn around from the deficit (EUR 796 million) that was recorded in 2006.

Table 12.6: Trade balance of goods with the EU-27 (million EUR)

	2000	2001	2002	2003	2004	2005	2006	2007	2008
Croatia	:	:	-4 718	-5 452	-5 231	-5 678	-6 182	-6 720	-7 523
The former Yugoslav Republic of Macedonia	:	:	-640	-516	-621	-488	-403	-286	-637
Turkey	-14 116	-2 523	-5 538	-6 245	-9 276	-8 994	-9 146	-5 994	-7 602
Albania	-688	-882	-917	-854	-850	-578	:	:	:
Bosnia and Herzegovina	:	:	:	-1 226	-1 399	-1 908	:	:	:
Montenegro	:	:	:	:	:	-195	-284	-537	-774
Serbia (1)	-1 312	-1 636	-2 223	-2 527	-3 397	-2 461	-2 764	-3 835	-4 227
Kosovo under UNSCR 1244/99	:	:	:	:	:	-410	-408	-504	-608
Iceland	-294	83	312	-40	-78	-639	-796	-335	519

(1) Break in series: from January 2004 on, data are based on the Single Administrative Document, harmonized with EU regulations.

Breakdown of exports

The SITC (Standard International Trade Classification) allows the external trade statistics to be broken down by product. The product classification is as follows:

SITC 0: Food and live animals;

SITC 1: Beverages and tobacco;

SITC 2: Crude materials, inedible, except fuels;

SITC 3: Mineral fuels, lubricants and related materials;

SITC 4: Animal and vegetable oils, fats and waxes;

SITC 5: Chemical and related products;

SITC 6: Manufactured goods classified chiefly by material;

SITC 7: Machinery and transport equipment;

SITC 8: Miscellaneous manufactured articles;

SITC 9: Commodities and transactions not classified elsewhere.

The export value of manufactured goods classified chiefly by material (Section 6 of the SITC, which covers products made of metals, wood, paper, etc.) was the largest category of goods exported in seven of the nine candidate and potential candidate countries in 2008 (Bosnia and Herzegovina, 2005). The exceptions were Croatia and Albania (2005 data). This category accounted for almost two thirds (65.6%) of exports from Montenegro in 2008, the highest share among the candidate and potential candidate countries and considerably more than the equivalent share (13.7%) recorded for the EU-27. It also accounted for a little over half (52.9%) of exports from Kosovo and between 28% and 42% for the other countries where SITC 6 was the largest export category. Machinery and transport equipment (Section 7 of the SITC) accounted for the largest share (32.9%) of exports of goods from Croatia in 2008, just as it did from the EU-27. The category of miscellaneous manufactured articles (Section 8 of the SITC, which covers, among others, clothing and footwear, furniture and travel goods) accounted for a little over two thirds (69.5%) of exports of goods from Albania in 2005 (the latest year for which data are available).

Compared with earlier years, the composition of the export of goods in the candidate and candidate countries was markedly different in 2008. In 2000, SITC 8 was the largest category in the former Yugoslav Republic of Macedonia (accounting for 34.8%, 2002 data) as well as in Albania (68.5%). SITC 2, covering crude materials, inedible, except fuels, accounted for almost one half (47.7%) of exports from Kosovo in 2005, compared with less than one quarter (23.0%) in 2008. SITC 0, covering food and live animals (including fish), accounted for almost two thirds (64.2%) of exports from Iceland in 2000 compared with just over a third (36.2%) in 2008.

Table 12.7: Breakdown of exports of goods (% of total exports)

	2000									
	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9
EU-27	4.0	1.6	1.8	3.4	0.3	14.0	14.2	46.2	12.1	2.4
Croatia (1)	8.0	2.7	5.6	9.3	0.2	10.3	14.7	28.5	20.6	0.0
The former Yugoslav Republic of Macedonia (1)	6.7	11.2	3.2	2.2	0.2	6.2	28.4	6.7	34.8	0.4
Turkey	10.5	1.9	2.2	1.2	0.4	3.9	29.6	20.7	28.3	1.4
Albania	3.5	3.1	8.6	1.9	0.0	0.7	11.8	1.9	68.5	0.0
Bosnia and Herzegovina (2)	3.5	1.4	16.6	6.1	0.0	2.3	28.8	17.5	23.9	0.0
Montenegro (3)	7.8	7.0	7.6	2.2	0.1	2.2	63.0	6.5	3.4	0.3
Serbia	16.3	0.8	7.1	0.3	1.1	9.1	32.1	13.4	17.0	2.8
Kosovo under UNSCR 1244/99 (3)	9.0	4.9	47.7	3.1	0.3	2.4	11.9	15.7	5.1	0.0
Iceland	64.2	0.1	1.6	0.4	1.3	2.3	22.8	5.5	1.7	0.0

(1) 2002 instead of 2000 data. (2) 2003 instead of 2000 data. (3) 2005 instead of 2000 data.

Table 12.7: Breakdown of exports of goods (% of total exports), (continued)

	2008									
	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9
EU-27	3.7	1.5	2.2	6.2	0.2	15.4	13.7	43.5	10.5	3.1
Croatia	7.8	1.8	6.2	12.1	0.3	10.1	15.7	32.9	13.2	0.0
The former Yugoslav Republic of Macedonia	7.8	5.5	6.7	7.8	0.3	4.6	40.0	4.7	22.5	0.0
Turkey	7.0	0.7	2.2	5.7	0.4	4.3	30.6	29.5	15.7	3.9
Albania (1)	4.0	1.1	6.5	1.5	0.0	0.3	13.1	4.0	69.5	0.0
Bosnia and Herzegovina (1)	4.6	0.5	21.2	8.9	0.6	3.4	28.3	16.7	15.7	0.1
Montenegro	3.7	7.0	7.5	2.9	0.0	3.4	65.6	6.5	2.1	1.3
Serbia	13.7	2.3	4.1	3.4	1.4	10.1	32.6	17.4	14.1	0.9
Kosovo under UNSCR 1244/99	7.4	2.9	23.0	4.2	0.0	1.2	52.9	5.4	3.0	0.0
Iceland	36.2	0.2	1.5	1.5	1.8	2.4	42.0	11.7	1.8	0.8

(1) 2005 instead of 2008 data.

Breakdown of imports

Machinery and transport equipment (Section 7 of the SITC), which covers products such as machines, computer and office equipment, motor vehicles and other transport equipment, accounted for the highest share (typically between one quarter and one third) of imports of goods in 2008 (or the most recent year available) in the majority of the candidate and potential candidate countries. Among the exceptions, manufactured goods classified chiefly by material (Section 6 of the SITC) were the largest category of goods imported by the former Yugoslav Republic of Macedonia and Albania (2005). In Kosovo, imports of SITC 7 and SITC 6 goods accounted for the joint largest share (18.8 % each) of imports of all goods.

In broad terms, the composition of the imports of goods by candidate and potential candidate countries in 2008 was relatively similar to that in 2000. The fall in registered imports of commodities and transactions not classified elsewhere to the former Yugoslav Republic of Macedonia may explain some of the apparent growth in imports of manufactured goods classified chiefly by material (SITC 6), where the share of imports rose from 13.2% (2002 data) to 26.8%. Among the principal changes in the composition of imports between 2000 and 2008 were the strong growth in imports of crude materials, inedible, except fuels (SITC 2) by Iceland (from 5.4% of total imports in 2000 to 12.7% in 2008) and the relatively sharp decline (from 37.6% to 25.6%) in imports of machinery and transport equipment (SITC 7) by Turkey. From 2000 to 2008, the share of mineral fuels, lubricants and related materials (SITC 3) in the total imports of goods increased in six of the candidate and potential candidate countries, as well as in the EU-27.

Table 12.8: Breakdown of imports of goods (% of total imports)

	2000									
	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9
EU-27	4.9	0.6	4.7	16.2	0.3	7.1	11.2	37.4	14.0	3.6
Croatia (1)	7.4	0.8	2.4	12.2	0.3	11.4	19.4	34.3	11.6	0.1
The former Yugoslav Republic of Macedonia (1)	12.4	0.9	2.5	13.2	1.0	10.6	13.2	20.4	5.7	20.1
Turkey	2.1	0.7	6.0	13.9	0.7	13.3	15.5	37.6	6.1	4.1
Albania	16.2	3.7	1.4	9.0	1.9	7.0	24.0	21.6	15.2	0.1
Bosnia and Herzegovina (2)	14.9	4.1	2.5	7.7	1.1	11.2	20.9	25.2	11.9	0.5
Montenegro (3)	15.7	3.5	2.2	14.2	1.0	8.9	15.3	22.3	10.8	6.0
Serbia	6.5	1.5	6.2	20.0	0.2	15.7	16.0	21.5	6.4	6.0
Kosovo under UNSCR 1244/99 (3)	17.8	5.7	2.0	15.8	0.9	10.0	19.0	20.2	8.6	0.0
Iceland	7.7	1.4	5.4	9.3	0.3	7.9	13.5	38.7	15.8	0.0

(1) 2002 instead of 2000 data. (2) 2003 instead of 2000 data. (3) 2005 instead of 2000 data.

Table 12.8: Breakdown of imports of goods (% of total imports), (continued)

	2008									
	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9
EU-27	4.8	0.4	4.3	28.9	0.5	7.9	11.4	26.6	12.6	2.5
Croatia	7.1	0.6	2.1	17.6	0.4	10.6	18.6	32.4	10.7	0.0
The former Yugoslav Republic of Macedonia	9.1	0.7	5.1	20.6	1.0	9.0	26.8	21.1	6.6	0.0
Turkey	2.5	0.2	7.9	16.1	0.8	12.5	17.9	25.6	5.6	10.7
Albania (1)	13.0	3.1	1.9	8.6	1.3	8.5	25.8	23.6	14.2	0.0
Bosnia and Herzegovina (1)	13.4	3.0	3.3	13.0	0.7	10.8	19.9	25.5	10.3	0.2
Montenegro	12.4	3.1	2.2	14.2	0.6	7.3	17.4	24.2	11.4	7.1
Serbia	4.8	0.8	3.9	20.4	0.3	13.8	20.1	27.1	8.8	0.0
Kosovo under UNSCR 1244/99	17.5	5.7	2.1	17.8	1.0	9.5	18.8	18.8	8.7	0.0
Iceland	7.0	1.2	12.7	12.0	0.5	8.4	12.9	33.1	12.2	0.1

(1) 2005 instead of 2008 data.

External trade by partner

The United States was by far the largest market for EU-27 exports of goods in 2008, corresponding to EUR 249.6 billion and accounting for a little under one fifth (19.1%) of all exports to non-member countries. The next largest markets for EU-27 exports of goods in 2008 were the New Independent States including Russia (11.4% of exports to non-member countries), Switzerland (7.5%), China excluding Hong Kong (6.0%) and Turkey (4.1%). The diversified market reach of EU-27 goods contrasted with the more limited regional reach for many of the candidate and potential candidate countries. For a number of the Balkan countries, their neighbouring candidate and potential candidate countries were key export destinations; Croatian exports to Bosnia and Herzegovina accounted for 16% of its total exports of goods: exports from Bosnia and Herzegovina to Croatia accounted for about 17% of its total, with a further 14% accounted for by exports to Serbia: Montenegran exports to Serbia accounted for about one quarter of its total exports.

Table 12.9: Value of exports to various partners, 2008 (million EUR)

	EU-27	New Independent States (1)	United States	China (2)	Japan
EU-27	:	149 822	249 600	78 474	42 410
Croatia	5 799	199	189	25	43
The former Yugoslav Republic of Macedonia	1 599	29	8	1	1
Turkey	42 891	9 457	2 929	970	231
Albania (3)	844	1	5	3	0
Bosnia and Herzegovina (3)	1 032	8	66	1	0
Montenegro	:	:	:	:	:
Serbia	:	:	:	:	:
Kosovo under UNSCR 1244/99	:	:	:	:	:
Iceland	2 770	78	210	79	170

(1) Including Russia. (2) Excluding Hong Kong. (3) 2005 instead of 2008 data.

With just over one half (52.0%) of its exports of goods going to non-EU countries in 2008, Turkey stood apart from the majority of the other candidate and potential candidate countries. A little over one tenth (10.6%) of Turkish exports went to the New Independent States (including Russia) in 2008, with another 3.3% going to the United States. The United States was a slightly more significant market for exports of goods from Iceland (5.8% of total exports) and Bosnia and Herzegovina (3.4%, 2005), with exports to Japan also being relatively significant (4.7%) in the case of Iceland.

China (excluding Hong Kong) has emerged as the principal source of imports of goods into the EU-27, its share of extra-EU-27 imports more than doubling from 7.5% in 2000 to 15.9% in 2008. The United States saw its share of EU-27 imports of goods surpassed by China in 2006 and recorded a further fall (to 12.0%) in 2008. The share of goods imported from Russia also rose sharply from 6.4% in 2000 to 11.4% in 2008, reflecting increased energy imports. Russian imports accounted for most of the 14.6% share of imports from the New Independent States. From the data available for the candidate and potential candidate countries, China's share of

Table 12.10: Value of imports from various partners, 2008 (million EUR)

	EU-27	New Independent States (1)	United States	China (2)	Japan
EU-27	:	227 868	186 559	247 655	75 156
Croatia	13 322	2 314	427	1 282	297
The former Yugoslav Republic of Macedonia	2 236	791	67	216	39
Turkey	50 493	28 767	8 089	10 641	2 716
Albania (3)	1 422	171	30	140	9
Bosnia and Herzegovina (3)	2 940	219	109	193	40
Montenegro	:	:	:	:	:
Serbia	:	:	:	:	:
Kosovo under UNSCR 1244/99	:	:	:	:	:
Iceland	2 251	28	320	280	165

(1) Including Russia. (2) Excluding Hong Kong. (3) 2005 instead of 2008 data.

imports was considerably lower than that for the EU-27, ranging from 3.4% in Bosnia and Herzegovina (2005 data) to 8.1% in Turkey. The share of imports of goods from the New Independent States (including Russia), however, was higher than that of China in all of the candidate and potential candidate countries for which data are available, with the exception of Iceland. Indeed in Turkey, imports from the New Independent States accounted for just over one fifth (22.0%) of all imports.

In 2008, as in the previous year, the EU-27 recorded trade surpluses in goods with all of the candidate and potential candidate countries except Iceland, as well as with the United States. Nevertheless, the surplus of EUR 63.0 billion with the United States for 2008 was about one third lower than in 2007. In contrast, the EU-27 had trade deficits with China excluding Hong Kong (reaching EUR 169.2 billion in 2008), the New Independent States including Russia (EUR 78.0 billion) and Japan (EUR 32.7 billion), among other countries.

Table 12.11: Value of trade balance with various partners, 2008 (million EUR)

	EU-27	New Independent States (1)	United States	China (2)	Japan
EU-27	:	-78 046	63 041	-169 181	-32 747
Croatia	-7 523	-2 115	-238	-1 257	-253
The former Yugoslav Republic of Macedonia	-637	-762	-60	-215	-38
Turkey	-7 602	-19 309	-5 159	-9 671	-2 486
Albania (3)	-578	-170	-24	-137	-9
Bosnia and Herzegovina (3)	-1 908	-212	-43	-193	-40
Montenegro	-774	-9	-31	-37	-2
Serbia	-4 227	-2 340	-294	-1 249	-163
Kosovo under UNSCR 1244/99	-608	-23	-23	-121	-11
Iceland	519	50	-110	-201	5

(1) Including Russia. (2) Excluding Hong Kong. (3) 2005 instead of 2008 data.

As well as recording trade deficits with the EU-27, the candidate and potential candidate countries also had trade deficits with other key trading partners. In particular, Turkey's trade deficits with the New Independent States (EUR 19.3 billion) and China (EUR 9.7 billion) were greater than its deficit with the EU-27. Similarly, the trade deficit of the former Yugoslav Republic of Macedonia with the New Independent States (EUR 0.8 billion) was greater than its deficit with the EU-27. In contrast, Iceland not only had a trade surplus in goods with the EU-27 but also recorded small surpluses with the New Independent States (EUR 50 million) and Japan (EUR 5 million) in 2008.

13

Research & development

The main measure used for research and development (R&D) statistics is gross domestic expenditure on research and development (often referred to as GERD). Expenditure on R&D is composed of expenditure by business enterprises, higher education institutions, government and private non-profit organisations. Such expenditure data relates to research expenditure on national territory, regardless of the source of funds; data are usually presented relative to GDP as R&D intensity.

Research and development (R&D) lies at the heart of the EU's Lisbon strategy to become the most competitive and dynamic knowledge-based economy by 2010. Indeed, one of the goals set in Lisbon was for EU R&D expenditure to increase to at least 3.0% of GDP by 2010. In 2007, the EU-27 gross domestic expenditure on R&D accounted for a 1.85% share of GDP, below the 3.0% goal.

For the countries where data were available for 2007, Iceland registered much higher R&D intensity (2.75% in 2007 and 2.65% in 2008) than the EU-27, almost reaching the Lisbon target. In contrast, Croatia, the former Yugoslav Republic of Macedonia and Turkey recorded significantly lower R&D intensities than the EU-27. They ranged between 0.18% in the former Yugoslav Republic of Macedonia and 0.81% in Croatia.

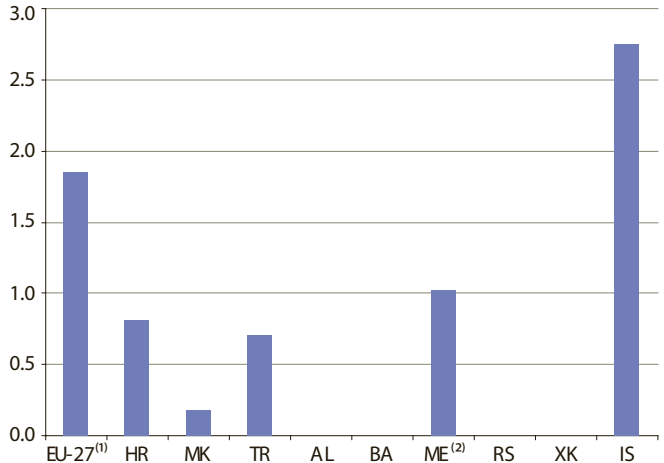
In line with the EU-27, R&D intensity has risen in Turkey, Montenegro and Iceland over the period shown, although no country has shown a consistent year-to-year increase. In contrast, Croatia and the former Yugoslav Republic of Macedonia recorded decreases in their R&D intensities but with year-to-year fluctuations.

Table 13.1: Gross domestic expenditure on research and development relative to GDP (%)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27 (1)	1.79	1.84	1.85	1.86	1.87	1.86	1.82	1.82	1.85	1.85	:
Croatia	:	0.99	1.08	0.94	0.95	0.98	1.05	0.87	0.76	0.81	:
The former Yugoslav Republic of Macedonia	0.43	0.34	0.44	0.32	0.26	0.23	0.25	0.25	0.21	0.18	:
Turkey	0.50	0.63	0.64	0.72	0.66	0.61	0.67	0.79	0.76	0.71	:
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:	:
Iceland	2.00	2.30	2.67	2.95	2.95	2.82	:	2.77	2.99	2.75	2.65

(1) Eurostat estimates.

Figure 13.1: Gross domestic expenditure on research and development relative to GDP, 2007 (%)



(1) Eurostate estimate. (2) 2004 instead of 2007 data.

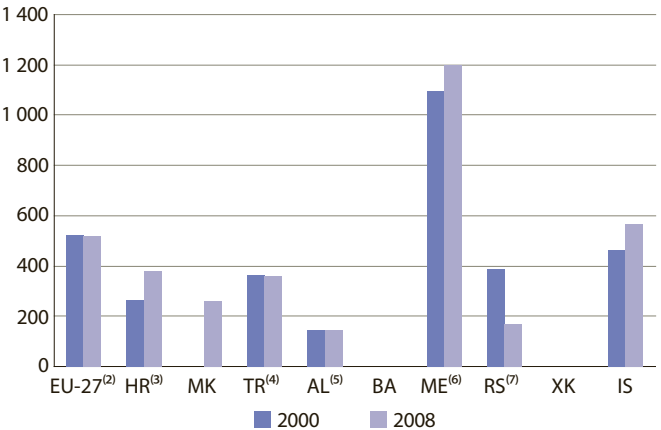
14

Environment

Municipal waste collected

Municipal waste can be recorded according to different concepts as waste collected and generated. Municipal waste collected does not include waste generated in areas not covered by a collection system. This publication presents data on waste collected, because most countries could not estimate the amount of waste generated in the areas not covered by a collection system. The quantity of municipal waste collected per inhabitant in the EU-27 was slightly over 500 kg per person in 2007. Iceland and Montenegro recorded higher figures for waste collected than the EU-27, reaching almost 1 200 kg per person for Montenegro (2007 data) and nearly 600 kg per person for Iceland. All the other countries achieved quantities lower than in the EU-27, particularly Albania and Serbia with figures less than half the EU-27 level. Comparing the years 2000 and the latest available year, quantities collected per person were relatively stable in the EU-27, Turkey and Albania while they increased in Croatia, Montenegro and Iceland. The only country to record a fall was Serbia (2005 to 2007).

Figure 14.1: Quantity of municipal waste collected (kilograms per inhabitant) (1)



(1) Bosnia and Herzegovina and Kosovo under UNSCR 1244/99, not available. (2) 2007 instead of 2008 data. Municipal waste generated, coverage close to 100%. (3) 2007 instead of 2008 data. Waste generated, estimation. (4) 2006 instead of 2008 data. (5) 2003 instead of 2000 data and 2006 instead of 2008 data. (6) 2002 instead of 2000 data and 2007 instead of 2008 data. (7) 2005 instead of 2000 data and 2007 instead of 2008 data.

Greenhouse gas emissions

The Kyoto Protocol set a target for the EU to reduce climate-changing greenhouse gas emissions by 8% between 1990 and 2008 to 2012. During the period 1998 to 2007 the EU-27 emissions fell, while emissions in the three countries, for which data are available (Croatia, Turkey and Iceland), increased significantly. Of the three, Turkey recorded the fastest rate of growth in greenhouse gas emissions.

Looking at the development over the entire period, emissions in the EU-27 fluctuated slightly and reached a low point in 2007. In Turkey, the level of emissions increased significantly up to 2000 but decreased in 2001. From 2002, the growth in Turkey regained momentum and grew steadily up to 2007 when it was more than twice the 1990 base year level. In Croatia emissions showed continuing growth throughout the period 1998 to 2007, except for a slight reduction in 2000 and 2004. The figures for Iceland are very volatile but recorded a sharp increase from 2005 to 2006 to reach a new high.

Table 14.1: Index of greenhouse gas emissions 1990=100 (based on tonnes of CO_2 equivalent)

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
EU-27	92.7	90.8	90.8	91.8	91.0	92.6	92.6	91.9	91.8	90.7	:
Croatia	79.6	83.2	82.7	86.6	89.7	95.4	95.1	97.0	98.1	103.2	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:	:
Turkey	150.9	151.0	164.6	154.1	159.1	168.3	174.4	183.7	195.6	219.1	:
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	:	:	:	:
Kosovo under UNSCR 1244/99	:	:	:	:	:	:	:	:	:	:	:
Iceland	104.9	111.1	109.5	109.1	109.3	109.0	109.9	108.8	124.2	:	:

Methodological notes

The following notes are presented in the same order as the indicators within the main body of the publication, structured according to the chapter headings. At the end of this section there are details of three classifications that have been used for the presentation of data. More information may be found on these by referring to the RAMON classifications server, which can be accessed through the Eurostat web-site at:

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

General definitions

Average annual growth rate is the year-on-year growth rate of a phenomenon over a specified period. It describes the rate at which a phenomenon has grown as though it had grown at a steady state (in %).

Growth rates are rates of total changes over a specified reference period to values at the beginning of the period or at a specified earlier time.

1. Demography

Note: Due to data revisions in some countries development of population data cannot be fully analysed. This is especially the case for Turkey (population Census in 2007) where the Census will lead to some significant data revisions and the former Yugoslav Republic of Macedonia where there was a break in population data in 2003.

Crude birth rates and **crude death rates** are expressed in terms of the number of births or deaths per thousand inhabitants. These rates are a measure of the number of births or deaths in a reference year divided by the average population of the same reference year.

Fertility rates for a given reference year are measured as the average number of children that would be born to a woman during her lifetime if she were to pass through her childbearing years conforming to the average fertility rates of each year. The data therefore represent the completed fertility of a hypothetical generation of women, with the overall figure being computed as the sum of the fertility rates for each age (with the number of women assumed to be the same for each age).

Infant mortality rates are measured as the ratio of deaths of children under the age of one, in relation to the number of live births during the same reference year; the result is expressed as a ratio per thousand live births.

Life expectancy at birth is the average number of years a person would live if age-specific mortality rates observed for a certain calendar year or period were to continue.

Population data should provide a count of the number of inhabitants in a given area as of 1 January of the reference year in question.

Population data may be based on information available from the most recent census, adjusted by the components of population change (the number of births and deaths, and the net result of migration into and out of the territory concerned). Alternatively, population data may be compiled from administrative registers.

2. Education

Life-long learning presents the proportion of the population aged 25 to 64 who participated in education and/or training (at any time during a four week period prior to being surveyed by the LFS). The information collected relates to all education or training and includes formal and non-formal education: initial education, continuing or further training, training within an enterprise, apprenticeships, on-the-job training, seminars, distance learning, evening classes. It also includes general interest courses, such as language courses, computing, management, art/culture and health/medicine courses.

Proportion of early school leavers is computed as those aged 18 to 24 who have not completed upper secondary education and who are not in any other form of education or training. The numerator refers to persons aged 18 to 24 in the following two conditions: the highest level of education or training attained is ISCED 0 (pre-primary education), ISCED 1 (primary education) or ISCED 2 (lower secondary education); the respondent declared not having received any education or training in the four weeks preceding the (LFS) survey.

The denominator is the total population of the same age group (those aged from 18 to 24), excluding persons having not answered questions concerning their participation in education and training.

Proportion of the population aged 20 to 24 having completed at least upper secondary education is defined as the percentage of young people (aged 20 to 24) having attained (completed) at least the upper secondary education attainment level, in other words, with at least an education level of ISCED 3 (upper secondary education). The denominator consists of the total population of the same age group (aged 20 to 24), and excludes persons having not answered questions concerning their participation in education and training. The expression 'having attained' should be associated with obtaining a certificate or diploma. In cases where there is no certification, successful completion must be associated with full attendance of the course.

Public expenditure on education is expressed as a proportion of GDP. Generally, the public sector funds education by: financing current and capital expenditure of educational institutions; supporting students and their families with scholarships and public loans, and transferring public subsidies for educational activities to private firms or non-profit organisations (transfers to private households and firms).

Pupils/students are defined as any individual participating in educational services. The number of students/pupils enrolled refers to the count of students/pupils studying in the reference period, the school/academic year.

Tertiary graduates in science and technology per thousand population aged 20 to 29 are calculated by dividing the number of graduates (of all ages) in the fields of science and technology by the total population aged 20 to 29 and then multiplying by a thousand.

3. Social indicators

Health expenditure should ideally be provided in relation to the System of Health Accounts (SHA), which defines total expenditure on health as 'the final use of resident units of health care goods and services plus gross capital formation in health care provider industries'. This indicator is expressed as a proportion of GDP in current price terms.

Household consumption expenditure measures the value of all goods and services that are used for directly meeting household needs. It covers actual expenditure on purchases of goods and services, own consumption such as products from kitchen gardens, and imputed rents for owner-occupied dwellings. Investment effected by households, direct duties and taxes paid to various administrations, savings, social transfers in kind and voluntary transfers in cash or in kind to charities and aid organisations are excluded.

Inequality of income distribution is measured as the ratio of total income received by the 20 % of the population with the highest incomes (the top quintile) to that received by the 20 % of the population with the lowest incomes (the lowest quintile). This calculation should be made on the basis of equivalised disposable income, which is calculated for each household by adding together the income received by all members of the household and dividing by the equivalised household size (which is calculated as the sum of the persons in the household on the basis of the following weights: 1.0 to the first adult, 0.5 to other persons aged 14 or over who are living in the household, and 0.3 to each child aged less than 14).

Nominal monthly wages and salaries are incomes and remunerations received by employees in relation to their work. Also considered as part of this variable are the value of interest on loans provided by employers to employees at reduced or zero rates of interest, as well as services provided by employers, for example recreation, catering, housing, kindergartens, which are paid for from the profit-share fund. The indicator is calculated in EUR per employee and covers all activities of the economy.

Proportion of the population living in jobless households is measured for two sub-populations, children aged 0 to 17, and persons aged 18 to 59. In both cases the number of persons living in jobless households is expressed as a proportion of the total sub-population (in other words, as a share of all children aged 0 to 17 or as a share of all persons aged 18 to 59). The information covers all persons living in private households (except for students aged 18 to 24 who live in households composed solely of students; these are not counted in either the numerator or denominator).

Social protection expenditure should ideally be drawn up according to the ESSPROS (European System of integrated Social Protection Statistics) methodology. Social benefits consist of transfers, in cash or in kind, by social protection schemes to households and individuals to relieve them of the burden of sickness/health care, disability, old age, survivors, family/children, unemployment, housing, and social exclusion not elsewhere classified. This indicator is expressed as a proportion of GDP in current price terms.

4. Labour force

Activity rates for persons aged between 15 and 64 are defined as the proportion of persons aged between 15 and 64 in the labour force in relation to the total population of the same age. Activity rates for men and for women are expressed as a percentage of the male population aged 15 to 64 and the female population aged 15 to 64 respectively, not as a share of the total (male and female) population aged 15 to 64.

Employed persons are defined in the Labour Force Survey (LFS) as persons aged 15 and over who during the reference week did any work for pay, profit or family gain or were not at work but had a job or business from which they were temporarily absent because of, e.g., illness, holidays, industrial dispute and education or training.

Employment rates for persons aged between 15 and 64 are defined as the proportion of employed persons aged between 15 and 64 in the total population of the same age. Employment rates for men and women are expressed as a percentage of the male population aged 15 to 64 and the female population aged 15 to 64 respectively, not as a share of the total (male and female) population aged 15 to 64.

Employment rate of older workers (defined as those aged 55 to 64) is defined in much the same way as for total employment rates, except that the numerator and the denominator are changed to reflect the age group of this sub-population.

Labour force is defined as those employed and those unemployed, in other words, those working and those seeking to work.

Long term unemployment rate is the share of persons unemployed for 12 months or more in the total number of active persons in the labour market (the labour force). Active persons are those who are either employed or unemployed. These unemployment rates for men and women are expressed as a percentage of the male labour force aged 15 to 74 and the female labour force aged 15 to 74 respectively, not as a share of the total (male and female) labour force.

Unemployment rate is defined as the share of unemployed persons in the total number of active persons in the labour market (the labour force). Unemployment rates for men and women are expressed as a percentage of the male labour force aged 15 to 74 and the female labour force aged 15 to 74 respectively, not as a share of the total labour force aged 15 to 64.

Unemployed persons are defined as those aged 15 to 74 who were without work during the reference week, were currently available for work and were either actively seeking work in the past four weeks or had already found a job to start within the next three months. Unemployment rates for men and women are expressed as a proportion of the male labour force aged 15 to 74 and the female labour force aged 15 to 74 respectively, not as a share of the total (male and female) labour force aged 15 to 74.

Youth unemployment rates for men and women are expressed as a proportion of the male labour force aged 15 to 24 and the female labour force aged 15 to 24 respectively, not as a share of the total (male and female) labour force aged 15 to 24.

5. National accounts

Average of imports and exports of goods and services as a proportion of GDP are calculated by simply summing imports and exports (both should be given as positive values) and dividing by 2 (to create the mean of exports and imports). The result is then divided by GDP and multiplied by 100.

Exports of goods and services are recorded on the uses side of the account.

External balance of goods and services is the balancing item showing the difference between uses (exports of goods and services) and resources (imports of goods and services).

Final consumption expenditure (ESA95) consists of expenditure incurred by resident institutional units on goods or services that are used for the direct satisfaction of individual needs or wants or the collective needs of members of the community.

GDP per capita is an indicator that is derived through the division of GDP by the total population. The population data should consist of all persons, national or foreign, who are permanently settled in the economic territory of the country, even if they are temporarily absent. This means that total population is defined using the concept of residence rather than nationality. Note that population figures from national accounts may vary when compared with those for demographic statistics.

Government final consumption expenditure (ESA95) includes the value of goods and services produced by general government itself (other than own-account capital formation and sales) and purchases by general government of goods and services produced by market producers that are supplied to households (without transformation) as social transfers in kind.

Gross capital formation (ESA95) is comprised of gross fixed capital formation and stock variations. Gross fixed capital formation consists of resident producers' acquisitions (less disposals) of fixed assets (tangible or intangible) during a given period, plus certain additions to the value of non-produced assets realised by the productive activity of producer or institutional units.

Gross value added (ESA95) is measured at market prices. It can be defined as final output minus intermediate consumption.

Imports of goods and services are recorded on the resources side of the account.

Labour productivity is defined as GDP at constant prices divided by total employment (covering both employees and the self-employed).

Private final consumption expenditure (ESA95) includes households' and NPISH's (non-profit institutions serving households) final consumption expenditure. Households consist of employers, employees, recipients of property incomes, recipients of pensions, recipients of other transfer incomes. NPISHs consist of non-profit making institutions which are separate legal entities, which serve households and which are private non-market producers.

Unit labour costs are defined in two steps. The numerator is composed of compensation per employee, and is expressed in current prices. The denominator is GDP in current prices divided by total employment. Compensation of employees (ESA95) is defined as the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter during the accounting period. It consists of wages and salaries, and employers' social contributions. Employees (ESA95) are defined as all persons who, by agreement, work for another resident institutional unit and receive remuneration. Total employment (ESA95) covers all persons (employees and the self-employed) who are engaged in a productive activity that falls within the production boundary of the system.

6. Finance

Balance of payments statistics are based on the International Monetary Fund's (IMF) Balance of Payments Manual (fifth edition) and Regulation (EC) No 184/2005 of the European Parliament and of the Council of 12 January 2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment. Most items entered in the current account of the standard components should show gross debits and credits.

Capital account covers all transactions that involve the receipt or payment of capital transfers and acquisition/disposal of non-produced, non-financial assets.

Consumer price indices (CPIs) measure the change over time in the prices of consumer goods and services acquired, used or paid for by households.

Current account covers all transactions (other than those in financial items) that involve economic values and occur between resident and non-resident entities. Most entries in the capital and financial account should be made on a net basis, as a credit or a debit. Inflows of real resources, increases in financial assets, and decreases in liabilities should be shown as debits; outflows of real resources, decreases in financial assets, and increases in liabilities should be shown as credits.

Exchange rate is the current market price for which one currency can be exchanged for another. The exchange rate can be expressed as an average over a certain period (e.g. a year) or on a certain day (e.g. the 31st of December known as exchange rate at the end of the year).

Financial account covers all transactions associated with changes of ownership in the foreign financial assets and liabilities of an economy. Such changes include the creation and liquidation of claims on, or by the rest of the world. All components are classified according to type of investment or by functional subdivision (direct investment, portfolio investment, financial derivatives, other investment, reserve assets).

Foreign direct investment (FDI) is international investment made by an entity resident in one economy (the direct investor) to acquire a lasting interest in an enterprise operating in another economy. These statistics are based on the OECD's Benchmark Definition of Foreign Direct Investment, third edition (developed in line with the IMF's Balance of Payments Manual, fifth edition) and Regulation (EC) No 184/2005 of the European Parliament and of the Council of 12 January 2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment.

General government debt (ESA95) is the consolidated stock of gross debt at nominal value at the end of the year. In other words, it is the accumulated total debt (over the years) of a territory.

General government deficit/surplus (ESA95) refers to the national accounts' concept of consolidated general government net borrowing/net lending. It refers to net borrowing or lending over the course of a single reference year. The general government sector comprises central government, state government, local government and social security funds.

Gross external public debt is the gross foreign debt of the whole economy and covers both short- and long-term debt, but excludes equity investment and money market instruments.

Interest rates presented in this publication cover day-to-day money rates (which refer to deposit or loans on the money market with a maturity of one business day), lending interest rate (interest rate on loans, which forms the ceiling for money market rates) and deposit interest rate (the central bank rate, which forms the floor for money market rates).

Market integration is an indicator showing the integration of a country into the international economy: The indicator is expressed as FDI intensity calculated as average of inward and outwards FDI flows divided by GDP.

Money supply aggregates are end of year stock data.

Net errors and omissions are the statistical discrepancies in balance of payment accounting that arise in gathering balance of payments data. They are part of other capital flows that are not directly measured.

7. Agriculture

Arable land refers to land that is worked regularly, generally under a system of crop rotation.

Cattle are domestic bovine animals, including bovine animals under one year old, and dairy cows.

Cereals include the following: common wheat and spelt, durum wheat, rye, barley, oats, grain maize, sorghum, triticale, buckwheat, millet and canary seed. This heading also covers rice.

Crop production measures the volume of harvested production in terms of tonnage. Data for cereals refer to crops harvested for dry grain only, as crops harvested green for forage, silage or grazing are excluded (they are classified as fodder crops).

Dairy cows are defined as cows, which by reason of their breed or particular qualities are kept exclusively or principally to produce milk for human consumption or for processing into dairy products. These include cull (taken out of production) dairy cows (whether or not fattened between their last lactation and their slaughter). All Fruit production includes apples, pears, stoned fruits (such as apricots, peaches, plums, cherries), nuts, citrus fruits (such as oranges and lemons), soft fruits and currants, avocados, figs and quinces.

Goats are defined in a similar way and may be categorised as breeding females (female goats which have kidded) and other goats.

Livestock data are recorded for the end of the reference year in terms of units of livestock (referred to as heads within agricultural statistics).

Permanent crops are crops that are not grown in rotation, which occupy the soil for a long period and yield crops over several years (grassland is excluded).

Permanent grassland is land that is not included in a crop rotation system, but instead is used for the permanent production (five years or more) of green forage crops (whether sown or self-seeded).

Pigs are domestic animals, which include piglets, breeding boars and sows, and cull boars and sows.

Poultry are defined as domestic animals including broilers, laying hens, turkeys, ducks (including ducks for 'foie gras'), geese (including geese for 'foie gras'), and other poultry (for example, quails, pheasants, guinea-fowl, pigeons, ostriches).

Production of animals for slaughter is recorded in terms of their slaughter weight.

Sheep are domestic animals divided into breeding females (female sheep which have lambed) and other sheep.

Sugar beet is a root crop, which is intended for use in the sugar industry and for alcohol production; seeds are excluded.

Total land area is measured in terms of square kilometres (km^2) and should include all land area, as well as inland waterways (rivers, lakes, canals etc).

Utilised agricultural area (UAA) corresponds to arable land, permanent grassland, permanent crops (vines, orchards, etc.), kitchen gardens and crops under glass.

8. Energy

Electricity generation is is the process of creating electricity from other forms of energy. Electrical energy covers electricity generated in all types of power plants (e.g. in nuclear, thermal, hydro, wind , photovoltaic or other plants) to be distributed to consumers through the grid or consumed locally.

Energy dependency is defined as net energy imports as share in gross inland energy consumption. It shows the extent to which a country relies upon imports in order to meet its energy needs.

Energy intensity (efficiency) is the ratio between the gross inland consumption of energy and the gross domestic product (GDP) for a given calendar year. It measures the energy consumption of an economy and its overall energy efficiency.

Final energy consumption is calculated net of transformation and network losses, and also excludes consumption of the energy sector.

Gross inland energy consumption is the quantity of energy consumed within the borders of a country. It may be calculated as primary production plus recovered products plus imports plus stocks changes minus exports minus bunkers (quantities supplied to sea-going ships). Gross inland energy consumption is measured in terms of tonnes of oil equivalent (TOE).

Net imports of energy products are defined as imports less exports of all energy products.

Primary production of crude oil is defined as the quantities of fuel extracted or produced within national boundaries, including off-shore production, with production including only marketable production of crude oil, natural gas liquids (NGL), condensates and oil from shale and tar sands, while excluding any quantities returned to formation.

Primary production of hard coal and lignite is defined as the quantities of fuel extracted or produced after any operation for removal of inert matter. Production generally includes quantities consumed by the producer during the production process, as well as any quantities supplied to other on-site producers of energy for transformation or other uses.

Primary production of natural gas is defined as the quantities of dry gas, measured after purification and extraction of natural gas liquids and sulphur. Production includes only marketable production used within the natural gas industry, in gas extraction, pipeline systems and processing plants, while excluding any quantities re-injected, vented and flared, and any extraction losses.

Renewable energy is energy generated from natural resources such as sunlight, wind, rain, tides and geothermal heat, which are renewable.

9. Industry, construction and services

Arrivals of non-residents staying in collective accommodation establishments refers to arrivals of non-residents travelling in a given area that is outside their usual environment. An arrival is defined as a person who arrives at a collective accommodation establishment and checks in.

Bed place is determined by the number of persons who can stay overnight in the beds set up in the establishemnet (dwelling), ignoring any extra beds that may be set up on customer request. The term bed place applies to a single bed. A double bed is counted as two bed places. The unit serves to measure the capacity of any type of accommodation.

Collective tourist accommodation establishments include hotels and similar establishments, specialised establishments (health establishments, work and holiday camps, conference centres and accommodation in collective means of transport), and other collective establishments (such as holiday dwellings, tourist campsites and social tourism accommodation).

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). The labour costs should cover wages and salaries, as well as social security charges for all persons employed. The basic form of the index is an unadjusted (gross) index.

Domestic output price index in the publication also called '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). The producer price index for total industry should cover NACE Sections C to E, excluding Groups 12.0, 22.1, 23.3, 29.6, 35.1 and 35.3. The basic form of the index is an unadjusted (gross) index.

Industrial production index (IPI) in the publication also called 'production index for total industry excluding construction', 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. The production index is a volume index, which should cover NACE Sections C and D and NACE Groups 40.1 and 40.2.

Retail trade - volume of sales index should cover the total turnover invoiced by the observation unit during the reference period. Turnover should include all duties and taxes on the goods or services invoiced by the unit, as well as all other charges (transport, packaging, etc.) passed on to the customer, even if these charges are listed separately in the invoice.

Volume index of construction output in the publication also called 'construction output index' 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.

10. Transport

Length of railway network should measure (in kilometres) the length of railway lines operated for passenger transport, goods transport, or for both. Lines solely used for tourist purposes during a particular season are excluded, as are railways that are constructed solely to serve mines, forests or other industrial or agricultural undertakings and which are not open to public traffic.

Motorways are defined as roads that have been especially designed and built for motor traffic, providing separate carriage ways for two directions of traffic that are separated from each other, while not crossing at the same level any other road, railway or tramway track, or footpath.

Passenger cars may be defined as road motor vehicles, other than motorcycles, that are intended for the carriage of passengers and designed to seat no more than nine persons (including the driver). Hence, the data presented should cover micro-cars (no permit required to be driven), taxis and hired passenger cars (with less than ten seats), the only exception being minibuses.

Road is defined as a line of communication using a stabilised base other than rails or airstrips open to public traffic, primarily for the use of road motor vehicles running on their own wheels. Note that bridges, tunnels, supporting structures, junctions, crossings and interchanges, as well as toll roads are included, while dedicated cycle paths are excluded. As such, this indicator should measure the length (in kilometres) of state roads, provincial roads and communal roads, but should ideally exclude motorways.

Road share of inland freight transport (modal split) is defined as the percentage share of road transport in total inland transport expressed in tonne-kilometres (tkm). Road transport is based on all movements of vehicles registered in the reporting country.

Transport performance indicators should be reported according to the territoriality principle, meaning that only freight that is transported within the national territory should be included.

11. Communications and information society

Data relating to use of the Internet to interact with public authorities (for example, obtaining information, downloading forms, filling-in web-forms, full electronic case handling) refer to all enterprises with 10 or more persons employed, within NACE Sections D, F, G, H, I, K and O.

Internet access within enterprises refers to all enterprises with 10 or more persons employed within NACE Sections D, G, H, I and K.

Internet usage by individuals refers to all private persons using the Internet on average at least once a week.

Main telephone line is one that connects the subscriber's terminal equipment to the public switched telephone network, with a dedicated port in the telephone exchange equipment. This is synonymous with the term 'main station' or 'direct exchange line'.

Proportion of enterprises' turnover from Internet e-commerce is calculated as the enterprises' receipts from sales through the Internet as percentage of the total turnover. Internet e-commerce refers to transactions conducted over Internet Protocol-based networks; the goods and services must be ordered over these networks, but the payment and the ultimate delivery of the good or service may be conducted on or off-line; orders received via telephone, facsimile, or manually typed e-mails are not counted as electronic commerce. The indicator is collected for all enterprises with 10 or more persons employed, within NACE Sections D, G, H, I and K.

Subscriptions to cellular mobile telephone services also include the number of active pre-paid cards.

12. External trade in goods

External trade data for imports cover transactions in goods (purchases, barter, gifts or grants) from non-residents to residents, whereas data for **exports** cover transactions in goods (sales, barter, gifts or grants) from residents to non-residents. The statistical values are generally based on the customs value.

Trade balance is the difference between the monetary value of exports and imports in an economy over a certain period of time. A positive balance of trade is known as a trade surplus; a negative balance of trade is known as a trade deficit.

13. Research and development (R&D)

Gross domestic expenditure on R&D refers to R&D activities in the business enterprise sector, the government sector, the higher education sector, and the non-profit sector. GDP figures are compiled in accordance with ESA95. Indicators are calculated using current prices.

The basic methodological recommendations and guidelines for research and development (R&D) statistics are found in the Frascati Manual, which covers the measurement of all scientific and technological activities at the national level (Proposed Standard Practice for Surveys of Research and Experimental Development — Frascati Manual, OECD, 1994, revised 2002). R&D is defined as comprising 'creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society and the use of this stock of knowledge to devise new applications'.

14. Environment

Annual greenhouse gas (GHG) emissions are estimated and reported according to the revised 1996 Intergovernmental Panel on Climate Change (IPCC) guidelines. By using the global warming potential (GWP) concept, all six GHGs can be summed up to a single value per year. The indicator shows trends in emissions of the 'Kyoto basket': carbon dioxide (CO2), methane (CH4), nitrous oxide (N2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF6). Figures are given in CO2 equivalents based on tonnage.

Municipal waste collected includes waste originating from households, commerce and trade, small businesses, office buildings and institutions collected by or on behalf of municipalities. It also includes: waste from selected municipal services, i.e. waste from park and garden maintenance, waste from street cleaning services (street sweepings, the content of litter containers, market cleansing waste) if managed as waste. It does not include waste generated in areas not covered by a collection system.

Municipal waste generated consists of waste collected by or on behalf of municipal authorities and disposed of through the waste management system. The bulk of this waste stream is from households, though similar wastes from sources such as commerce, offices and public institutions are included. The variable should be reported in kilogramme (kg).

Classifications

COICOP - Classification of Individual Consumption by Purpose

This classification is used for the breakdown of household consumption. Although COICOP data is presented at a fairly aggregated level, the following list is provided to help define each of the aggregates.

COICOP description

01-12 Individual consumption expenditure of households

01 Food and non-alcoholic beverages

02 Alcoholic beverages, tobacco

03 Clothing and footwear

04 Housing, water, electricity, gas and other fuels (including actual rentals for housing; maintenance and repair of the dwelling; water supply and miscellaneous services relating to the dwelling; electricity, gas and other fuels)

05 Furnishings, household equipment and routine maintenance of the house (including furniture and furnishings; carpets and other floor coverings; household textiles; household appliances; glassware, tableware and household utensils; tools and equipment for house and garden; goods and services for routine household maintenance)

06 Health (including medical products, appliances and equipment; out-patient services; hospital services)

07 Transport (including the purchase of vehicles; operation of personal transport equipment; transport services)

08 Communication (including postal services; telephone and telefax equipment and telephone and telefax services)

09 Recreation and culture (including audio-visual, photographic and information processing equipment; other major durables for recreation and culture; other recreational items and equipment, gardens and pets; recreational and cultural services; newspapers, books and stationery; package holidays)

10 Education (pre-primary and primary, secondary, post-secondary non-tertiary, tertiary education, and education not definable by level)

11 Restaurants and hotels (including catering services; accommodation services)

12 Miscellaneous goods and services (including personal care; personal effects n.e.c.; social protection; insurance; financial services n.e.c.; other services n.e.c.

ISCED 97 - International Standard Classification of Education

This classification is used for the breakdown of the number of pupils/students; it is also used for determining the coverage of a number of other education indicators.

ISCED description

0 Pre-primary level of education; this level is defined as the initial stage of organized instruction, designed primarily to introduce very young children to a school-type environment.

1 Primary level of education; programmes are normally designed to give students a sound basic education in reading, writing and mathematics along with an elementary understanding of other subjects such as history, geography, natural science, social science, art and music. In some cases religious instruction is featured.

2 Lower secondary level of education; this is designed to complete the provision of basic education which began at ISCED level 1. The programmes at this level are usually on a more subject-oriented pattern using more specialized teachers and more often several teachers conducting classes in their field of specialization.

3 Upper secondary education; this level of education typically begins at the end of full-time compulsory education for those countries that have a system of compulsory education. More specialization may be observed at this level than at ISCED level 2 and often teachers need to be more qualified or specialised than for ISCED level 2.

4 Post-secondary, non-tertiary education (these programmes straddle the boundary between upper secondary and post-secondary education from an international point of view, even though they might clearly be considered as upper secondary or post-secondary programmes in a national context. These programmes are often not significantly more advanced than programmes at ISCED level 3 but they serve to broaden the knowledge of participants who have already completed a programme at level 3.

5 First stage of tertiary education (not leading directly to an advanced research qualification); this level consists of tertiary programmes with an educational content more advanced than those offered at levels 3 and 4.

6 Second stage of tertiary education (leading to an advanced research qualification); this level is reserved for tertiary programmes that lead to the award of an advanced research qualification. The programmes are devoted to advanced study and original research.

NACE Rev. 1.1 - Statistical classification of economic activities in the European Community

This classification was adopted in order to establish a common statistical classification of economic activities within the European Community in order to ensure comparability between national and community classifications and hence national and community statistics.

NACE description

A and B	Agriculture, hunting, forestry and fishing
C to E	Industry (excluding construction)
C	Mining and quarrying
D	Manufacturing
E	Electricity, gas and water supply
F	Construction
G to P	Services (as defined by NACE Sections G to P)
G	Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods
H	Hotels and restaurants
I	Transport, storage and communication
J	Financial intermediation
K	Real estate, renting and business activities
L	Public administration and defence, compulsory social security
M	Education
N	Health and social work
O	Other community, social and personal service activities
P	Activities of households

SITC – Standard International Trade Classification

This classification was published by the United Nations in order to establish a common statistical classification of trade, which enables comparisons on a worldwide basis for all merchandise entering international trade.

SITC – one digit level

0 Food and live animals
1 Beverages and tobacco
2 Crude materials, inedible, except fuels
3 Mineral fuels, lubricants and related materials
4 Animal and vegetable oils, fats and waxes
5 Chemicals and related products, n.e.s.
6 Manufactured goods classified chiefly by material
7 Machinery and transport equipment
8 Miscellaneous manufactured articles
9 Commodities and transactions not classified elsewhere in the SITC

European Commission

Pocketbook on candidate and potential candidate countries

Luxembourg: Publications Office of the European Union

2010 — 238 pp. — 10.5 x 21 cm

Theme: General and regional statistic
Collection: Pocketbooks

ISBN 978-92-79-14233-8
ISSN 1831-5690
doi:10.2785/37797

How to obtain EU publications

Free publications:

- via EU Bookshop (http://bookshop.europa.eu);
- at the European Commission's representations or delegations. You can obtain their contact details on the Internet (http://ec.europa.eu) or by sending a fax to +352 2929-42758.

Priced publications:

- via EU Bookshop (http://bookshop.europa.eu).

Priced subscriptions (e.g. annual series of the *Official Journal of the European Union* and reports of cases before the Court of Justice of the European Union):

- via one of the sales agents of the Publications Office of the European Union (http://publications.europa.eu/others/agents/index_en.htm).

KS-PF-10-001-EN-C

Pocketbook on candidate and potential candidate countries

2010 edition

The pocketbook presents a range of statistics on candidate and potential candidate countries in comparison with the European Union from 1998 to 2008. It contains most of the structural indicators adopted by the European Council to monitor the Lisbon Strategy. The publication includes data on demography, education, social conditions, labour force, national accounts, finance, agriculture, energy, industry, construction and services, transport, communication and information society, external trade, research and development, as well as environment.

http://ec.europa.eu/eurostat

Publications Office

ISBN 978-92-79-14233-8

9 789279 142338