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Pocketbook on the enlargement countries

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Pocketbook on the enlargement countries

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([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.

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http://www.bhas.ba

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10000 Pristina
http://esk.rks-gov.net

[2] This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

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Introduction

Background and policy

The European Union is currently made up of 27 Member States, while there is an ongoing process for its future enlargement. The countries taking part in this process are at different stages of progress: acceding country, candidate country and potential candidate.

The European Union initiated the accession negotiations with Croatia (HR) and Turkey (TR) in October 2005 and with Iceland in June 2010. The negotiation process with Croatia was completed in December 2011 with the signing of the Treaty of Accession. Croatia has now become an acceding country and is expected to become the 28th EU Member State on 1st of July 2013, pending ratification of the treaty by the 27 individual Member States. Currently, there are five candidate countries: Iceland (IS), the former Yugoslav Republic of Macedonia (MK) ([1]), Montenegro (ME), Serbia (RS) and Turkey. The following are the potential candidates: Albania (AL), Bosnia and Herzegovina (BA), and Kosovo ([2]) (XK).

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

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In its Communication "Enlargement Strategy and Main Challenges 2011–2012" adopted in October 2011, the European Commission concluded that the accession perspective is based on strict and demanding conditionality and that it would further strengthen the monitoring of macro-economic policies of the enlargement countries, also taking into account new developments in EU economic governance. The enlargement countries are expected to pursue EU-related reforms, and to improve the business environment, thereby helping to overcome the economic crisis and to achieve sustainable growth. The European Commission expressed its will to associate the enlargement countries with initiatives taken at EU level to meet the goals of the Europe 2020 strategy for a smart, sustainable and inclusive economy.

The role of Eurostat

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

The publication

This publication presents a range of statistics on the enlargement countries in comparison with the European Union from 2000 to 2010. The publication includes data on demography, education, social conditions, labour force, national accounts, finance, external trade, agriculture, energy, industry and services, transport, communication and information society, research and development as well as environment. Each chapter contains a short analytical text and definitions of the indicators presented.

Guide

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 March 2012, with or without estimates. The information was extracted from Eurobase, Eurostat's free dissemination database.

For all enlargement 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 are disseminated in Eurobase in a dedicated section "Candidate countries and potential candidates countries (CPC)". Data for the candidate countries may also be disseminated in the various thematic domains of Eurobase including data for EU-27 countries. Consequently, and due to data revisions, some differences can be observed between data available in the CPC domain and data presented in the others thematic domains of Eurobase.

The only themes where the data for all enlargement countries were extracted directly from the thematic domains of Eurobase were demography and external trade. All data for Iceland were extracted from the various thematic domains of Eurobase.

Timeliness

The data used in this publication were collected from the enlargement countries in July/August 2011. The database was completed in February 2012. Data for Iceland were extracted from Eurostat's free dissemination database in March 2012. The majority of indicators are available up until the reference years 2009 or 2010 (depending on the statistical theme and country). The EU-27 totals that are provided for the purpose of comparison were extracted from Eurostat's free dissemination database in March 2012. As with the data for the enlargement countries, the information presented is generally available up until the reference years 2009 or 2010.

Exchange rates

For some indicators monetary values were requested from the enlargement countries in terms of national currency denominations. The majority was requested in euro (EUR) terms. For information provided in national currencies, 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. 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 enlargement countries (please refer to Chapter 6 – Table 6.6).

Geographical coverage

The data presented for the EU-27 cover 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 EU Member States in the reference year concerned (in other words: data have been calculated backwards with a stable coverage). Data are shown for the individual enlargement countries, listed by country code.

Eurostat data code

Source codes have been inserted after each table and figure in this publication to help readers access easily the most recent data on Eurostat's website. In the PDF version of this publication, the data codes appearing under each table and figure are presented as Internet hyperlinks.

Abbreviations and units

Billion	1 000 million
CO_2	Carbon dioxide
COICOP	Classification of individual consumption according to purpose
CPI	Consumer price index
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
GFS	Government finance statistics
GHG	Greenhouse gases
GVA	Gross value added
GWh	Gigawatt hour(s) = 1 000 MWh (megawatt hour(s)) = 10^6 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
Heads	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	Kilometre (1 000 meters), a unit of distance
km^2	Square kilometre, a unit of area

LFS	Labour force survey
LSMS	Living Standards Measurement Study
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
n.e.c.	not elsewhere classified
NPISH	Non-profit institutions serving households
OECD	Organization for Economic Cooperation and Development
PPI	Producer price index (output price index)
PPS	Purchasing power standards
R&D	Research and 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)
Tonne-km	Unit of measure of goods transported which represents the transport of one tonne over one kilometre
UAA	Utilised agricultural area
VAT	Value added tax

EU aggregate and countries

EU-27	27 Member States of the European Union
HR	Croatia
IS	Iceland
ME	Montenegro
MK [1]	the former Yugoslav Republic of Macedonia
RS	Serbia
TR	Turkey
AL	Albania
BA	Bosnia and Herzegovina
XK	Kosovo [2]

Currency

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

Symbols

Italic	Estimated data
%	Percentage
:	Data not available or unreliable
-	Not applicable

[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] This designation is without prejudice to positions on status, and is in line with UNSCR 1244 and the ICJ Opinion on the Kosovo Declaration of Independence.

1

Demography

Population increases in most countries

The population in the European Union grew steadily between 2000 and 2010. The average annual growth rate was around 0.4% between 2000 and 2010. Similar average growth rates, between 0.1% and 0.8%, were also recorded in Turkey, Albania (2000-2009), Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Montenegro (2000-2009). Iceland and Kosovo (2003-2010) experienced a much higher annual growth, with 1.30% and 1.53% respectively. In contrast, Croatia and Serbia recorded a decrease in their population size (0.16% and 0.30% annually, respectively) between 2000 and 2010.

In 2010, more than 500 million persons lived in the European Union. That same year, the combined population of the enlargement countries represented nearly a fifth of the total EU-27 population. Turkey was by far the largest among them, with more than 72 million inhabitants, whereas Iceland and Montenegro were the smallest, with populations of 318 thousand and 616 thousand respectively (figures for 2010).

In the EU-27, as well as in all of the enlargement countries (for which data are available), the working age population accounted for just over two-thirds of the total population. The proportion of the population in the age ranges below and above the working population varied widely. In the EU-27, as well as in Croatia and Serbia, only around 15 % of the population was below the age of 15, compared to around 26 % in Albania and Turkey. Conversely, while around 17 % were above the age of 64 in the EU-27, Croatia and Serbia, only around 9 % represented that age group in Albania and 7 % in Turkey.

Iceland recorded by far the highest (over 17 %) increase in the size of the working age population in recent years, compared to 3.5 % in the EU-27. Croatia and Serbia were the only countries showing a decrease in the size of the working age population. It was only in Iceland that the population under 15 years of age increased by just over 2 %. All the other enlargement countries saw a decrease in this age group; these decreases were often over the level registered by the EU-27, which recorded a fall of around 6 %. Meanwhile, the population over 64 years of age rose in all the respective territories, with Turkey recording a sharp increase of 38.7 %.

Crude birth rates higher then crude death rates in most countries

A crude rate of natural increase can be calculated by subtracting the crude death rate from the crude birth rate, with a positive result showing that the size of the population is growing, if the effects of migration are discounted. In recent years, Croatia and Serbia were the only countries to experience crude death rates markedly higher than crude birth rates. Moreover, this discrepancy rose with time, indicating a faster population decline. Hence, the crude rate of natural decrease in this case (rather than increase) was 4.8 per thousand inhabitants in Serbia and 2.0 in Croatia in 2010. In contrast, the largest crude rate of natural increase was recorded in Kosovo, with a value of 12.5 per thousand inhabitants in 2009, closely followed by Turkey with 10.7 in 2010.

Fertility rates of over 2 children per woman in Iceland and Turkey

Only two of the enlargement countries, Iceland and Turkey, recorded fertility rates of over 2 children per woman in the latest years for which data are available. In Turkey, the rate actually fell between 2008 and 2010, while in Iceland it rose to 2.2 between 2000 and 2010, making for the highest rate among the enlargement countries in 2010. As for Iceland, the EU-27 and Croatia have recorded a rising tendency in the fertility rate in recent years, although this came to a stand still by 2009/2010.

Life expectancy rising

In recent years, life expectancy for both men and women rose in the EU-27 and the enlargement countries. In those enlargement countries for which there is data, Serbia recorded the highest rise in life expectancy between 2000 and 2010: 2.9 years for men and 2.6 years for women.

With the exception of Iceland, life expectancy in all of the enlargement countries was lower than in the EU-27 for both sexes (based on the latest available data). Male life expectancy in most of the enlargement countries was between 72 and 74 years, whereas in the EU-27 it was just over 76 years (2008 data). In contrast, life expectancy for men in Iceland was 79.8 years in 2010. For women, life expectancy in Iceland was just over 84 years, around two years higher than in the EU-27, and substantially higher than in all the

other enlargement countries where life expectancy for women ranged between 77 and 80 years (according to the latest data available).

Decrease in infant mortality

Infant mortality figures have fallen across the EU-27 and in all of the enlargement countries in recent years. With the exception of Iceland, recording the lowest value of just over 2 deaths per thousand live births in 2010 (a slight increase compared to 2009), the average rate in the enlargement countries was above the EU-27 value of 4.3 in 2009. Turkey recorded the highest rate of 13.6 in 2010, though it should be noted that this was a significant drop from its rate of almost 29 deaths per thousand live births in 2000. Albania and Montenegro also recorded a significant decrease in their infant mortality rates, with around 6 deaths per thousand births in the latest year for which data are available.

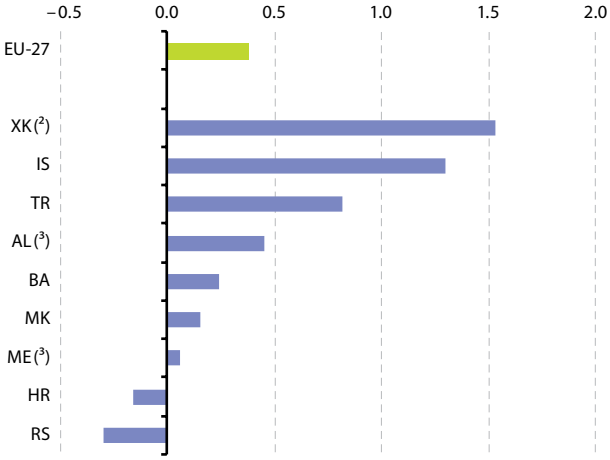
Table 1.1: Population as of 1st January
(1 000)

	2000 (1)	2005	2008	2009	2010 (2)
EU-27	482 768	491 135	497 686	499 687	*501 104*
HR	*4 498*	4 444	4 436	4 435	4 426
IS	279	294	315	319	318
ME	612	623	628	630	616
MK	2 022	2 035	2 045	2 049	2 053
RS	7 528	7 456	7 366	7 335	7 307
TR	66 889	71 610	70 586	71 517	72 561
AL	3 058	3 135	3 170	3 185	:
BA	*3 753*	*3 843*	3 844	*3 844*	*3 844*
XK	1 985	2 041	2 153	*2 181*	*2 208*

(1) Kosovo, 2003.
(2) Montenegro, break in series.

Source: Eurostat (online data code: demo_pjan).

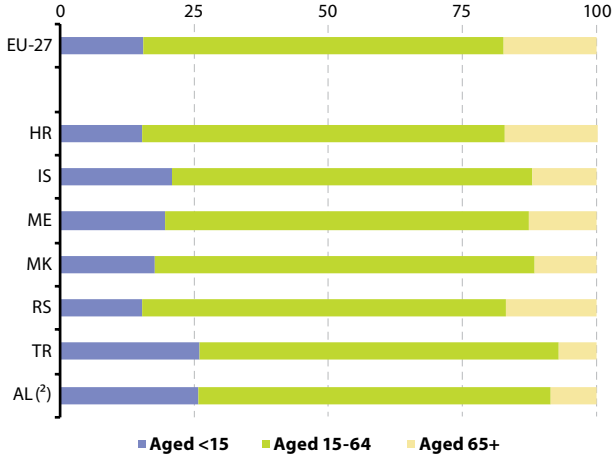
Figure 1.1: Population, average annual growth rates, 2000 to 2010 (1)
(%)



(1) EU-27, Kosovo and Bosnia and Herzegovina, provisional data; Croatia, estimated data.
(2) Growth rate between 2003 and 2010, provisional data.
(3) Growth rate between 2000 and 2009.

Source: Eurostat (online data code: demo_pjan).

Figure 1.2: Population by age class, 2010 (1)
(% of total population)



(1) Bosnia and Herzegovina and Kosovo, not available.
(2) 2006 instead of 2010.

Source: Eurostat (online data code: demo_pjangroup).

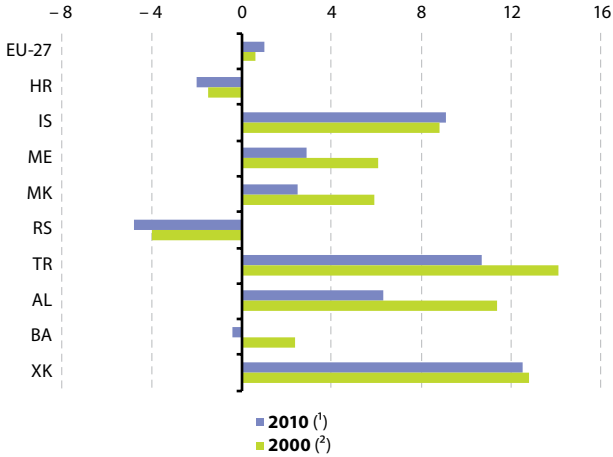
Table 1.2: Growth in the population by age class between 2000 and 2010 (1)
(%)

	<15	15–64	65+
EU-27	– 6.0	3.5	15.0
HR (2)	– 9.8	– 0.0	7.9
IS	2.2	17.3	17.0
ME	– 7.4	0.2	7.9
MK	– 20.1	6.3	18.4
RS	– 11.1	– 2.5	3.4
TR	– 6.3	12.6	38.7
AL	– 5.1	2.7	7.4
BA	:	:	:
XK	:	:	:

(1) Croatia, change between 2002 and 2010; Montenegro, change between 2003 and 2010; Albania, change between 2004 and 2006.
(2) Croatia, the value for the age class 15-64 is – 0.04.

Source: Eurostat (online data code: demo_pjangroup).

Figure 1.3: Crude rate of natural increase
(per 1 000 inhabitants)



(1) Kosovo, 2009; Albania, 2008; Montenegro, break in series.
(2) Kosovo, 2003.

Source: Eurostat (online data code: demo_gind).

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

	2000 (1)		2005		2010 (2)	
	Crude birth rate	Crude death rate	Crude birth rate	Crude death rate	Crude birth rate	Crude death rate
EU-27	10.6	10.0	10.4	9.8	10.7	9.7
HR	9.8	11.2	9.6	11.7	9.8	11.8
IS	15.3	6.5	14.4	6.2	15.4	6.4
ME	15.0	8.8	11.8	9.4	12.0	9.1
MK	14.5	8.5	11.0	9.0	11.8	9.3
RS	9.8	13.8	9.7	14.3	9.4	14.2
TR	20.2	6.2	18.9	6.2	16.9	6.3
AL	16.7	5.4	12.6	5.4	11.4	5.1
BA	10.5	8.1	9.0	9.0	8.7	9.1
XK	16.0	3.2	18.0	3.5	15.7	3.2

(1) Kosovo, 2003.
(2) Kosovo, 2009; Albania, 2008; Montenegro, break in series.

Source: Eurostat (online data code: demo_gind).

Table 1.4: Total fertility rate
(average number of children per woman)

	2000 (1)	2005	2008	2009	2010
EU-27	*1.45*	1.51	1.60	1.59	:
HR	:	1.41	1.46	1.49	1.46
IS	2.08	2.05	2.15	2.23	2.20
ME	:	1.60	1.77	1.91	1.69
MK	1.88	1.46	1.47	1.52	1.56
RS	1.48	1.45	1.40	1.44	1.40
TR	:	:	2.10	2.08	2.04
AL	:	1.61	:	:	:
BA	:	:	:	:	:
XK	:	:	:	:	:

(1) EU-27, 2002.

Source: Eurostat (online data code: demo_find).

Table 1.5: Life expectancy at less than 1 year
(years)

	Male			Female		
	2000 (1)	2005	2010 (2)	2000 (1)	2005	2010 (2)
EU-27	74.5	75.4	76.4	80.9	81.5	82.4
HR	71.2	71.8	73.5	78.3	78.8	79.9
IS	77.8	79.6	79.8	81.6	83.5	84.1
ME	:	71.4	73.5	:	77.0	78.4
MK	70.8	71.6	72.9	75.2	75.9	77.2
RS	68.9	70.2	71.8	74.4	75.6	77.0
TR	:	:	73.3	:	:	78.8
AL	:	:	:	:	:	:
BA	:	:	:	:	:	:
XK	:	:	:	:	:	:

(1) EU-27 and Croatia, 2002.
(2) Turkey, 2009; EU-27, 2008.

Source: Eurostat (online data code: demo_mlexpec).

Table 1.6: Infant mortality rates
(per 1 000 live births)

	2000 (1)	2005	2008	2009	2010
EU-27	5.9	4.9	4.3	4.3	:
HR	7.4	5.7	4.5	5.3	4.4
IS	3.0	2.3	2.5	1.8	2.2
ME	11.1	8.4	7.5	5.7	:
MK	11.8	12.8	9.7	11.7	*7.6*
RS	10.6	8.0	6.7	7.0	6.7
TR	28.9	23.6	16.1	13.8	13.6
AL	11.9	7.6	6.0	:	:
BA	9.7	6.7	6.9	6.5	*6.4*
XK	11.2	9.6	9.7	9.9	:

(1) Kosovo, 2002.

Source: Eurostat (online data code: demo_minfind).

Definitions

Crude birth rates and crude death rates are ratios of the number of births or deaths during a reference year to the average population of the same reference year. The value is expressed per 1 000 inhabitants.

Crude rate of natural increase is the difference between the crude birth rate and the crude death rate during a reference year. The value is expressed per 1 000 inhabitants.

Infant mortality rates are measured as the ratio of the number of deaths of children under the age of one during a given reference year to the number of live births during the same year. The value is expressed per 1 000 live births.

Life expectancy at less than one year represents the mean number of years still to be lived by a person who has less than 1 year, if subjected throughout the rest of his or her life to the current mortality conditions.

Population: the inhabitants of a given area on 1 January of the year in question (or, in some cases, on 31 December of the previous year). The population is based on data from the most recent census adjusted by the components of population change produced since the last census, or based on population registers.

Total fertility rate: 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.

2

Education

Declining numbers of early school leavers

Education and training policies are central to the Europe 2020 strategy in order to turn the EU into a smart, sustainable and inclusive economy. One of the flagship initiatives under Europe 2020 is 'Youth on the move' which aims to enhance the performance of education systems and to facilitate the entry of young people into the labour market. In particular, one of the headline targets of Europe 2020 is to reduce the share of early school leavers to less than 10 % of the population aged 18–24.

Between 2000 and 2010, the proportion of early school leavers fell in the EU-27, and also in the enlargement countries for which data are available. The decrease amounted to 3.5 percentage points in the EU-27 and ranged between 3.0 and 3.4 percentage points in the enlargement countries on the period for which data are available, with the exception of Iceland and Turkey which recorded a decrease of 7.2 percentage points and 14.8 percentage points respectively. In 2010, a little more than 14 % of early school leavers were neither in education nor in any other training in the EU-27. Croatia and Serbia recorded by far the lowest levels in this respect (below 10 %, of early school leavers). In contrast, in both Albania and Turkey the proportion of early school leavers was 39.0 % and 43.3 % respectively, according to the latest available data. As regards gender differences, in 2010, 26 % of men aged 18–24 in Iceland were early school leavers, compared with 19 % of their female counterparts. Features the opposite situation, Turkey where around 38 % of young men were early school leavers, compared with around 50 % of their female counterparts.

More students in tertiary education and more graduates in science and technology

Between 2000 and 2009, the number of students attending tertiary education increased in the EU-27, as well as in the enlargement countries for which data are available. All of the enlargement countries saw higher growth rates than the EU-27.

The number of tertiary graduates in mathematics, science and technology per thousand inhabitants, aged 20–29, increased both in the EU-27 and in all of the enlargement countries in recent years. Across the EU-27, as well as in the enlargement countries, a higher percentage of men completed their tertiary education in mathematics, science

and technology. Croatia and Montenegro, however, saw a significant rise for both genders. In Croatia the percentages of both men and women graduating in mathematics, science and technology more than doubled, almost equalling the EU-27 rates of around 19 per thousand inhabitants aged 20–29 for men and 9 for women (2010). In Montenegro, likewise, the percentage of both men and women graduating in these fields more than doubled between 2003 and 2009, reaching almost 9 per thousand inhabitants aged 20-29 for men and 7 for women.

Mixed picture on education spending

The EU-27 public expenditure on education as proportion of GDP remained stable between 2000 and 2008, at around 5 %. Iceland's public expenditure on education rose sharply from 5.8 % in 2000 to 7.6 % of GDP in 2005, and remained relatively stable in the following years. Over this period, Iceland's education expenditure as proportion of GDP was higher than that of the EU-27. Serbia's public expenditure on education rose steadily from 2.4 % in 2000 to 3.8 % of GDP in 2009. Albania and Turkey also recorded an increase but with some fluctuations over the available period, reaching 3.4 % and 3.9 % respectively.

Higher participation in training in most countries

The proportion of persons aged 25–64 having participated in education and training has slightly declined in the EU-27, while increasing, or remaining stable, in most of the enlargement countries for which information is available. In 2010, the proportion of the population aged 25–64 having participated in education and training was more than two and a half times higher in Iceland than in the EU-27 (almost 9 % for the latter). On the contrary, all the other respective countries recorded equivalent proportions at least two times smaller than those in the EU-27.

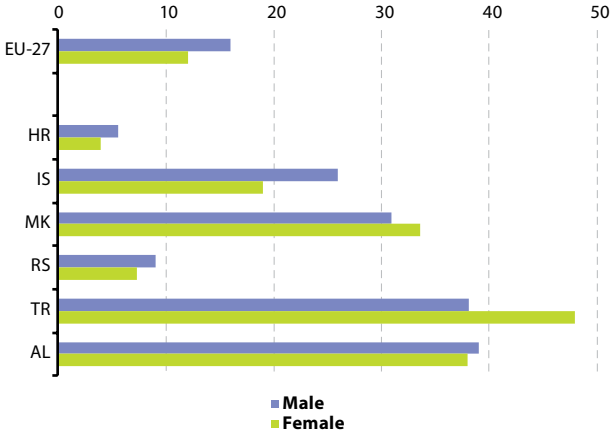
Table 2.1: Educational attainment
(%)

	Early school leavers			Youth education attainment level		
	2000 (1)	2005 (2)	2010 (3)	2000 (4)	2005	2010 (5)
EU-27	*17.6*	15.8	14.1	76.6	77.5	79.0
HR	8.3	4.8	4.9	90.6	93.8	95.2
IS	29.8	24.9	22.6	46.1	50.8	53.4
ME	:	:	:	:	:	:
MK	32.2	:	:	65.4	:	:
RS	:	11.4	8.2	88.1	89.0	84.9
TR	58.1	50.0	43.3	39.7	45.6	51.0
AL	:	42.0	39.0	:	:	:
BA	:	:	:	:	:	:
XK	:	:	:	:	:	:

(1) Croatia and the former Yugoslav Republic of Macedonia, 2002.
(2) Albania, 2007.
(3) Albania, 2008.
(4) Croatia and the former Yugoslav Republic of Macedonia, 2002; Serbia, 2004.
(5) Croatia, 2009.

Source: for the EU-27 and IS, Eurostat (online data codes: edat_lfse_14 and edat_lfse_08); for the enlargement countries (except IS), Eurostat (online data codes: cpc_psilc and cpc_siinr).

Figure 2.1: Early school leavers by gender, 2010 (1)
(%)

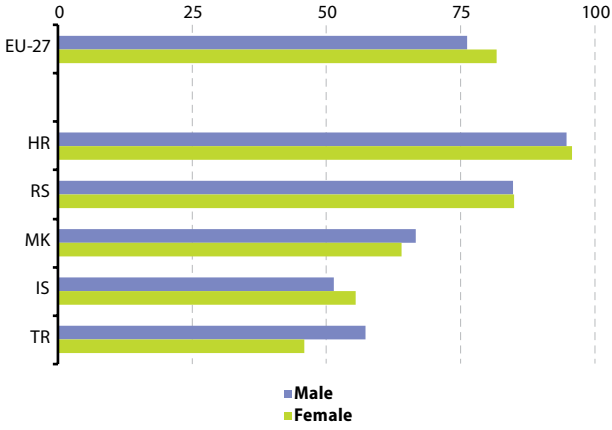


(1) Montenegro, Bosnia and Herzegovia and Kosovo, not available; Albania, 2008; the former Yugoslav Republic of Macedonia, 2002.

Source: for the EU-27 and IS, Eurostat (online data code: edat_lfse_14); for the enlargement countries (except IS), Eurostat (online data code: cpc_psilc).

Figure 2.2: Youth education attainment level by gender, 2010 (1)

(%)



(1) Montenegro, Albania, Bosnia and Herzegovina and Kosovo, not available; Croatia, 2009; the former Yugoslav Republic of Macedonia, 2002.

Source: for the EU-27 and IS, Eurostat (online data code: edat_lfse_08); for the enlargement countries (except IS), Eurostat (online data code: cpc_siinr).

Table 2.2: Number of pupils/students by ISCED level of education, 2010 (1)

(1 000)

	ISCED 0	ISCED 1	ISCED 2	ISCED 3
EU-27	*14 600*	*28 082*	*22 066*	21 712
HR	96	174	194	181
IS	12	30	14	26
ME	13	35	38	32
MK	17	111	101	96
RS	149	289	318	283
TR (2)	1 116	10 981	-	4 749
AL	75	236	222	133
BA	17	175	176	147
XK	24	170	136	105

(1) EU-27, Croatia, Iceland, Montenegro, Albania and Bosnia and Herzegovina, 2009; Serbia, 2008.
(2) ISCED 1 includes ISCED 2.

Source: for the EU-27 and IS, Eurostat (online data code: educ_ilev); for the enlargement countries (except IS), Eurostat (online data code: cpc_pseduc).

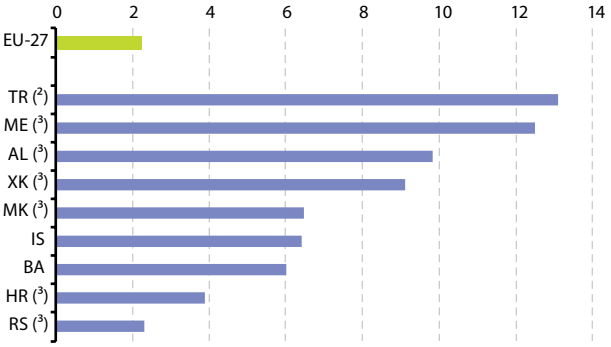
Table 2.2 (continued): Number of pupils/students by ISCED level of education, 2010 (1)
(1 000)

	ISCED 4	ISCED 5	ISCED 6 (2)	Total
EU-27	*1 546*	*18 954*	1	*106 961*
HR	-	147	3	795
IS	1	17	0	100
ME	:	24	0	142
MK	0	61	0	386
RS	1	233	3	1 276
TR (3)	-	3 463	67	20 376
AL	-	93	:	759
BA	:	105	1	621
XK	:	38	:	473

(1) EU-27, Croatia, Iceland, Montenegro, Albania and Bosnia and Herzegovina, 2009; Serbia, 2008.
(2) Iceland, 0.28; Montenegro, 0.06; the former Yugoslav Republic of Macedonia, 0.27, students at universities and other education institutions are included.
(3) ISCED 5: Number of students at other educational institutions and upper education students are included; ISCED 6: Number of medical interns and doctorate students at universities and other education institutions are included.

Source: for the EU-27 and IS, Eurostat (online data code: educ_ilev); for the enlargement countries (except IS), Eurostat (online data code: cpc_pseduc).

Figure 2.3: Students in tertiary education (ISCED 5 and ISCED 6), average annual growth rate 2000–2010 (1)
(%)



(1) EU-27, Croatia, Iceland, Montenegro, Albania, Bosnia and Herzegovina, between 2000 and 2009; Serbia, between 2000 and 2008; Kosovo, between 2002 and 2010.
(2) ISCED 5: Number of students at other educational institutions and upper education students are included; ISCED 6: Number of medical interns and doctorate students at universities and other educational institutions are included.
(3) ISCED 5 only.

Source: for the EU-27 and IS, Eurostat (online data code: educ_enrl1tl); for the enlargement countries (except IS), Eurostat (online data code: cpc_pseduc).

Table 2.3: Tertiary education graduates in mathematics, science and technology
(per 1 000 inhabitants aged 20–29)

	Male			Female		
	2000 (1)	2005	2009 (2)	2000 (1)	2005	2009 (2)
EU-27	*13.8*	18.0	19.2	*6.3*	8.3	9.4
HR	*7.4*	*7.5*	*16.7*	*4.8*	*3.8*	*9.0*
IS	10.3	12.5	12.6	6.5	7.6	7.8
ME	*3.1*	5.0	*8.8*	*1.8*	2.5	*6.9*
MK	3.5	3.9	4.6	2.6	3.4	3.3
RS	7.2	7.4	10.3	4.9	5.0	7.8
TR	5.9	8.0	:	2.8	3.3	:
AL	:	:	:	:	:	:
BA	:	:	:	:	:	:
XK	:	:	:	:	:	:

(1) Montenegro, 2003.
(2) Serbia, 2008; the former Yugoslav Republic of Macedonia, 2007.

Source: for the EU-27 and IS, Eurostat (online data code: educ_thflds); for the enlargement countries (except IS), Eurostat (online data code: cpc_siinr).

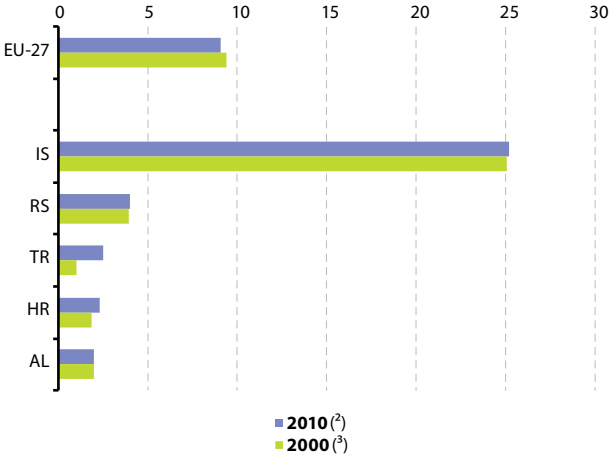
Table 2.4: Public expenditure on education
(% of GDP)

	2000 (1)	2005 (2)	2008	2009	2010
EU-27 (3)	*4.9*	*5.0*	*5.1*	:	:
HR	4.5	4.5	:	:	:
IS	5.8	7.6	7.6	:	:
ME	:	:	:	:	:
MK	3.4	3.4	:	:	:
RS	2.4	3.1	3.6	3.8	:
TR	2.6	3.1	3.0	3.9	3.7
AL	3.1	3.2	3.5	3.4	:
BA	:	:	:	:	:
XK	:	:	:	:	:

(1) The former Yugoslav Republic of Macedonia, 2002.
(2) Croatia and the former Yugoslav Republic of Macedonia, 2003.
(3) 2000, expenditure at pre-primary level of education is not included; 2005–2007, expenditure for auxiliary services is not included.

Source: for the EU-27 and IS, Eurostat (online data code: educ_figdp); for the enlargement countries (except IS), Eurostat (online data code: cpc_pseduc).

Figure 2.4: Proportion of persons aged 25–64 having participated in education and training (at any time during a four week period prior to being surveyed) (1)
(%)



(1) Montenegro, the former Yugoslav Republic of Macedonia, Bosnia and Herzegovia and Kosovo, not available; Croatia, estimated data.
(2) Croatia, 2009; Albania, 2008.
(3) Croatia, 2002; Serbia, 2004; Albania, 2007; EU-27 and Iceland, 2008.

Source: for the EU-27 and IS, Eurostat (online data code: trng_lfse_04); for the enlargement countries (except IS), Eurostat (online data code: cpc_siemp).

Definitions

Early school leavers are people aged 18–24 who have only lower secondary education or less and are no longer in education or training. Early school leavers are therefore those who have only achieved pre-primary, primary, lower secondary or a short upper secondary education of less than 2 years.

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

ISCED 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.

ISCED 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.

ISCED 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 specialised teachers and more often several teachers conducting classes in their field of specialisation.

ISCED 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 specialisation 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.

ISCED 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.

ISCED 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.

ISCED 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.

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) 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.

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

Students in tertiary education is the number of students enrolled in tertiary education (ISCED 5-6: 1st and 2nd stages of tertiary education) in a given academic year.

Tertiary graduates in mathematics, science and technology per thousand inhabitants 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.

Youth education attainment level is defined as the proportion of the population aged 20 to 24 having attained at least upper secondary education, 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.

3

Social indicators

Wages and salaries rising particularly fast in Serbia

In 2000, the average nominal monthly wages and salaries expressed in terms of euro in Iceland have been higher than in any of the other enlargement countries. More recent data are not available. Despite the major financial and economic crisis which affected the country between 2008 and 2011, it can reasonably be stated that Iceland still scores highest among the enlargement countries. Croatia recorded a figure of EUR 848 in 2004, against an average of EUR 419 in Turkey and between EUR 207 and 298 in the other enlargement countries in 2005. In 2009, Croatia recorded nominal wages and salaries of EUR 1056 per month. In contrast, all the other enlargement countries in the last year for which data are available reported figures below EUR 500 per month, the only exception being Turkey were the figure was EUR 502. As a general trend, all the enlargement countries, except Iceland, saw their average nominal wages and salaries increase between 2000 and 2010. Montenegro more than doubled it (between 2005 and 2009) to reach EUR 463, while Serbia and Bosnia and Herzegovina increased theirs by around 50 % between 2005 and 2010.

The indexed figures on real wages and salaries (in terms of euro or national currencies) are deflated using the consumer price index. In real terms, the EU-27 recorded a rise in wages and salaries of 33% between 2000 and 2008 compared to the 61% increase in the former Yugoslav Republic of Macedonia, 95% in Montenegro and 147% in Serbia. In contrast, Croatia recorded an increase of 21% in real term wages and salaries between 2000 and 2010 and Albania an increase of 10% between 2000 and 2009.

Inequalities of income distribution in Serbia and Turkey wider than in the EU-27

One way of measuring the inequality of income distribution is the comparison of the total income received by the 20% of the population with the highest income to that received by the 20% of the population with the lowest income. The resulting figure of income inequality in the EU-27 was just over 5 in 2009. This means that the total income received by the 20% of the population with the highest income was five times bigger than that received by the 20% of the population with the lowest income. In that same year, income inequality in Turkey was substantially higher than in the EU-27, at 8.5. Nevertheless, this should be seen against the situation in 2002, when the equivalent figure was still almost 11.

Serbia also experienced a significant fall in income distribution inequality, from 7.7 in 2006 to 5.6 in 2009. The remaining enlargement countries for which figures are available, i.e. Croatia, Iceland and Albania recorded figures slightly under that of the EU-27. Noticeable is the fact that Iceland's and Albania's income inequality, as low as it may be, has been rising again.

Household consumption expenditure on essentials higher in the enlargement countries than in the EU-27

Total household consumption expenditure can be broken down into twelve categories (the COICOP system). The most essential categories of spending, such as housing (including fuel), food (excluding alcoholic drinks) and transport are shown. In the EU-27, nearly 50% of total expenditure in 2009 was spent on these essential categories. This was substantially lower than the equivalent expenditure in most of the enlargement countries. Only in Iceland and Bosnia and Herzegovina it did not exceed 55% of total spending. In the remaining enlargement countries, the equivalent shares ranged between 61% and almost 68%. In Kosovo, the household expenditure devoted to housing, food and transport even represented 77% of the total.

Iceland spent highest percentage of GDP on both health and social protection

The spending on health presents quite a diversified picture across enlargement countries in 2009. In terms of percentage of GDP, Iceland devoted the most on health (around 10% of GDP), leaving far behind the other enlargement countries for which data are available. In Croatia (2003 data), Turkey and Serbia (both 2008 data), the expenditure on health represented around 6% of GDP; in Albania it approached 3%. The lowest value of 2% of GDP was recorded in Montenegro (2007 data). According to the latest data available, spending on social protection was 29.5% of GDP in the EU-27. This figure was higher than those recorded in any of the enlargement countries for which data are available. Iceland approached the EU-27 most, with a share of just over 25%. Social protection expenditure in Croatia and Serbia was well 16% of GDP, while in Albania and Turkey it was a mere 10%.

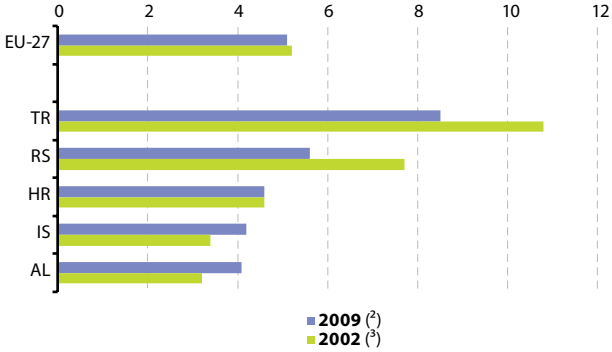
Table 3.1: Wages and salaries

	Average nominal monthly wages and salaries (EUR)			Index of real wages and salaries (2000=100)	
	2000 (1)	2005 (2)	2010 (3)	2005	2010 (4)
EU-27	:	:	:	119	133
HR (5)	642	848	1 056	113	121
IS	3 137	:	:	:	:
ME	181	213	463	140	195
MK	168	207	262	114	161
RS	65	298	450	209	247
TR	246	419	502	:	:
AL	113	219	296	53	110
BA (6)	190	275	408	:	:
XK	:	:	:	:	:

(1) Montenegro and Turkey, 2002.
(2) Croatia, break in series, 2004.
(3) Croatia, Montenegro, Turkey and Albania, 2009; the former Yugoslav Republic of Macedonia, 2008.
(4) Albania, 2009; EU-27 (limited to Industry and services) and Montenegro, 2008.
(5) For the period 1995–2003, the persons employed in crafts, trades and as self-employed, 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.
(6) For 1998–2004, net salary. For 2005, including data from Brcko District.

Source: for the EU-27 and IS, Eurostat (online data codes: tps00175 and lc_lci_r1_a); for the enlargement countries (except IS), Eurostat (online data code: cpc_pslm).

Figure 3.1: Inequality of income distribution (1)
(S80/S20 income quintile share ratio)



(1) Montenegro, the former Yugoslav Republic of Macedonia, Bosnia and Herzegovina and Kosovo, not available.
(2) Albania, 2008.
(3) Croatia, 2003; Iceland, 2004; EU-27, 2005; Serbia, 2006.

Source: for the EU-27 and IS, Eurostat (online data code: ilc_pns4); for the enlargement countries (except IS), Eurostat (online data code: cpc_pslm).

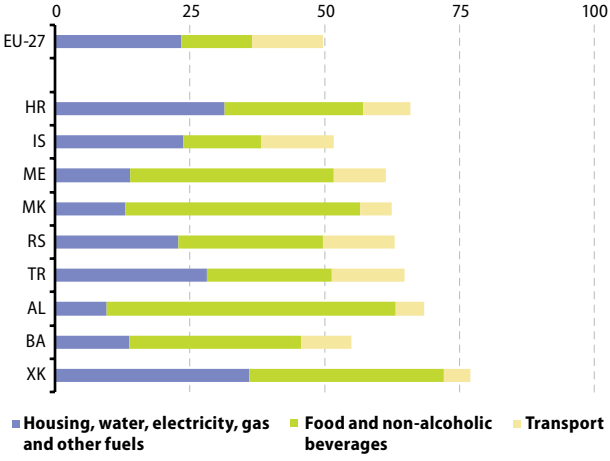
Table 3.2: Total household consumption expenditure
(% of GDP)

	2000 (1)	2005	2006	2007	2008	2009
EU-27 (2)	58.6	58.2	57.7	57.0	57.2	58.1
HR (3)	65.8	46.2	42.2	41.5	38.8	40.9
IS	58.5	57.4	56.2	55.4	51.3	49.0
ME	:	:	:	:	:	:
MK	66.7	58.1	58.5	50.6	48.0	46.7
RS	83.4	76.1	76.1	75.3	76.0	79.0
TR	:	:	:	:	:	:
AL	:	:	:	:	:	:
BA	:	:	:	:	:	:
XK	83.1	51.6	45.8	41.6	46.7	48.8

(1) The former Yugoslav Republic of Macedonia and Serbia, 2002; Kosovo, 2003.
(2) Final consumption expenditure of households and non-profit institutions serving households.
(3) Since 2006, Croatia has calculated the expenditure on the basis of the sum of quarterly values.

Source: for the EU-27 and IS, Eurostat (online data code: nama_gdp_c); for the enlargement countries (except IS), Eurostat (online data codes: cpc_ecnacoi and cpc_ecnagdp).

Figure 3.2: Breakdown of household consumption expenditure, 2009 (1)
(% of total household consumption expenditure)



(1) Albania, 2008; Bosnia and Herzegovina, 2007.

Source: for the EU-27 and IS, Eurostat (online data code: nama_co3_c); for the enlargement countries (except IS), Eurostat (online data code: cpc_ecnacoi).

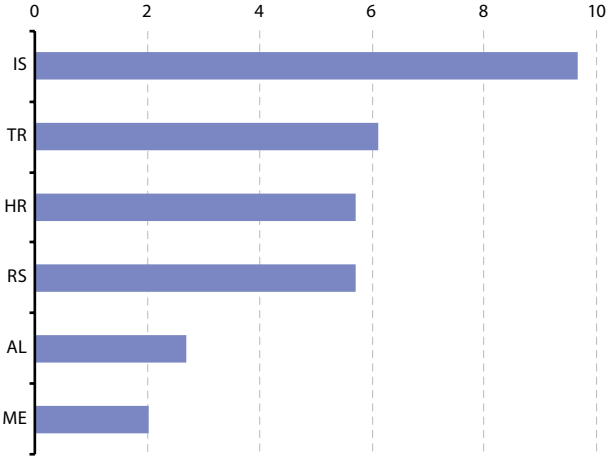
Table 3.3: Persons living in jobless households
(% of respective age group living in households where no-one works)

	Children aged 0–17			Adults aged 18–59		
	2000 (1)	2005	2010 (2)	2000 (3)	2005	2010 (2)
EU-27	*9.5*	*9.9*	10.7	*10.2*	*10.3*	10.4
HR	10.3	8.7	*8.7*	14.0	12.5	*12.5*
IS	:	:	:	:	:	:
ME	:	:	:	:	:	:
MK	29.4	30.8	29.4	23.8	25.0	24.7
RS	9.3	9.8	11.4	10.9	12.5	14.4
TR	:	:	:	:	:	:
AL	:	:	:	:	:	:
BA	:	:	:	:	:	:
XK	:	:	:	:	:	:

(1) Croatia, 2002; the former Yugoslav Republic of Macedonia and Serbia, 2004.
(2) Croatia, the former Yugoslav Republic of Macedonia and Serbia, 2006.
(3) Croatia, 2002; the former Yugoslav Republic of Macedonia, 2003; Serbia, 2004.

Source: for the EU-27 and IS, Eurostat (online data code: lfsi_jhh_a); for the enlargement countries (except IS), Eurostat (online data code: cpc_psilc).

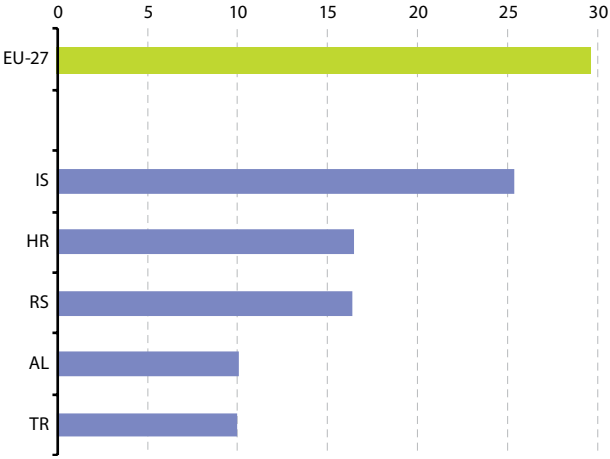
Figure 3.3: Health expenditure, 2009 (1)
(% of GDP)



(1) EU-27, the former Yugoslav Republic of Macedonia, Bosnia and Herzegovina and Kosovo, not available; Turkey and Serbia, 2008; Montenegro, 2007; Croatia, 2003.

Source: for the EU-27 and IS, Eurostat (online data code: hlth_sha_hp); for the enlargement countries (except IS), Eurostat (online data code: cpc_psilc).

Figure 3.4: Expenditure on social protection, 2009 (1)
(% of GDP)



(1) Montenegro, the former Yugoslav Republic of Macedonia, Bosnia and Herzegovina and Kosovo, not available; EU-27, provisional data; Serbia, 2008; Turkey, 2007; Albania, 2005; Croatia, 2003.

Source: for the EU-27 and IS, Eurostat (online data code: spr_exp_sum); for the enlargement countries (except IS), Eurostat (online data code: cpc_psilc).

Definitions

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. Total household consumption expenditure can be broken down into categories by a system known as COICOP (classification of individual consumption according to purpose).

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).

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 is calculated in line with the ESSPROS (European System of Integrated Social Protection Statistics) methodology. Expenditure includes social benefits, administration costs and other expenditure linked to social protection schemes. Social protection benefits are direct transfers, in cash or in kind, by social protection schemes to households and individuals to relieve them of the burden of one or more of the defined risks or needs. Benefits are classified according to eight social protection functions (which represent a set of risks or needs): sickness/healthcare benefits, disability benefits, old age benefits, survivors' benefits, family/children benefits, unemployment benefits, housing benefits, social exclusion benefits not elsewhere classified.

Wages and salaries include normal earnings from work as an employee or an apprentice and extra earnings for overtime work, commissions or tips. Additional payments such as 13th and 14th months' salary, holiday pay or allowance, profit sharing bonus, other lump-sum payments and company shares are covered as well.

4

Labour force

Employment rates fell in most enlargement countries in 2010

The new Europe 2020 strategy defines three mutually reinforcing priorities: smart, sustainable and inclusive growth. If the strategy succeeds, employment policies will have a pivotal role to play in achieving all three of these priorities. In this respect, the EU headline employment rate target of 75 % for the population aged 20–64 is the most outstanding illustration of the EU's ambitions in the field of employment. The enlargement countries will be associated with initiatives taken at EU level to meet the goals of the Europe 2020 strategy, including the EU employment rate target.

The unprecedented crisis in global financial markets which gathered pace in autumn 2008 led to the most severe recession since the Second World War, strongly affecting labour markets in the EU as well as in most of the enlargement countries. The impact of the crisis on the labour markets of the EU-27 and the enlargement countries was relatively limited in 2008, in line with the usual lagged response, but became more apparent in 2009.

In 2010, the overall EU employment rate averaged 64.1 %, down from 64.5 % a year earlier and 65.8 % in 2008. The decrease between 2009 and 2010 was also observed in almost all of the enlargement countries for which data are available, the only exceptions being the former Yugoslav Republic of Macedonia and Turkey. The most notable decrease was recorded in Iceland where the employment rate fell from almost 84 % in 2008 to around 78 % in 2009 and 2010. However, despite this negative development, Iceland's rate still remained considerably higher than the EU-27 average. Furthermore, Iceland's employment rate in 2010 was much higher than in the other enlargement countries, where it ranged from around 26 % in Kosovo (2009) to 54 % in Croatia.

Nevertheless, even in these turbulent times, it is still worthwhile envisaging the longer-term picture and highlighting the progress that has been made in some European labour markets since 2000. Employment rates in the EU-27, as well as in most of the enlargement countries, followed a generally upward trend, with Montenegro and Croatia observing particularly notable rises of around 12 and almost 7 percentage points respectively by 2008. Since that year, the employment rates have however experienced a slight decline again. Noticeable

is the recent increase of the employment rate in Turkey (by 2 percentage points, reaching 46.3 % in 2010).

Iceland recorded by far the lowest employment gender gap

Iceland stood out as having by far the lowest employment gender gap. In 2010, it amounted to just under 4 percentage points, which was much less than the near 12 percentage points recorded for the EU-27. The employment gender gaps in Croatia, Montenegro and Serbia were broadly similar to those for the EU-27 in 2010. All the other enlargement countries recorded substantially higher gaps, ranging from just under 19 percentage points in the former Yugoslav Republic of Macedonia to over 40 percentage points in Turkey.

Almost three-quarters of employed persons in Iceland and Montenegro in the services sector

The distribution of employment between the different economic sectors highlights how the economies of the enlargement countries vary among each other, and also in comparison with the EU-27. In the latest year for which data are available, employment in the services sector accounted for just under 70 % of total employment in the EU-27, a proportion exceeded only by Iceland and Montenegro among the enlargement countries, with more than 76 % and almost 74 % respectively.

Employment in agriculture has been by far the least important among the three sectors in the EU-27, at just under 5 % of the total labour force in 2010. Iceland and Montenegro recorded similar low shares that year. In contrast, over 44 % of Albania's labour force was employed in agriculture in 2009, although this was a sharp drop from 2000, when the country registered a share of almost 72 %.

The proportion of EU-27's labour force employed in industry and construction combined was around 26 % in 2010, a share broadly similar to that registered in Croatia and Serbia. Both Iceland and Albania (2009 data) featured lower shares (around 18 % and 20 % respectively), the former Yugoslav Republic of Macedonia higher share (29 %). Noticeable is once more the situation in Albania: compared to 2000, employment in industry and construction has almost tripled.

Unemployment rates rose in most of the enlargement countries in 2010

The unemployment rate across the EU-27 as a whole fell steadily from just over 9 % in 2000 to a long time minimum of 7 % in 2008, before rising again to almost 9 % in 2009 and close to 10 % in 2010 as a result of the economic crisis. Among the enlargement countries, only the former Yugoslav Republic of Macedonia and Kosovo saw unemployment fall between 2008 and 2010 (2009 for Kosovo), although the rates remained very high (32 % in 2010 and over 45 % in 2009 respectively). Although the unemployment rate in Iceland more than doubled since 2008 (mainly due to the Icelandic financial crisis which resulted in the collapse of Iceland's main commercial banks) it remained lower than that of the EU-27.

Iceland recorded a lower unemployment rate for women than men

The unemployment rates for men and women in the EU-27 were identical in 2010, at 9.6 %. The gender differences were comparatively small in Croatia, the former Yugoslav Republic of Macedonia and Turkey, but high in Bosnia and Herzegovina and especially Kosovo, where the rate for women exceeded that of men by over 4 percentage points and nearly 16 percentage points (2009) respectively. Once again, Iceland stood out among the enlargement countries, in this case as being the only one with a lower unemployment rate for women than men, with a difference of around one and a half percentage points in 2010.

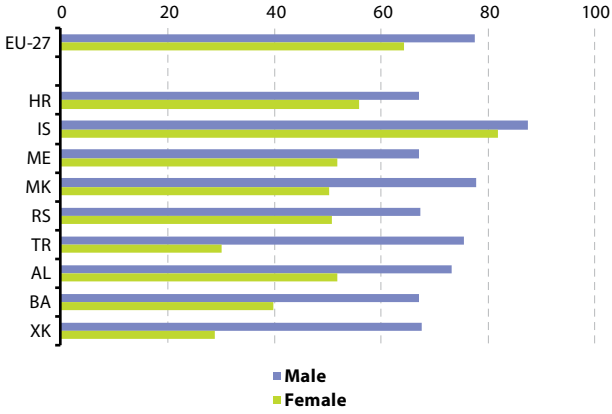
Table 4.1: Economic activity rate (1)
(%)

	2000 (2)	2005 (3)	2007 (4)	2008	2009	2010
EU-27	68.6	69.7	70.4	70.8	70.9	71.0
HR	62.2	63.3	63.2	63.2	62.4	61.5
IS	86.2	86.0	87.1	86.2	84.6	84.7
ME	60.4	59.0	61.0	61.2	60.3	59.3
MK	59.7	60.7	62.8	63.5	64.0	64.2
RS	68.2	65.2	63.4	62.7	60.6	59.0
TR	:	49.0	49.1	49.8	50.8	51.9
AL	66.2	57.8	65.2	61.9	61.9	:
BA	:	51.3	52.2	53.5	53.2	54.0
XK	45.6	49.2	46.8	46.2	48.1	:

(1) Turkey, unemployment is not defined according to the standard ILO concept. A wider definition is used resulting in higher unemployment and economic activity rates; Albania, for 2001-2006 administrative data (information for the male population aged 15–59 and for the female population aged 15–54), break in series in 2007 (LFS data).
(2) Croatia, data refers to the second half of the year; Montenegro, age group refers to persons aged 15 or more years; Kosovo, 2001; Iceland, 2003.
(3) Croatia, data refers to half-year period; Turkey and Bosnia and Herzegovina, 2006; Montenegro, from 2005 onwards age group 15–64 is used.
(4) Croatia, from 2007 onwards data refer to annual average of quarterly data.

Source: for the EU-27 and IS, Eurostat (online data code: lfsi_act_a); for the enlargement countries (except IS), Eurostat (online data code: cpc_pslm).

Figure 4.1: Economic activity rate by gender, 2010 (1)
(%)



(1) Albania, Bosnia and Herzegovina and Kosovo, 2009; Turkey, unemployment is not defined according to the standard ILO concept. A wider definition is used resulting in higher unemployment and economic activity rates; Croatia, data refers to annual average of quarterly data.

Source: for the EU-27 and IS, Eurostat (online data code: lfsi_act_a); for the enlargement countries (except IS), Eurostat (online data code: cpc_pslm).

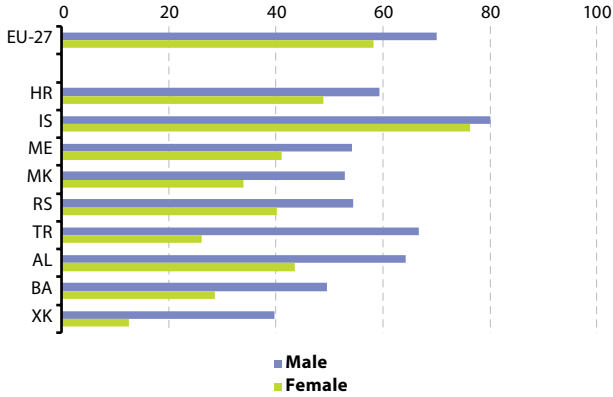
Table 4.2: Employment rate [1]
(%)

	2000 [2]	2005 [3]	2007 [4]	2008	2009	2010
EU-27	62.1	63.4	65.3	65.8	64.5	64.1
HR	51.3	55.0	57.1	57.8	56.6	54.1
IS	87.1	83.8	85.1	83.6	78.3	78.2
ME	38.5	40.9	49.2	50.8	48.8	47.6
MK	40.3	37.9	40.7	41.9	43.3	43.5
RS	59.2	51.0	51.5	53.7	50.4	47.2
TR	:	44.6	44.6	44.9	44.3	46.3
AL	55.1	49.7	56.4	53.8	53.4	:
BA	:	35.0	36.8	40.7	40.1	39.0
XK	19.6	28.5	26.2	24.1	26.1	:

(1) Turkey, unemployment is not defined according to the standard ILO concept. A wider definition is used resulting in higher unemployment and economic activity rates; Albania, for 2001–2006 administrative data (information for the male population aged 15–59 and for the female population aged 15–54), break in series in 2007 (LFS data).
(2) Croatia, data refers to the second half of the year; Montenegro, age group refers to persons aged 15 or more years; Kosovo, 2001.
(3) Turkey and Bosnia and Herzegovina, 2006; Montenegro, from 2005 onwards age group 15–64 is used.
(4) Croatia, annual average of quarterly data.

Source: for the EU-27 and IS, Eurostat (online data code: lfsa_ergan); for the enlargement countries (except IS), Eurostat (online data code: cpc_siemp).

Figure 4.2: Employment rate by gender, 2010 [1]
(%)



(1) Albania and Kosovo, 2009; Croatia, data refers to annual average of quarterly data; Turkey, unemployment is not defined according to the standard ILO concept. A wider definition is used resulting in higher unemployment and economic activity rates.

Source: for the EU-27 and IS, Eurostat (online data code: lfsa_ergan); for the enlargement countries (except IS), Eurostat (online data code: cpc_siemp).

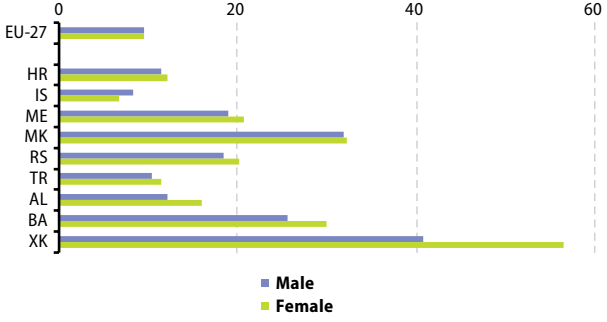
Table 4.3: Employment by economic activity (1)
(%)

	Agriculture		Industry and construction		Services	
	2000 (2)	2010 (3)	2000 (2)	2010 (3)	2000 (2)	2010 (3)
EU-27	7.1	4.8	29.8	25.6	63.1	69.6
HR	11.7	14.9	28.7	27.3	59.6	57.8
IS	8.6	5.5	22.1	18.1	69.3	76.4
ME	3.4	6.2	25.9	20.0	70.8	73.9
MK	25.0	19.1	35.2	29.0	39.8	51.9
RS	24.1	22.3	26.9	26.0	49.0	51.7
TR	36.0	26.1	24.0	28.1	40.0	45.8
AL	71.8	44.1	6.7	19.9	21.5	36.0
BA	:	:	:	:	:	:
XK	:	:	:	:	:	:

(1) Nace Rev. 2 except the former Yugoslav Republic of Macedonia and Serbia, Nace Rev.1; Turkey, Nace Rev. 1 in 2000 and Nace Rev. 2 in 2010, unemployment is not defined according to the standard ILO concept. A wider definition is used resulting in higher unemployment and economic activity rates; Albania, for 2001–2006 administrative data (information for the male population aged 15–59 and for the female population aged 15–54), break in series in 2007 (LFS data).
(2) The former Yugoslav Republic of Macedonia, 2001; Serbia, 2004; Bosnia and Herzegovina, 2006; Croatia, data refers to the second half of the year; Montenegro, age group refers to persons aged 15 or more years.
(3) Albania and Bosnia and Herzegovina, 2009; Croatia, data refers to annual average of quarterly data; Montenegro, age group 15–64 is used.

Source: for the EU-27 and IS, Eurostat (online data codes: lfsa_egan2 and lfsa_egana); for the enlargement countries (except IS), Eurostat (online data code: cpc_ecnabrk).

Figure 4.3: Unemployment rate by gender, 2010 (1)
(%)



(1) Albania and Kosovo, 2009; Croatia, data refer to annual average of quarterly data; Turkey, unemployment is not defined according to the standard ILO concept. A wider definition is used resulting in higher unemployment and economic activity rates.

Source: for the EU-27 and IS, Eurostat (online data code: lfsa_urgan); for the enlargement countries (except IS), Eurostat (online data codes: cpc_pslm and cpc_siemp).

Table 4.4: Unemployment rate (1)
(% of the total labour force)

	2000 (2)	2005	2007 (3)	2008	2009	2010
EU-27	9.3	8.9	7.1	7.0	8.9	9.6
HR	17.0	12.6	9.6	8.4	9.1	11.8
IS	1.9	2.5	2.3	2.9	7.2	7.6
ME	19.3	30.3	19.3	16.8	19.1	19.7
MK	32.2	37.3	35.0	33.8	32.2	32.0
RS	13.3	21.1	18.3	13.6	16.1	19.2
TR	:	9.2	8.8	9.7	12.5	10.7
AL	16.8	14.1	13.5	13.0	13.8	:
BA	39.7	43.9	29.0	23.4	24.1	27.2
XK	57.1	41.4	43.6	47.5	45.4	:

(1) Turkey, unemployment is not defined according to the standard ILO concept. A wider definition is used resulting in higher unemployment and economic activity rates; Albania, for 2001–2006 administrative data (information for the male population aged 15–59 and for the female population aged 15–54), break in series in 2007 (LFS data).
(2) Kosovo, 2001; Croatia, data refers to the second half of the year; Montenegro, age group refers to persons aged 15 or more years.
(3) Croatia, from 2007 onwards data refers to annual average of quarterly data.

Source: for the EU-27 and IS, Eurostat (online data code: lfsa_urgan); for the enlargement countries (except IS), Eurostat (online data codes: cpc_pslm and cpc_siemp).

Table 4.5: Long-term unemployment rate (1)
(%)

	2000 (2)			2010 (3)		
	Total	Male	Female	Total	Male	Female
EU-27	4.0	3.5	4.7	3.9	3.9	3.8
HR	9.1	9.0	9.4	6.8	6.2	7.5
IS	0.2	0.3	0.2	1.3	1.6	1.1
ME	:	:	:	15.6	14.6	16.7
MK	26.9	25.4	29.2	26.7	26.7	26.7
RS	14.5	11.5	18.3	13.3	12.5	14.2
TR	:	:	:	2.8	2.8	4.8
AL	:	:	:	9.1	7.8	10.6
BA	:	:	:	20.0	19.1	21.6
XK	47.6	42.9	59.0	37.1	33.7	45.0

(1) Turkey, unemployment is not defined according to the standard ILO concept. A wider definition is used resulting in higher unemployment and economic activity rates; Albania, for 2001–2006 administrative data (information for the male population aged 15–59 and for the female population aged 15–54), break in series in 2007 (LFS data).
(2) Kosovo, 2001; Iceland, 2003; Serbia, 2004; Croatia, data refers to the second half of the year and long-term unemployment refers to thirteen months or more.
(3) Montenegro, Albania, Bosnia and Herzegovina and Kosovo, 2009; Croatia, data refers to annual average of quarterly data; Montenegro, age group 15–64 is used.

Source: for the EU-27 and IS, Eurostat (online data code: une_ltu_a); for the enlargement countries (except IS), Eurostat (online data code: cpc_sisoc).

Table 4.6: Youth unemployment rate by gender, 2010 (1)
(%)

	2000 (2)			2010 (3)		
	Total	Male	Female	Total	Male	Female
EU-27	18.3	17.6	19.1	20.9	21.6	20.0
HR	43.1	42.1	44.3	34.4	31.2	35.1
IS	12.5	12.7	12.2	16.2	18.4	14.1
ME	:	:	:	:	:	:
MK	59.9	58.1	62.4	53.7	53.9	53.3
RS	50.2	45.0	56.0	46.2	45.4	47.5
TR	17.4	19.5	20.5	19.7	21.0	23.0
AL	:	:	:	27.2	26.2	28.3
BA	:	:	:	48.7	46.4	52.7
XK	80.0	75.5	87.1	73.0	68.5	81.7

(1) Turkey, unemployment is not defined according to the standard ILO concept. A wider definition is used resulting in higher unemployment and economic activity rates.
(2) Kosovo, 2001; Iceland, 2003; Turkey, 2005; Croatia, data refers to the second half of the year.
(3) Albania, Bosnia and Herzegovina and Kosovo, 2009.

Source: for the EU-27 and IS, Eurostat (online data code: lfsa_urgan); for the enlargement countries (except IS), Eurostat (online data code: cpc_pslm).

Definitions

Economic activity rate is 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. The labour force comprises employed and unemployed persons.

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 by economic activity expresses the breakdown of employment according to NACE.

Employment rate is 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.

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.

The unemployment rate is 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 (male and female) labour force.

The long-term unemployment rate is defined as the number of persons who have been unemployed for at least 12 months, expressed as a share of the total number of active persons in the labour market

The youth unemployment rate is the share of unemployed persons aged 15 to 24 as a proportion of the total number of

active persons in the labour market (the labour force) aged 15 to 24. 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

Gross domestic product in 2010 up again after a substantial drop in 2009

The unprecedented economic crisis which gathered pace in autumn 2008 has affected the EU-27 and all enlargement countries alike. In 2009, the gross domestic product (GDP) decreased by 4.3 % in the EU-27. The impact of the crisis on the enlargement countries varied depending on each country's economic structure. Croatia, Iceland, Serbia and Turkey, which are more integrated in the global market, were most heavily affected. Iceland was especially hard hit due to the collapse of the national financial sector. In 2009, GDP fell by 6.8 % in Iceland, 6.0 % in Croatia, 4.8 % in Turkey and 3.5 % in Serbia. Montenegro, which was also severely affected due to its dependence on external financing, saw its GDP shrink by 5.7 % in 2009. In Bosnia and Herzegovina (– 2.9 %) the impact of the crisis was exacerbated by pro-cyclical fiscal policies with a high share of subsidies and social transfers in the budget. Albania and the former Yugoslav Republic of Macedonia were the least affected by the crisis, thanks to the fact that they are less dependent on exports and hence their domestic markets held up well. GDP in the former Yugoslav Republic of Macedonia decreased only slightly in 2009 (by 0.9 %). Albania, on the other hand, stood out with a growth rate of 3.3 % in 2009. In 2010, GDP in Iceland and Croatia continued to fall while in the remaining enlargement countries, an upward trend was registered again. The 2009-2010 growth rates registered ranged between 0.7 % and 3.9 %; that of the EU-27 amounted to 2 %. Quite exceptional was GDP growth in Turkey with 9 %.

Before the economic crisis, all of the enlargement countries recorded high economic growth rates, higher than those of the EU-27 between 2005 and 2008. It should be kept in mind that the good performance of the pre-accession economies before the crisis occurred against the background of a booming global economy, easy access to international finance and ample liquidity.

Despite two years of substantial economic downturn, Iceland's GDP per capita remains well above the EU-27 average

In 2010, GDP per inhabitant in Iceland, expressed in purchasing power standards (PPS), was 11 % above the EU-27 average; however, in 2000, it stood still 32 % above

the EU-27 level. In contrast, GDP per capita in the other enlargement countries remains substantially lower than that of the EU-27 in 2010, even though a continuous upward trend has been registered in previous years. The enlargement countries registered GDP per capita levels between 50 % and 70 % under the EU-27 average in 2010, except Croatia where GDP per capita was around 40 % below the EU-27 average.

Increases in the service sector's share in gross value added

In the EU-27 and in all the enlargement countries, the service sector's share in total gross value added (GVA) was by far the largest according to the most recent data available. The EU-27 share of just over 73 % was higher than in all the enlargement countries, where these ranged between 57 % and 72 %. The surge in the service sector over recent years compensated for the decline in the agriculture, forestry and fishing sector, and to some extent also in the industry sector. The only exception was Albania, where the share of the service sector fell between 2000 and 2009 (by less than 1.5 percentage points) to reach just over 57 %.

Compared to the EU-27, the economies of the enlargement countries generated a considerably higher proportion of GVA from the agriculture, forestry and fishing sector. In 2010, the EU-27 recorded a value of below 2 %, while for the enlargement countries, values ranged from just over 5 % of total GVA in Croatia to almost 19 % in Albania (according to the latest year for which data are available). However, the agriculture sector's share in total GVA declined by widely varying amounts in all the enlargement countries over recent years. In the former Yugoslav Republic of Macedonia, the share of the agriculture sector decreased only slightly, whereas in Albania it dropped by more than half (6.7 percentage points).

In the EU-27, the industry sector's share in total GVA declined between 2000 and 2010 by just over 3 percentage points. Turkey registered a similar decline. Larger decreases were noted in Croatia, Montenegro and the former Yugoslav Republic of Macedonia (around 5 percentage points). On the other hand, Albania, Bosnia and Herzegovina as well as Iceland witnessed a slight growth of this sector, the highest increase (by 2.2 percentage points) being recorded in Albania.

Table 5.1: Real GDP growth rate
(% change compared with previous year)

	2000 (1)	2005 (2)	2007	2008 (3)	2009	2010
EU-27	3.9	2.0	3.2	0.3	– 4.3	2.0
HR	3.8	4.3	5.1	2.2	– 6.0	– 1.2
IS	4.3	7.2	6.0	1.3	– 6.8	– 4.0
ME	1.1	4.2	10.7	6.9	– 5.7	2.5
MK	4.6	4.4	6.2	5.0	– 0.9	*1.8*
RS	5.3	5.4	5.4	3.8	– 3.5	1.0
TR	6.8	8.4	4.7	0.7	– 4.8	9.0
AL	6.7	5.7	5.9	7.5	*3.3*	*3.9*
BA	2.4	3.9	6.1	5.6	– 2.9	0.7
XK	*1.2*	*3.1*	:	:	:	:

(1) Montenegro, Serbia and Bosnia and Herzegovina, 2001; Kosovo, 2002.
(2) Kosovo, 2003.
(3) Croatia, since 2008 data is calculated on the basis of the sum of quarterly values.

Source: for the EU-27 and IS, Eurostat (online data code: nama_gdp_k); for the enlargement countries (except IS), Eurostat (online data code: cpc_ecnagdp).

Table 5.2: GDP at current market prices
(million EUR)

	2000 (1)	2005	2007	2008 (2)	2009	2010
EU-27	9 202 608	11 060 219	12 397 498	12 466 916	11 752 551	12 258 374
HR	23 333	36 034	43 390	47 765	45 669	45 917
IS	9 421	13 112	14 932	10 304	8 660	9 477
ME	1 066	1 815	2 681	3 086	2 981	:
MK	3 893	4 814	5 965	6 720	6 677	6 905
RS	25 539	20 306	28 468	32 668	28 883	*28 006*
TR	289 446	387 655	472 879	501 339	440 942	550 506
AL	3 945	6 561	7 828	8 870	*8 716*	:
BA	6 028	8 804	11 165	12 659	12 297	12 570
XK	1 624	*3 003*	*3 394*	3 851	*3 912*	*4 216*

(1) Kosovo, 2001.
(2) Croatia, since 2008 data is calculated on the basis of the sum of quarterly values.

Source: for the EU-27 and IS, Eurostat (online data code: nama_gdp_c); for the enlargement countries (except IS), Eurostat (online data code: cpc_ecnagdp).

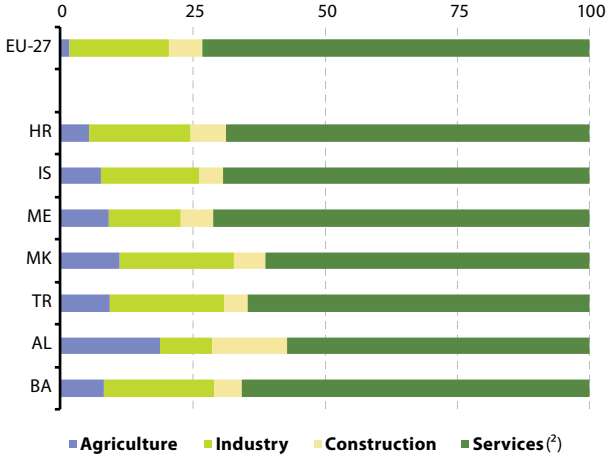
Table 5.3: GDP per capita at current market prices
(PPS, EU-27=100)

	2000	2005 (1)	2007	2008	2009	2010
EU-27	100	100	100	100	100	100
HR	50	57	61	64	64	61
IS	132	130	121	124	118	111
ME	:	31	40	43	41	41
MK	27	29	31	34	36	36
RS	:	32	33	36	36	35
TR	44	43	45	47	46	49
AL	:	22	23	26	28	28
BA	:	25	28	30	31	31
XK	:	:	:	:	:	:

(1) Break in series.

Source: Eurostat (online data code: tec00114).

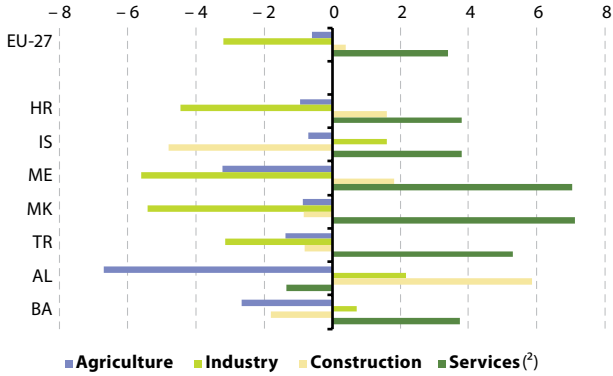
Figure 5.1: Gross value added at basic prices, 2010 (1)
(% share of total gross value added)



(1) Serbia and Kosovo, not available; the former Yugoslav Republic of Macedonia and Albania, 2009; Croatia, calculated on the basis of the sum of quarterly values according to Nace Rev.1; Iceland, Montenegro, the former Yugoslav Republic of Macedonia and Bosnia and Herzegovina, data based on Nace Rev.1.
(2) Albania, provisional data.

Source: for the EU-27 and IS, Eurostat (online data code: nama_nace10_c); for the enlargement countries (except IS), Eurostat (online data code: cpc_ecnabrk).

Figure 5.2: Relative change in gross value added (GVA), 2000 to 2010 (1)
(percentage points)



(1) Serbia and Kosovo, not available; the former Yugoslav Republic of Macedonia and Albania, 2009; Croatia, calculated on the basis of the sum of quarterly values according to Nace Rev.1; Iceland, Montenegro, the former Yugoslav Republic of Macedonia and Bosnia and Herzegovina, data based on Nace Rev.1.
(2) Albania, provisional data.

Source: for the EU-27 and IS, Eurostat (online data code: nama_nace10_c); for the enlargement countries (except IS), Eurostat (online data code: cpc_ecnabrk).

Table 5.4: Expenditure components of GDP, 2010 (1)
(% of GDP)

	Final consumption expenditure: households and NPISH	Final consumption expenditure: general government	Gross capital formation	External balance of goods and services
EU-27	58.1	22.2	18.9	0.8
HR (2)	56.7	20.5	23.4	– 0.5
IS	51.3	26.0	12.6	10.0
ME (3)	84.2	22.2	27.1	*– 28.4*
MK	76.5	19.1	25.9	– 18.7
RS	79.9	19.9	17.8	– 17.0
TR	71.1	14.2	20.1	– 5.5
AL	79.3	10.2	37.2	– 26.6
BA	78.6	20.7	21.0	*– 19.1*
XK	*92.3*	*17.1*	29.8	*– 40.6*

(1) EU-27 (gross capital formation and external balance of goods and services), Iceland (external balance of goods and services), Montenegro, the former Yugoslav Republic of Macedonia, Serbia, Bosnia and Herzegovina and Kosovo, 2009; Albania, 2008.
(2) Calculated on the basis of the sum of quarterly values.
(3) Estimation of NPISHs not done.

Source: for the EU-27 and IS, Eurostat (online data codes: nama_fcs_c and nama_gdp_c); for the enlargement countries (except IS), Eurostat (online data code: cpc_ecnagdp).

Definitions

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.

Final consumption expenditure of households and NPISHs (non-profit institutions serving households), (ESA95), includes households' and NPISH's 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. This term is also known as private final consumption expenditure.

General 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) comprises 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 domestic product (GDP) is a basic measure of a country's overall economic health. As an aggregate measure of production, GDP is equal to the sum of the gross value-added of all resident institutional units (i.e. industries) engaged in production, plus any taxes, and minus any subsidies, on products not included in the value of their outputs.

GDP growth rate is calculated as the increase in GDP relative to the previous year, in percent. GDP is measured at constant prices in national currency, in order to calculate a growth

measure that is not influenced by price inflation and by variations in the exchange rates.

GDP per capita is an indicator that is derived through the division of GDP by the total population.

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

Purchasing power standard (PPS) shall mean the artificial common reference currency unit used in the European Union to express the volume of economic aggregates for the purpose of spatial comparisons in such a way that price level differences between countries are eliminated. Economic volume aggregates in PPS are obtained by dividing their original value in national currency units by the respective PPP. 1 PPS thus buys the same given volume of goods and services in all countries, whereas different amounts of national currency units are needed to buy this same volume of goods and services in individual countries, depending on the price level.

6

Finance and prices

Sharp increase in general government deficit and debt

Under the terms of the EU's Stability and Growth Pact, EU Member States have pledged to keep their deficits and debt below certain limits: a Member State's government deficit may not exceed 3 % of its gross domestic product while its debt may not exceed 60 % of GDP. If a Member State overruns these limits, an excessive deficit procedure is triggered at EU level. The Member State concerned is then advised to take the necessary measures in order to rectify the situation. Keeping deficit and debt below certain limits is, after all, one of the criteria for the existing economic and monetary union, and hence also for joining the euro area.

The global economic downturn triggered a sharp decline in public finances across Europe. The general government deficit of the EU-27 widened sharply from the relatively low ratio of – 0.9 % of GDP in 2007 to – 6.6 % in 2010, more than twice the reference limit value of – 3.0 %. Apart from Iceland, all the other enlargement countries recorded deficits below that of the EU-27 in 2010, ranging from – 2.5 % in the former Yugoslav Republic of Macedonia and Bosnia and Herzegovina to – 5.0 % of GDP in Montenegro. The collapse of some of Iceland's major commercial banks during the Icelandic financial crisis in 2008 may explain the country's shift from a surplus of 5.4 % of GDP in 2007 to a deficit equivalent to – 13.5 % of GDP in 2008 (reduced to – 10.1 % in 2010).

General government debt across the EU-27, persisting at a rate of around 62 % of GDP in the period from 2000 to 2008, rose to around 75 % in 2009 and then to just over 80 % in 2010, well above the allowance rate of 60 %. Linked to the reason mentioned above, Iceland stood out among the enlargement countries: having recorded general government debt levels of under 30 % of GDP in the period from 2005 to 2007, a sharp increase was noted in the following years, peaking at almost 93 % of GDP in 2010. The debt ratios in the other enlargement countries for which data are available remained well below 60 % of GDP, although the countries experienced a rise of public debt between 2008 and 2010 (ranging between 24.8 % and 42.7 % in 2010).

Inflation considerably reduced in 2009, followed by a slight increase in 2010

Inflation, as measured by a consumer prices index, showed a very mixed picture across the enlargement countries in the years between 2000 and 2005. In 2000, Serbia recorded a very high rate of inflation, around 80 %, but this fell sharply by 2005. The EU-27 and other enlargement countries recorded inflation rates below 10 % both in 2000 and 2005 (Serbia being the exception in 2000 and 2005 with a 79.6 % and 16 % inflation rate respectively; Turkey with a 10.1 % inflation rate in 2000).

In the period from 2007 to 2010, the EU-27 and the enlargement countries, with the exception of Iceland and Albania, saw a peak in inflation in 2008: for the enlargement countries, it ranged between 5.8 % in Croatia to 13.5 % in Serbia, compared to 3.7 % in the EU-27. In 2009, the rate of inflation was noticeably reduced in the EU-27 and the enlargement countries, the exception being Albania and Iceland. Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia even recorded a slight deflation in 2009, as consumer prices decreased slightly compared to the previous year. In contrast, the inflation rate increased in Iceland and Albania, by 16.3 % and 3.5 % respectively. In 2010, the inflation rate further slowed down in most of the enlargement countries (except in the former Yugoslav Republic of Macedonia, in Bosnia and Herzegovina and in Kosovo), while it increased again in the EU-27 (2.1 % between 2009 and 2010).

Sharp drop in current account deficits in 2009–2010

The EU-27 and all the enlargement countries recorded current account deficits for every single year between 2000 and 2010. These deficits widened substantially between 2007 and 2008 in most of the countries, before narrowing again in 2009. In the EU-27, the deficit more than doubled between 2007 and 2008 reaching just over EUR 255 billion, then fell by over 60 % in 2009. A broadly similar picture was observed in the former Yugoslav Republic of Macedonia. Serbia's deficit recorded a rise of almost 30 % between 2007 and 2008, followed by a sharp decline (just over 70 %) the following year. Bosnia and Herzegovina as well as Croatia also saw their current account deficits reduce sharply between 2008 and 2009, by 57 % and 44 % respectively. Turkey, which reported the largest current

account deficit among the enlargement countries, registered a slight rise (almost 2 %) between 2007 and 2008, before falling by 65 % (to around EUR 10 billion) in 2009. Iceland recorded its largest current account deficit of recent years in 2008 (EUR 2.85 billion), but subsequent years saw an important reduction, amounting to a deficit of just over EUR 1 billion in 2009 and 2010. In 2010 the deficit also continued to decrease among the other enlargement countries, the only two exceptions being Kosovo and Turkey. In the latter country, the deficit reached an all time high with EUR 36.6 billion in 2010. The lowest current account deficit in 2010 in absolute terms was recorded in the former Yugoslav Republic of Macedonia (EUR 191 million).

Expressed as percentage of GDP, the EU-27's current account balance in 2010 was much lower than that of any of the enlargement countries, as it equated to only almost 1 % of GDP. In contrast, Montenegro recorded a current account deficit equal to almost one third of its GDP that same year, Albania and Kosovo 15.4 % of GDP (2009, provisional) and 16.2 % of GDP (2010, provisional), respectively. The current account deficit in Iceland reached 11.3 % in 2010, while in the remaining enlargement countries it equalled less than 7.5 %.

Generally increasing levels of foreign direct investment inflows

Through outward Foreign Direct Investment (FDI), an investor builds up assets abroad and invests in foreign economies. In 2005, the EU-27 still invested close to EUR 240 billion in non-EU countries. By 2010, and under the influence of the financial and economic crisis, this amount was reduced to almost EUR 146 billion. The level of outward FDI is generally low for the enlargement countries, but 2010 figures show that there is a trend towards increased investment abroad. In both absolute and relative terms (considering the country's size), Iceland has increased its foreign investments even if the volume invested was notably reduced between 2005 and 2010 (from EUR 5.7 billion to just over EUR 1.0 billion). Turkey invested EUR 1.3 billion abroad, a 57 % increase compared to 2005.

Foreign direct investment (FDI) inflows to the EU-27, i.e. the investments made in the EU economy by all non-EU countries, more than doubled between 2000 (EUR 58 billion) and 2005 (EUR 129 billion), but then, in the wake of the worldwide financial and economic crisis, decreased by 19.6 % in 2010.

Comparing 2000 to 2010, all enlargement countries globally experienced increased FDI inflows, except Croatia and the former Yugoslav Republic of Macedonia.

Mixed picture for exchange rates

Exchange rate fluctuations can play an important role in determining the competitiveness of an economy, particularly with respect to export performance. The euro has been the currency of Kosovo since 1999 and Montenegro since 2002, and the convertible mark of Bosnia and Herzegovina (BAM) is fixed against the euro. As for the other enlargement countries, there have been stark differences in the development of national currencies against the euro over recent years. Croatia, the former Yugoslav Republic of Macedonia and Albania have seen their currencies remain largely stable against the euro since 2000, while the currencies in Iceland, Serbia and Turkey have lost against the euro. The fluctuations in the exchange rates in Serbia and Turkey were the most outspoken between 2000 and 2005 whereas the massive deterioration of the Icelandic króna came with the Icelandic financial crisis in 2008.

Table 6.1: General government deficit (–) / surplus (+)
(% of GDP)

	2000 (1)	2005 (2)	2007	2008	2009	2010
EU-27	0.6	– 2.4	– 0.9	– 2.4	– 6.9	– 6.6
HR	– 4.1	– 4.0	– 2.5	*– 1.4*	*– 4.1*	*– 4.9*
IS	:	4.9	5.4	– 13.5	– 10.0	– 10.1
ME	– 2.4	– 2.0	6.6	– 0.4	– 3.5	– 5.0
MK	2.3	0.2	0.6	– 1.0	– 2.7	– 2.5
RS	:	1.0	– 1.9	– 2.6	– 4.5	– 4.7
TR	– 33.0	– 0.6	– 1.0	– 2.2	– 6.7	:
AL	– 7.6	– 3.5	– 3.5	– 5.5	– 7.0	– 3.0
BA	0.7	2.4	1.2	– 2.2	– 4.5	– 2.5
XK	8.4	2.7	:	:	:	:

(1) Turkey, 2001; Croatia and Kosovo, 2002; Montenegro and Bosnia and Herzegovina, 2003.
(2) Kosovo, 2004.

Source: for the EU-27 and IS, Eurostat (online data code: gov_dd_edpt1); for the enlargement countries (except IS), Eurostat (online data code: cpc_ecgov).

Table 6.2: General government debt
(% of GDP)

	2000 (1)	2005	2007	2008	2009	2010
EU-27	61.9	62.8	59.0	62.5	74.7	80.1
HR	34.3	38.2	32.9	29.2	35.2	41.2
IS	:	26.0	28.5	70.3	87.9	92.9
ME	84.5	38.3	27.5	29.0	38.3	42.0
MK	47.9	38.4	24.0	20.6	23.9	24.8
RS	104.8	50.6	31.2	26.9	34.1	42.7
TR	77.9	52.7	39.9	40.0	46.1	42.2
AL	60.2	56.8	54.8	53.9	:	:
BA	34.7	25.3	18.2	17.2	21.8	25.7
XK	:	:	:	:	:	:

(1) Serbia and Turkey, 2001; Montenegro, 2002.

Source: for the EU-27 and IS, Eurostat (online data code: gov_dd_edpt1); for the enlargement countries (except IS), Eurostat (online data code: cpc_ecgov).

Table 6.3: Annual average inflation rates (HICP or CPI) (1)
(% change on previous year)

	2000 (2)	2005	2007 (3)	2008	2009	2010
EU-27	3.5	2.3	2.4	3.7	1.0	2.1
HR	4.5	3.0	2.7	5.8	2.4	1.1
IS	4.4	1.4	3.6	12.8	16.3	7.5
ME	:	:	:	9.2	3.4	0.5
MK	5.8	0.5	2.3	8.3	– 0.8	1.6
RS	79.6	16.2	7.0	13.5	8.6	6.8
TR	10.1	8.1	8.8	10.5	6.3	:
AL	4.2	2.0	3.1	2.2	3.5	3.4
BA	4.8	3.8	1.5	7.4	– 0.4	2.1
XK	1.3	1.4	4.4	9.4	2.4	3.5

(1) EU-27, Croatia, Iceland, Turkey, HICP (Harmonized Index of Consumer Prices); Montenegro, the former Yugoslav Republic of Macedonia, Serbia, Albania, Bosnia and Herzegovina and Kosovo, CPI (Consumer Price Index); HICP not strictly comparable with national CPIs.
(2) Kosovo, 2003; Turkey, 2004.
(3) Bosnia and Herzegovina, growth rate of retail prices until 2005.

Source: for the EU-27 and IS, Eurostat (online data code: prc_hicp_aind); for the enlargement countries (except IS), Eurostat (online data code: cpc_ecprice).

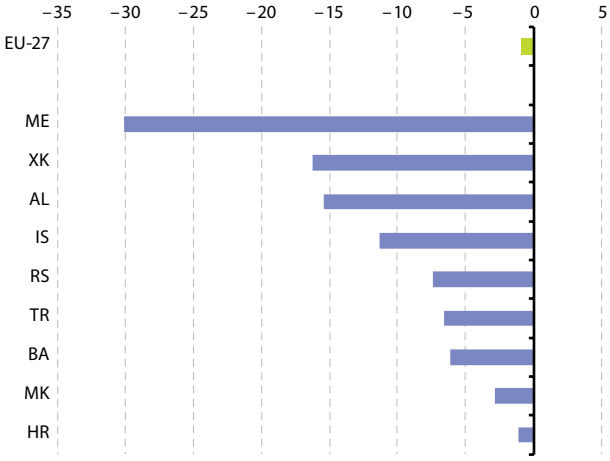
Table 6.4: Current account balance with the rest of the world
(million EUR)

	2000 (1)	2005	2007	2008	2009	2010
EU-27	– 35 736	– 83 503	– 125 859	– 255 436	– 98 874	– 104 251
HR	– 531	– 1 896	– 3 119	– 4 217	– 2 368	– 503
IS	– 926	– 2 151	– 2 347	– 2 846	– 1 051	– 1 074
ME	– 175	– 311	– 1 078	– 1 584	– 896	– 778
MK	– 112	– 122	– 421	– 862	– 449	– 191
RS	– 158	– 1 778	– 5 053	– 7 054	– 2 084	– 2 082
TR	– 10 741	– 17 932	– 28 044	– 28 528	– 10 031	– 36 606
AL	– 185	– 589	– 831	– 1 370	– 1 346	– 1 056
BA	– 429	– 1 500	– 1 191	– 1 771	– 768	– 766
XK	228	– 248	– 354	– 629	– 604	– 684

(1) Kosovo, 2001; Montenegro, 2002; EU-27, 2004.

Source: for the EU-27 and IS, Eurostat (online data codes: bop_q_c and bop_q_eu); for the enlargement countries (except IS), Eurostat (online data code: cpc_ecbop).

Figure 6.1: Current account balance, 2010 (1)
(% of GDP)



(1) Serbia, estimated data; Kosovo, provisional data; Montenegro, 2009; Albania, 2009 provisional data.

Source: for the EU-27 and IS, Eurostat (online data codes: bop_q_c, bop_q_eu and nama_gdp_c); for the enlargement countries (except IS), Eurostat (online data codes: cpc_ecbop and cpc_ecnagdp).

Table 6.5: Foreign direct investment (1)
(million EUR)

	Outward FDI			Inward FDI		
	2000 (2)	2005	2010	2000 (2)	2005	2010
EU-27	142 278	239 880	145 567	58 286	129 714	103 894
HR	5	192	– 115	1 141	1 468	227
IS	422	5 700	1 041	185	2 475	268
ME	0	4	22	87	403	574
MK	– 1	2	1	233	77	221
RS	2	18	143	56	1 268	1 003
TR	942	855	1 340	1 063	8 063	6 842
AL	0	3	10	157	213	827
BA	0	0	32	159	493	174
XK	0	0	3	43	108	315

(1) 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.
(2) Montenegro, 2002; EU-27 and Kosovo, 2004.

Source: for the EU-27 and IS, Eurostat (online data code: bop_fdi_main); for the enlargement countries (except IS), Eurostat (online data code: cpc_ecbop).

Table 6.6: Exchange rates against the Euro
(1 EUR = ... national currency)

	2000 (1)	2005	2007	2008	2009	2010
HR (HRK)	7.63	7.40	7.34	7.22	7.34	7.29
IS (ISK)	72.58	78.23	87.63	143.83	172.67	161.89
ME (EUR)	1.00	1.00	1.00	1.00	1.00	1.00
MK (MKD)	60.72	61.29	61.18	61.26	:	:
RS (RSD)	49.87	83.00	*79.96*	81.44	93.95	103.04
TR (TRY)	0.57	1.67	1.78	1.90	2.15	1.99
AL (ALL)	132.58	124.19	123.62	122.80	132.06	137.79
BA (BAM)	1.96	1.96	1.96	1.96	1.96	1.96
XK (EUR)	1.00	1.00	1.00	1.00	1.00	1.00

(1) Montenegro, 2003.

Source: for IS, Eurostat (online data code: ert_bil_eur_a); for the enlargement countries (except IS), Eurostat (online data code: cpc_ecexint).

Definitions

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. The balance of payments is a record of a country's international transactions with the rest of the world. This is equivalent to the transactions between residents of a country and non-residents. The balance of payments is divided among the current account and investment, and other capital transactions.

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 gauges a country's economic position in the world, covering all transactions (other than those in financial items) that involve economic values and occur between resident and non-resident entities. It refers to goods and services, income and current transfers.

Exchange rate is the current market price for which one currency can be exchanged for another.

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.

Harmonized Indices of Consumer Prices (HICP) are a set of European Union consumer price indices (CPIs) calculated according to a harmonized approach and a single set of definitions. They are designed for international comparison of consumer price inflation.

7

External trade

Deficits in external trade in goods in most of the enlargement countries

The EU-27's exports of goods to the rest of the world grew by almost 59 % between 2000 and 2010. Within that same time frame, every enlargement country except Montenegro saw their exports grow faster than those of the EU-27. In Albania, Bosnia and Herzegovina, Kosovo, Serbia and Turkey, exports more than doubled over recent years. Only in Montenegro did exports fall (by almost 28.4 %) between 2005 and 2010.

The EU-27's imports of goods grew by just over 52 % between 2000 and 2010. Only Iceland, Croatia and Serbia recorded an increase under those of the EU-27 (from 5.1 % to 47.8 %) while all the other enlargement countries recorded rises well above the EU-27's increase (from 63.2 % to 194.2 %).

The EU-27's deficit in goods trade in 2010 was just under 6 % of the total trade volume (value of exports and imports combined), a decrease of almost 2.2 percentage points compared to 2000. Most of the enlargement countries also recorded goods trade deficits in recent years. Only Iceland showed a surplus (of EUR 530 million) in 2010. Kosovo's deficit amounted to 76.6 % of its total trade volume in 2010, that of Montenegro to 66.8 %, the two largest deficit ratios recorded in the enlargement countries. The most important change over time in this respect was observed in Serbia, which saw its deficit reduce from 45.7 % of its total goods trade volume to 27.7 % between 2005 and 2010. In contrast, Montenegro increased its deficit from almost 36 % in 2005 to 67 % in 2010.

The EU-27's exports of goods were equal to 11 % of the gross domestic product (GDP) in 2010. In Albania, Kosovo and Montenegro, the share of exports in GDP did not exceed the EU-27 figure. In all the other enlargement countries, on the other hand, the figure for exports as a percentage of GDP was much higher, in particular in Iceland and the former Yugoslav Republic of Macedonia, where they equalled over one third of GDP in the latest year for which data are available.

The EU-27's imports were equal to just over 12 % of GDP in 2010. Imports of each of the enlargement countries were of a higher proportion of GDP than in the EU-27, most notably in the former Yugoslav Republic of Macedonia, Montenegro, Bosnia and Herzegovina as well as Kosovo, where their values reached more than 50 % of GDP in the latest year for which data are available.

The EU as the main trading partner for the enlargement countries

The EU-27 is the main trading partner for the enlargement countries. According to the most recent data available, over 70 % of all exports by both Albania and Iceland went to the EU-27; even the lowest proportions, recorded in Turkey, amounted to around 46 %. In Montenegro, Kosovo and Turkey, less than 40 % of the countries' total imports arrived from the EU-27, while in Albania and Croatia the respective values reached over 60 %.

Manufactured goods excluding machinery and vehicles is generally the most important product category in trade

Manufactured goods excluding machinery and vehicles ('Other manufactured products' in Table 7.3) made up by far the largest category of exports for all the enlargement countries, the only exceptions being Croatia, in the latest year for which data are available. This category of goods accounted for almost 60 % of exports from Albania and Kosovo, just over 50 % of exports from Montenegro and around 45 % of exports from the other enlargement countries. On the other hand, the largest category of goods exported from Croatia in 2010 was machinery and vehicles (31.8 %), as was also the case for the EU-27 (42.4 %).

Manufactured goods excluding machinery and vehicles was also the category which generally had the highest share in imports. Most of the enlargement countries registered nearly 30 % of their imports as falling into this category in the latest year for which data are available. The exceptions were Iceland and Turkey, where machinery and vehicles accounted for the highest share of imports of goods in 2010 (26.6 % and 29 % respectively), and the EU-27, where the proportion of machinery and vehicles was 29.5 %.

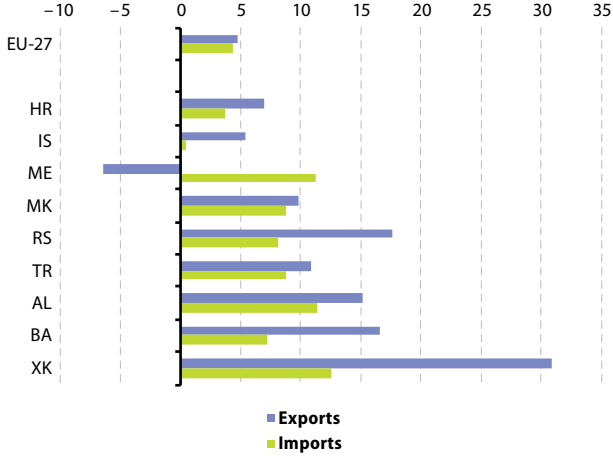
Table 7.1: International trade in goods, totals
(million EUR)

	Exports		Imports		Balance	
	2000 (1)	2010	2000 (1)	2010	2000 (1)	2010
EU-27	849 740	1 349 165	992 695	1 509 073	– 142 956	– 159 908
HR	5 188	8 824	11 327	15 134	– 6 139	– 6 310
IS	2 058	3 475	2 803	2 945	– 745	530
ME	461	330	974	1 657	– 514	– 1 327
MK	1 178	2 498	2 105	4 119	– 927	– 1 622
RS	3 148	7 067	8 439	12 475	– 5 291	– 5 408
TR	30 182	85 247	59 444	138 715	– 29 263	– 53 468
AL	283	1 169	1 180	3 472	– 896	– 2 303
BA	1 238	3 623	4 264	6 957	– 3 026	– 3 334
XK	57	284	1 050	2 146	– 994	– 1 862

(1) Croatia and the former Yugoslav Republic of Macedonia, 2002; Bosnia and Herzegovina, 2003; Kosovo, 2004; Montenegro and Serbia, 2005.

Source: for EU-27 and IS, Eurostat (online data codes: ext_lt_intertrd, ext_lt_maineu and ext_lt_intercc); for the enlargement countries (except IS), Eurostat (online data code: cpc_etmain).

Figure 7.1: International trade in goods, average annual growth rates, 2000–2010 (1)
(%)



(1) Croatia and the former Yugoslav Republic of Macedonia, 2002–2010; Bosnia and Herzegovina, 2003–2010; Kosovo, 2004–2010; Montenegro and Serbia, 2005–2010.

Source: for EU-27 and IS, Eurostat (online data codes: ext_lt_intertrd, ext_lt_maineu and ext_lt_intercc); for the enlargement countries (except IS), Eurostat (online data code: cpc_etmain).

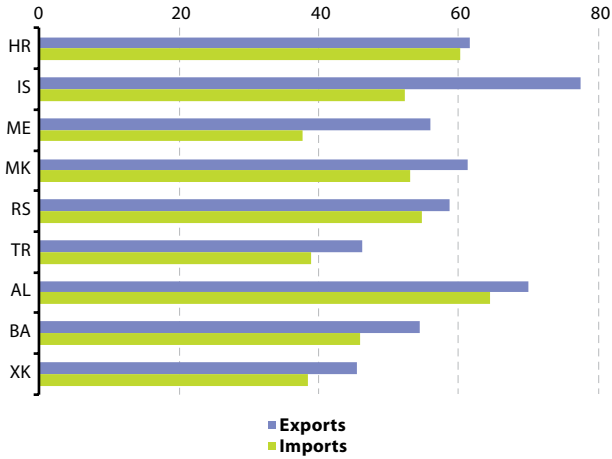
Table 7.2: International trade in goods
(% of GDP)

	Exports			Imports		
	2000 (1)	2005	2010 (2)	2000 (1)	2005	2010 (2)
EU-27	9.2	9.5	11.0	10.8	10.7	12.3
HR	18.4	19.6	19.2	40.2	41.5	33.0
IS	21.8	19.0	36.6	29.8	30.7	31.0
ME	:	25.4	9.3	:	53.7	55.5
MK	29.4	34.1	36.2	52.6	54.0	59.7
RS	:	15.5	25.2	:	41.6	44.5
TR	10.4	15.2	15.5	20.5	24.1	25.2
AL	7.2	8.1	8.9	29.9	32.0	37.4
BA	16.5	21.8	28.8	56.8	64.4	55.3
XK	*1.9*	*1.6*	*6.7*	*36.1*	*39.3*	*50.9*

(1) Croatia and the former Yugoslav Republic of Macedonia, 2002; Bosnia and Herzegovina, 2003; Kosovo, 2004.
(2) Montenegro and Albania, 2009.

Source: for EU-27 and IS, Eurostat (online data codes: ext_lt_intertrd, ext_lt_maineu, nama_gdp_c and ext_lt_intercc); for the enlargement countries (except IS), Eurostat (online data codes: cpc_etmain and cpc_ecnagdp).

Figure 7.2: International trade in goods with EU-27, 2010
(% of total country exports and imports)



Source: for IS, Eurostat (online data code: ext_lt_intercc); for enlargement countries (except IS), Eurostat (online data code: cpc_etflow).

Table 7.3: Breakdown of exports of goods, 2010 ([1])
(% share of total exports)

	Food and drink	Raw materials	Energy	Chemicals	Machinery and vehicles	Other manufactured products	Other
EU-27	5.7	2.8	5.6	17.4	42.4	23.1	2.9
HR	10.5	7.0	12.5	11.4	31.8	26.7	0.1
IS	39.8	2.8	1.0	3.1	4.9	47.9	0.4
ME	*13.6*	*13.9*	*10.1*	*3.9*	*8.2*	*50.3*	*0.1*
MK	17.9	3.6	1.1	4.5	5.3	41.5	26.1
RS	21.1	6.5	5.3	9.0	14.5	42.1	1.5
TR	10.0	3.3	3.9	5.4	27.8	46.4	3.3
AL	4.4	13.7	18.0	0.5	4.1	59.0	0.3
BA	6.6	13.3	15.1	5.1	11.7	45.6	2.6
XK	*7.7*	*25.9*	*3.8*	*0.8*	*3.4*	*58.5*	*0.0*

([1]) The former Yugoslav Republic of Macedonia, 2009.

Source: for EU-27 and IS, Eurostat (online data code: ext_lt_intertrd); for the enlargement countries (except IS), Eurostat (online data code: cpc_etsitc).

Table 7.4: Breakdown of imports of goods, 2010
(% share of total imports)

	Food and drink	Raw materials	Energy	Chemicals	Machinery and vehicles	Other manufactured products	Other
EU-27	5.3	4.7	25.4	9.1	29.5	24.0	1.9
HR	9.9	2.1	18.8	14.1	25.6	29.5	0.0
IS	10.5	15.8	13.2	10.1	26.6	23.7	0.1
ME	*23.4*	*5.0*	*12.7*	*9.8*	*20.6*	*28.5*	*0.0*
MK	11.3	6.2	8.0	12.2	19.7	30.7	11.9
RS	6.9	4.5	20.1	15.6	23.5	29.3	0.2
TR	2.7	8.9	14.4	13.6	29.0	23.4	8.1
AL	16.8	4.7	13.8	10.1	19.0	35.6	0.1
BA	16.9	4.1	19.3	12.0	18.6	29.0	0.1
XK	21.2	3.6	15.8	9.5	20.5	29.0	0.4

Source: for EU-27 and IS, Eurostat (online data code: ext_lt_intertrd); for the enlargement countries (except IS), Eurostat (online data code: cpc_etsitc).

Definitions

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

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

SITC - Standard International Trade Classification is a classification of goods used to classify the exports and imports of a country to enable international comparisons over time. The classification is built of 10 headings:

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

In this chapter, some of the SITC headings were renamed and grouped together to help the presentation:

Food and drinks cover SITC headings 0 and 1;

Raw materials cover SITC headings 2 and 4;

Energy corresponds to SITC heading 3;

Chemicals correspond to SITC heading 5;

Other manufactured products cover the SITC headings 6 and 8;

Machinery and vehicles correspond to SITC heading 7;

Other corresponds to SITC heading 9.

Trade as % of GDP is the share of total trade (exports + imports) in the gross domestic product.

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.

Trade by product: External trade statistics report export

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

8

Agriculture

Utilised agricultural area remained stable in most of the enlargement countries

The utilised agricultural area (UAA) of the EU-27 amounted to around 185 million hectares in 2009, almost four times the size of the combined total for the enlargement countries. The UAA as a proportion of the total land area remained relatively stable in the EU-27 between 2003 and 2009 (around 43%) as well as in most of the enlargement countries, the only noticeable exception being the former Yugoslav Republic of Macedonia which recorded a decline (from 48.1% in 2000 to 43.6% in 2010). In 2010, the proportion of land taken up by the UAA varied widely across the enlargement countries, from 2.5% in Iceland to 65.2% in Serbia.

Across the EU-27 as a whole, arable land accounted for around 61% of the UAA in 2009. This high share was exceeded in 2010 by Croatia (67%) and Serbia (65%). Permanent grassland, on the other hand, accounted for almost 63% in Bosnia and Herzegovina, a proportion exceeding by far those of the other enlargement countries (between 28.9% and 54.6%). Land under permanent crop constituted by far the smallest share of the UAA, both in the EU-27 and in the various enlargement countries (shares of well under 10%).

Increased cereals production but a general decline in livestock numbers

Across the EU-27 and in nearly all of the enlargement countries, except in the former Yugoslav Republic of Macedonia and Kosovo, the production of cereals has increased since the turn of the century. In Croatia, for instance, it rose by an estimated 30% and in Serbia by 78% between 2000 and 2010. Montenegro and Iceland recorded far higher growth rates, but started from lower production volumes in absolute terms. Other than that, sugar beet production showed a more mixed picture between 2000 and 2010, with a decline registered in the EU-27 and Turkey, and a sharp rise in Croatia and Serbia. Furthermore, cows' milk production has increased in most countries for which data are available, especially in the former Yugoslav Republic of Macedonia which recorded an increase of almost 58% between 2000 and 2010.

Livestock production reflects cultural specificities, which is evident, for instance, in Turkey where pig production is very

limited. In contrast, pig production in Croatia and Serbia is much higher. Pig herds of just over 1.2 million (Croatia) and 3.5 million heads (Serbia) were recorded in these countries, the numbers remaining fairly stable between 2000 and 2010 (Serbia recorded a 3.5% decrease). Regarding the other livestock, the number of sheep and goats in Turkey fell sharply from almost 36 million heads in 2000 to almost 27 million heads in 2009; however, it remained equal to around 30% of the entire EU-27 herd. Croatia, Iceland, Bosnia and Herzegovina, and Kosovo recorded a rise in the number of sheep and goats in recent years, while it decreased in the EU-27 and the remaining enlargement countries. Finally, the number of cattle experienced an increase in Croatia, Iceland, Bosnia and Herzegovina and Kosovo.

In 2010, pig meat accounted for almost 50% of total meat production in Croatia, and almost 60% in Serbia, while poultry was the most important category in Turkey (65%) and Bosnia and Herzegovina (45%). By far the highest proportion of meat production from cattle (beef) was registered in Montenegro and Albania, with almost 66% and 46% respectively.

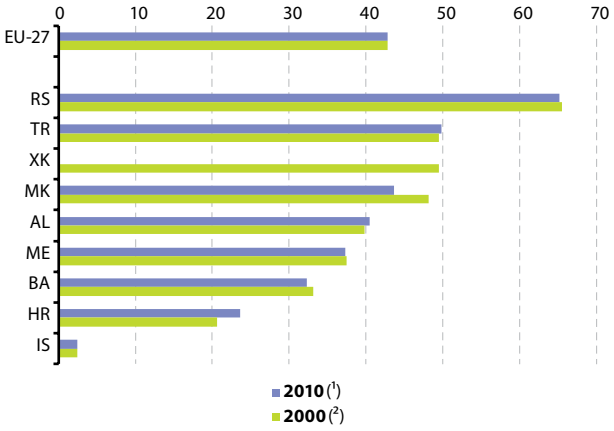
Table 8.1: Land use, 2010 (1)
(1 000 hectares)

	Total area	Utilised agricultural area (2)	of which:			Total wooded area (3)
			Arable land (2)	Permanent grassland (2)	Land under permanent crop (2)	
EU-27	*432 526*	*184 882*	*113 496*	*58 528*	*11 951*	*177 757*
HR	5 659	*1 335*	897	345	87	2 481
IS	10 300	252	:	:	:	116
ME	1 381	516	:	:	:	563
MK	2 571	1 120	415	611	35	949
RS	7 747	5 051	3 295	1 460	297	2 039
TR	78 356	39 032	21 362	14 617	3 053	21 390
AL	2 875	1 164	567	505	91	1 043
BA	5 121	1 649	512	1 035	102	2 223
XK	1 089	:	237	88	5	:

(1) EU-27, 2009.
(2) Albania and Kosovo, 2009.
(3) Albania, 2009.

Source: for the EU-27, Eurostat (online data codes: apro_cpp_luse and for_area); for the enlargement countries, Eurostat (online data code: cpc_agmain).

Figure 8.1: Total utilised agricultural area
(% of total area)



(1) EU-27, 2009 estimated data; Albania, 2009; Croatia, provisional data; Kosovo, not available.
(2) Bosnia and Herzegovina, 2002; EU-27, 2003 estimated data; Montenegro, provisional data.

Source: for the EU-27, Eurostat (online data code: apro_cpp_luse); for the enlargement countries, Eurostat (online data code: cpc_agmain).

Table 8.2: Selected agricultural production, 2010
(1 000 tonnes)

	Cereals (incl. rice)		Sugar beet		Cows' milk	
	2000 (1)	2010 (2)	2000	2010	2000 (3)	2010 (4)
EU-27	*277 876*	*282 900*	136 977	*106 950*	149 693	*147 620*
HR	2 312	*3 007*	482	*1 249*	*626*	809
IS	3	13	-	-	104	123
ME	3	17	:	:	*197*	179
MK	565	541	56	:	220	347
RS	5 213	9 280	1 070	3 325	1 585	1 471
TR	32 108	32 749	18 821	17 942	:	:
AL	566	662	42	-	948	1 070
BA	930	1 105	:	:	583	693
XK	459	*411*	:	:	:	:

(1) Kosovo, 2001.
(2) Kosovo, 2009; Montenegro, break in series, 2010.
(3) Bosnia and Herzegovina, 2004.
(4) EU-27, 2009.

Source: for the EU-27, Eurostat (online data codes: apro_cpp_crop and apro_mk_farm); for the enlargement countries, Eurostat (online data code: cpc_agmain).

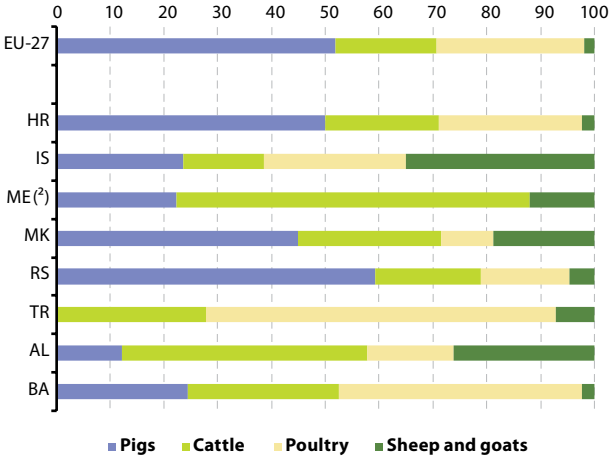
Table 8.3: Livestock numbers
(1 000 head)

	Cattle		Pigs		Sheep and goats	
	2000 (1)	2010 (2)	2000 (1)	2010 (2)	2000 (1)	2010 (2)
EU-27	94 245	87 437	157 391	150 773	115 419	97 816
HR	427	444	1 234	1 231	608	705
IS	72	74	4	4	466	481
ME	179	119	19	12	293	244
MK	265	260	204	191	1 251	854
RS	1 162	938	3 615	3 489	1 670	1 604
TR	10 761	10 724	3	2	35 693	26 878
AL	728	493	103	164	3 045	2 581
BA	453	462	596	590	965	1 109
XK	289	344	59	51	193	217

(1) Bosnia and Herzegovina, 2004.
(2) Turkey and Kosovo, 2009.

Source: for the EU-27, Eurostat (online data codes: apro_mt_lscatl, apro_mt_lspig, apro_mt_lssheep and apro_mt_lsgoat); for the enlargement countries, Eurostat (online data code: cpc_agmain).

Figure 8.2: Animals slaughtered, 2010 (1)
(% of total carcass weight)



(1) Kosovo, not available; Albania, 2009; Bosnia and Herzegovina, estimated data.
(2) Poultry, not available.

Source: for the EU-27, Eurostat (online data code: apro_mt_pann); for the enlargement countries, Eurostat (online data code: cpc_agmain).

Definitions

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.

Goats are defined as domestic animals and may be categorised as breeding females (female goats which have kidded) and other goats.

Livestock is the number of production animals that are in the direct possession or management of the holding. The animals are not necessarily the property of the holder. These animals may be on the holding (on utilised areas or in housing used by the holding) or off the holding (on communal grazings or in the course of migration, etc.). All livestock data are recorded for the end of the reference year.

Milk production covers milk produced by cows, ewes and goats excluding milk directly suckled but including that obtained by milking (including colostrums) used for animal feeding stuffs (for example in buckets or by other means).

Permanent crop 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). It excludes, however, birds raised in confinement for hunting purposes and not for meat production.

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 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.

Wooded areas are defined as areas covered with trees or forest shrubs, including poplar plantations inside or outside woods, and forest-tree nurseries grown in woodland for the holding's own requirements, as well as forest facilities (forest roads, storage depots for timber, etc.). Commercial forest-tree nurseries and other nurseries outside woodland, heath and moor land, parks, gardens (parks and lawns), grassland and unutilised rough grazing, areas of isolated trees, small groups or lines of trees, walnut and chestnut trees grown mainly for their fruit, as well as other plantations of non-forest trees and osieries are excluded.

9

Energy

Energy production increased in most enlargement countries

In 2010, the EU-27's primary energy production amounted to 830 million tonnes of oil equivalent (toe). Turkey registered just over 30 million toe, the largest value recorded amongst the enlargement countries, Albania recorded the lowest production value in 2008 (around 1.2 million toe). In the enlargement countries for which data are available, energy production has increased over recent years, in contrast to the EU-27 where it fell by around 14 % between 2000 and 2009. In Iceland, energy production increased by almost 41 % between 2000 and 2006; in Croatia it rose by around 14 %, in Turkey by around 16 % (between 2000 and 2009), and in Albania by around 17 % (between 2000 and 2008).

The structure of primary energy production is largely determined by a territory's natural resources but also its strategic policy decisions, which affect in particular the development of nuclear energy and of renewable energy sources. In 2009, nuclear and renewable sources (under "Other" sources in Table 9.1) made up almost half of the energy production in the EU-27. In contrast, 100 % of Montenegro's energy production was based on coal and lignite, which was also the major source of primary energy production in the former Yugoslav Republic of Macedonia, Serbia and Turkey. Natural gas was the most important source of primary energy production in Croatia, while in Albania it was crude oil. Endowed with ample geothermal resources, Iceland reported 100 % of its energy production as coming from renewable energy sources.

General increase in dependency on energy imports and a fall in energy intensity

Montenegro stands out as being the only net exporter of energy among the enlargement countries in 2009. All the other countries were dependent on imports to satisfy their energy needs. Croatia and Turkey were the two enlargement countries with the highest energy dependency with just over 50 % and 70 % respectively, the rate of EU-27 being around 55 % in 2010. Expressed in imports per head of the population, Iceland came first, although at the same time it was the least energy dependent of all the enlargement countries (not considering Montenegro as a net energy exporter). Iceland

saw its dependency on energy supplies decrease from around 33 % of the total consumption in 2000 to around 22 % in 2006, while the EU-27 along with the other enlargement countries, except Croatia, recorded an increase (between 2000 and the latest year for which data are available). In general, the energy dependency was reduced in 2009, as a result of a lower energy demand in the wake of the worldwide financial and economic crisis.

The general rise in the dependency on energy imports took place at a time of increasing energy consumption in all enlargement countries for which data are available. In the EU-27, the overall energy consumption rose by around 2 % between 2000 and 2010. The enlargement countries saw much higher growth rates in recent years, from around 2 % in the former Yugoslav Republic of Macedonia to just over 76 % in Iceland and Serbia.

Energy intensity of the EU-27 and most of the enlargement countries, on the other hand, has decreased between 2000 and 2009. The energy intensity of an economy is defined as the ratio of its 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 economy's energy efficiency. In 2009, the corresponding figure for the EU-27 amounted to 165 kg of oil equivalent, generally much lower than the ratios of the enlargement countries, where values ranged from 239 kg of oil equivalent in Croatia to 661 kg of oil equivalent in Serbia (in 2007). Nevertheless, most of the enlargement countries for which data are available recorded a reduction in energy intensity over recent years, the exceptions being Iceland and Serbia. In Albania and Montenegro, energy intensity fell by around 23 %; a decrease of 18.9 % was recorded in the former Yugoslav Republic of Macedonia and 16.4 % in Croatia. The EU-27 saw its energy intensity decrease by just over 11 %, while Turkey recorded a drop of 7.1 %. In contrast, Iceland and Serbia reported an increase of just over 4 % (between 2000 and 2006) and 60 % (between 2005 and 2007) respectively.

Renewable sources' contribution to electricity generation fell in the enlargement countries but remains still higher than in the EU-27

The EU-27's electricity generation rose steadily by 11.4 % between 2000 and 2008, followed by a decrease of almost 5 % in 2009. Electricity generation in most of the enlargement countries fluctuated over this period, generally following a moderate upward trend. Iceland and Turkey recorded the highest growths in electricity output. Turkey's electricity output increased by almost 60 % between 2000 and 2008 (but decreased slightly in 2009), while Iceland saw its electricity output more than double over the same period.

In the EU-27 as a whole, a much smaller share of electricity is produced from renewable sources compared to the enlargement countries for which data are available. In 2009, 18.2 % of the EU-27's electricity came from such sources, while Croatia and Serbia recorded shares of around 40 %. Nevertheless, the EU-27's electricity production from renewable sources as a share of total electricity consumption grew between 2000 and 2009. This was not the case in three enlargement countries for which data are available (the former Yugoslav Republic of Macedonia, Serbia and Turkey). However, it should be noted that hydro-electricity is the major source of renewable energy in the region and this is very dependent on rainfall, which varies from year to year.

Table 9.1: Primary energy production

	Total production (1 000 toe)		Share of total production, 2009 (%) (3)			
	2000 (1)	2009 (2)	Coal and lignite	Crude oil	Natural gas	Other (4)
EU-27	940 616	830 836	19.9	11.7	19.0	48.6
HR	3 562	4 057	-	20.2	54.4	25.6
IS	2 312	3 255	-	-	-	100.0
ME	982	1 267	100.0	-	-	-
MK	1 595	*1 607*	*80.5*	-	-	19.5
RS	7 729	9 487	77.3	7.1	2.5	14.2
TR	26 047	30 328	57.4	7.7	2.1	32.8
AL	987	1 159	1.7	49.8	0.7	46.7
BA	:	:	:	:	:	:
XK	:	:	:	:	:	:

(1) Serbia, 2005; Montenegro, 2006.
(2) EU-27 and Montenegro, 2010; Albania, 2008; Iceland, 2006.
(3) EU-27, 2010; Albania, 2008.
(4) The category 'Other' includes nuclear energy and renewable energy.

Source: for the EU-27, Eurostat (online data codes: nrg_100a, nrg_101a, nrg_102a and nrg_103a); for the enlargement countries, Eurostat (online data code: cpc_energy).

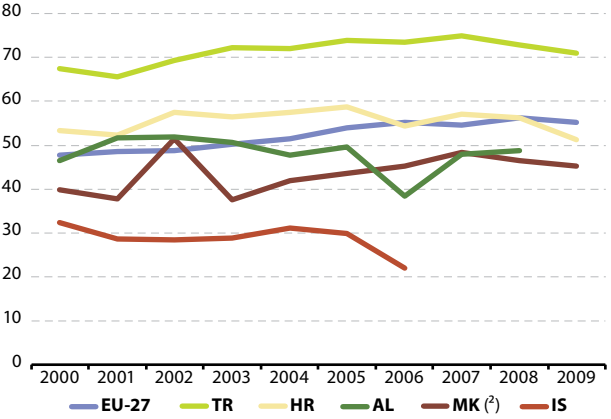
Table 9.2: Net imports of energy and energy dependency

	Net imports of energy				Energy dependency, 2009 (%) (3)
	(1 000 tonnes of oil equivalent)		(tonnes of oil equivalent per inhabitant)		
	2000 (1)	2009 (2)	2000 (1)	2009 (2)	
EU-27	825 110	951 999	1.71	*1.90*	54.1
HR	4 174	4 465	*0.93*	1.01	51.2
IS	1 049	953	3.76	3.18	21.9
ME	– 49	– 20	– 0.08	– 0.03	– 3.0
MK	1 104	*1 274*	0.55	*0.62*	*45.3*
RS	1 431	5 046	0.19	0.69	34.4
TR	54 291	*75 295*	0.81	1.05	70.9
AL	858	1 033	0.28	0.33	48.8
BA	369	681	*0.10*	*0.18*	:
XK	:	:	:	:	:

(1) Bosnia and Herzegovina, 2003; Serbia, 2005; Montenegro, 2006.
(2) EU-27 and Montenegro, 2010; Albania, 2008; Iceland and Bosnia and Herzegovina, 2006.
(3) EU-27, 2010; Albania, 2008; Iceland, 2006.

Source: for the EU-27, Eurostat (online data codes: nrg_100a and demo_pjan); for the enlargement countries, Eurostat (online data codes: demo_pjan and cpc_energy).

Figure 9.1: Energy dependency ratio (1)
(net energy imports as % of gross inland energy consumption)



(1) Bosnia and Herzegovina and Kosovo, not available. Montenegro and Serbia not shown as data are only available for a few years.
(2) 2009, preliminary data.

Source: for the EU-27, Eurostat (online data code: nrg_100a); for the enlargement countries, Eurostat (online data code: cpc_energy).

Table 9.3: Total gross inland energy consumption and energy intensity of the economy

	Gross inland energy consumption (million toe)		Energy intensity (kg of oil equivalent per EUR 1 000 of GDP)	
	2000 (1)	2009 (2)	2000 (1)	2009 (3)
EU-27	1 724 906	1 758 726	187	165
HR	7 819	8 721	286	239
IS	3 235	5 696	343	358
ME	933	1 268	494	384
MK	2 765	*2 811*	710	576
RS	8 322	14 657	413	661
TR	80 500	106 138	295	274
AL	1 845	2 119	401	307
BA	:	:	:	:
XK	:	:	:	:

(1) Serbia, 2005; Montenegro, 2006.
(2) EU-27 and Montenegro, 2010; Albania, 2008.
(3) Montenegro, Serbia and Albania, 2007; Iceland, 2006.

Source: for the EU-27 and IS, Eurostat (online data codes: nrg_100a and nrg_ind_332a); for the enlargement countries (except IS), Eurostat (online data code: cpc_energy).

Table 9.4: Breakdown of final energy consumption by sector
(% of total)

	Industry		Transport		Households	
	2000 (1)	2009 (2)	2000 (3)	2009 (2)	2000 (3)	2009 (4)
EU-27	29.4	25.3	30.5	31.7	26.1	26.6
HR	26.0	22.5	28.7	33.7	31.1	28.5
IS	:	:	:	:	:	:
ME	:	:	:	:	:	:
MK	33.5	25.2	22.9	26.3	30.1	32.4
RS	35.2	33.8	:	28.2	:	25.5
TR	42.9	32.2	19.5	19.8	32.6	36.6
AL	15.4	4.9	35.2	44.0	34.8	:
BA	:	:	:	:	:	:
XK	:	:	:	:	:	:

(1) Albania, 2002; Serbia, 2004.
(2) EU-27, 2010; Serbia and Albania, 2008.
(3) Albania, 2002.
(4) EU-27, 2010; Serbia, 2008.

Source: for the EU-27, Eurostat (online data code: nrg_100a); for the enlargement countries, Eurostat (online data code: cpc_energy).

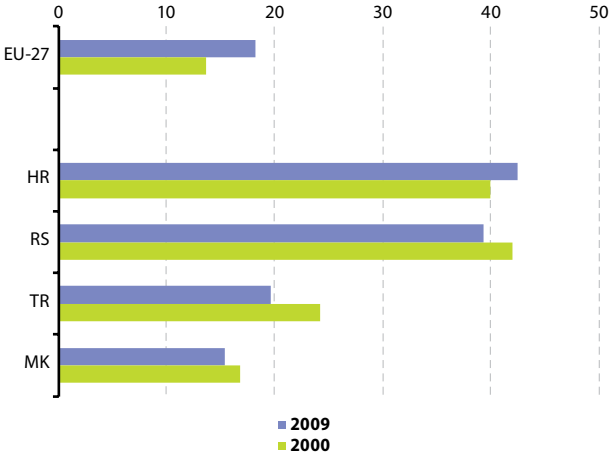
Table 9.5: Electricity generation, total
(1 000 GWh)

	2000 (1)	2005	2006	2007	2008	2009
EU-27	3 025.2	3 310.6	3 354.8	3 367.5	3 371.3	3 209.1
HR	10.7	13.1	13.0	12.4	12.6	13.2
IS	7.7	8.7	9.9	12.0	16.5	16.8
ME	2.7	2.9	3.0	2.1	2.8	2.8
MK	6.8	6.9	7.0	6.5	6.3	6.8
RS	32.0	36.0	36.0	37.0	37.0	38.0
TR	124.9	162.0	176.3	191.6	198.4	194.1
AL	4.7	5.5	5.6	3.0	3.9	5.2
BA	:	:	:	13.0	14.8	15.7
XK	3.2	4.0	4.0	4.3	:	5.3

(1) Kosovo, 2002.

Source: for the EU-27, Eurostat (online data code: ten00087); for the enlargement countries, Eurostat (online data code: cpc_energy).

Figure 9.2: Electricity produced from renewable sources of energy (1)
(% of gross electricity consumption)



(1) Iceland, Montenegro, Albania, Bosnia and Herzegovina and Kosovo, not available; the former Yugoslav Republic of Macedonia, provisional data.

Source: for the EU-27, Eurostat (online data code: tsien050); for the enlargement countries, Eurostat (online data code: cpc_energy).

Definitions

Electricity is an energy carrier with a very wide range of applications. It is used in almost all kinds of human activity ranging from industrial production, household use, agriculture, commerce for running machines, lighting and heating. Electricity is produced as primary as well as secondary energy. Primary electricity is obtained from natural sources such as hydro, wind, solar, tide and wave power. Secondary electricity is produced from the heat of nuclear fission of nuclear fuels, from geothermal heat and solar thermal heat, and by burning primary combustible fuels such as coal, natural gas, oil and renewable and wastes.

Electricity generation 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.

Electricity generated from renewable sources – % of gross electricity consumption is the ratio between the electricity produced from renewable energy sources and the gross national electricity consumption for a given calendar year. It measures the contribution of electricity produced from renewable energy sources to the national electricity consumption. Electricity produced from renewable energy sources comprises the electricity generation from hydro plants (excluding pumping), wind, solar, geothermal and electricity from biomass/wastes. Gross national electricity consumption comprises the total gross national electricity generation from all fuels (including autoproduction), plus electricity imports, minus exports.

Energy dependency ratio is defined as a share of net energy imports in gross inland energy consumption.

Energy intensity (efficiency) is the ratio between the gross inland consumption of energy and the gross domestic product (GDP at constant 2000 prices) for a given calendar year. It measures the energy consumption of an economy and its overall energy efficiency.

Final energy consumption covers energy supplied to the final consumer's door for all energy uses. It is composed of final energy consumption of industry, transport and household, commerce etc. It is calculated net of transformation and network losses. It excludes consumption of the energy sector.

Gross domestic product (GDP) measures the total market value of all final goods and services produced within a country during a given period.

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). Toe is a normalised unit of energy. By convention, it is equivalent to the approximate amount of energy that can be extracted from one tonne of crude oil.

Net imports of energy products are defined as imports minus 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 energy is any kind of extraction of energy products from natural sources to a usable form. Primary production takes place when the natural sources are exploited, for example in coal mines, crude oil fields, hydro power plants or fabrication of bio-fuels. Transformation of energy from one form to another, such as electricity or heat generation in thermal power plants, or coke production in coke ovens, is not primary production.

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 (RES) includes hydroelectricity, biomass, biogas and waste, wind energy, solar energy, and geothermal energy.

10 Industry and services

Industrial production and construction decreased in 2009; most countries see slight recovery in 2010

In the aftermath of the 2008 global financial crisis, and as a direct consequence, the EU-27 along with most of the enlargement countries reported a decline in industrial production in 2009. Only in Bosnia and Herzegovina did the estimated figures show an increase as compared to 2008. Moreover, industrial production in this country increased by almost 31 % between 2005 and 2009, whereas in the EU-27, as well as in Montenegro and Serbia, the 2009 values dropped below those observed in 2005: for the EU-27, industrial production was around 8 % below the 2005 level. Likewise, Montenegro was severely hit by the economic crisis, with industrial production decreasing sharply: while it had remained rather stable between 2005 and 2008, a sharp decline was observed in 2009 to stand almost 33 % below the level it had in 2005. In 2009, Serbia too recorded a drop of almost 4 % in industrial production as compared to 2005. The remaining enlargement countries, i.e. Croatia, the former Yugoslav Republic of Macedonia, Turkey and Albania obviously resisted better to the crisis, with industrial production in 2009 being higher than in 2005 (between 0.4 % and 16.5 %). In 2010, having recovered to a certain extent from the initial impact of the recession, industrial production and construction in the EU-27 and most of the enlargement countries increased slightly, the exceptions being Croatia and the former Yugoslav Republic of Macedonia. Nevertheless, despite positive signs, the 2010 figures still remain below those of 2005 in the EU-27, Croatia, Montenegro and Serbia.

In the EU-27 and the enlargement countries (for which data are available) construction output decreased between 2008 and 2010, except in the former Yugoslav Republic of Macedonia and Albania. Prior to 2008, growth in all the enlargement countries was noticeably faster than in the EU-27. In the EU-27 it rose by almost 3 % between 2005 and 2008 before it dropped to 91.7 % of the 2005 level in 2010. Among the enlargement countries in 2010, only Croatia's construction output stood slightly below the value registered in 2005 (98.5 % of the 2005 level). Montenegro experienced the greatest change in this sector, its output in 2008 being more than three-and-a-half times that of 2005. Although noticeably reduced, the 2010 value still shows a level of more than three times higher than in 2005.

As measured by the domestic output price index for all industries excluding construction, prices in the EU-27 rose by around 14 % between 2005 and 2008, before dropping by just over 4 percentage points in 'crisis year' 2009. In 2010, an increase was noted again. A similar pattern of a steady rise in prices between 2005 and 2008 being reversed in 2009 was noted in Croatia, the former Yugoslav Republic of Macedonia, Montenegro and Albania. In 2010, all the countries for which data are available, the only exception being Montenegro, recorded a general rise in prices compared to 2009, and reached values higher than those noted for 2008. Prices in Iceland and Serbia increased steadily each year between 2005 and 2010, resulting in the highest increases of 49.1 % and 60.5 % respectively.

Retail trade growing fast in most enlargement countries, except Croatia

Between 2005 and 2008, growth of the retail trade turnover in the enlargement countries (for which data are available) outstripped that of the EU-27 (where the retail trade turnover rose by 6.0 %). In Croatia and Montenegro, turnover rose significantly more than in the EU-27, by just over 20 % and almost 32 % respectively between 2005 and 2008. In Turkey, Albania, and Serbia growth rates were even higher, ranging from almost 44 % in Turkey to just over 89 % in Serbia. In 2009 retail trade turnover fell in the EU-27, Croatia, Serbia and Turkey. In contrast, Montenegro and Albania experienced a slight growth in 2009. After the general 2009 decline, an upward trend was observed for 2010, both in the EU-27 and in all the enlargement countries for which data are available (Serbia, Turkey and Albania). Only Croatia recorded a further slight decrease in retail trade turnover.

Bed capacity continues to grow in Albania

One way of measuring the growth of tourism in a country is the count of beds available in hotels and similar establishments. Such data are, unfortunately, not directly comparable across the EU-27 and among the enlargement countries, mostly as a result of methodology changes. This is especially true in Croatia and the former Yugoslav Republic of Macedonia. Nevertheless, some common trends can still be discerned. The tourism industry, as the other economic sectors, has suffered from the 2008 economic crisis, the impact of which has been

particularly felt in 2009. In the EU-27 the estimated number of beds increased by 6.8 % between 2005 and 2008, a growth outstripped by Albania as well as Bosnia and Herzegovina, where the number of beds increased by almost 30 % and 26 % respectively. Iceland, Serbia and Turkey registered growths between 12 % and 17 %. In contrast, the number of bed places in Croatia was substantially reduced. In the years following 2008, the number of bed places continued to grow in Turkey, Albania and Bosnia and Herzegovina whereas a further reduction was registered in Croatia. While the number of bed places in Montenegro remained virtually equal between 2005 and 2009, a massive decrease was noted in 2010: in that year, Montenegro offered only almost 64 % of the capacity it still had in 2005.

Table 10.1: Index of production for all industries (excluding construction)
(2005=100)

	2007	2008	2009	2010
EU-27	107.9	106.1	91.7	97.9
HR	109.3	110.6	100.4	99.0
IS	:	:	:	:
ME	100.9	99.1	67.5	79.4
MK	110.0	115.6	105.6	100.5
RS	108.5	110.0	96.1	98.5
TR	114.8	114.2	102.9	116.4
AL	90.8	117.9	116.5	139.6
BA	*119.9*	*128.7*	*130.6*	*135.4*
XK	:	:	:	:

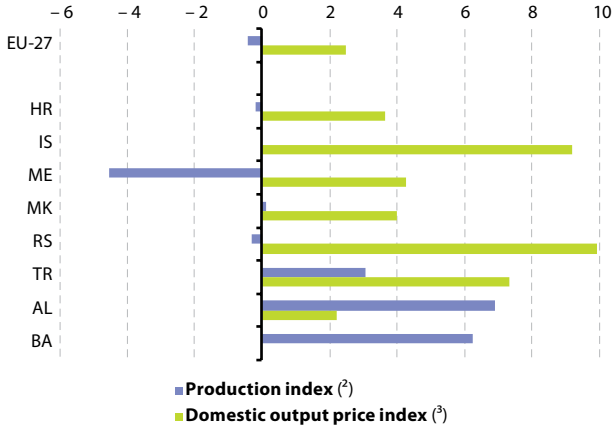
Source: for the EU-27 and IS, Eurostat (online data code: sts_inpr_a); for the enlargement countries (except IS), Eurostat (online data code: cpc_insts).

Table 10.2: Domestic output price index for all industries (excluding construction)
(2005=100)

	2007	2008	2009	2010
EU-27	106.8	113.5	109.3	113.1
HR	106.3	115.1	114.5	119.5
IS	109.1	124.5	144.1	149.1
ME	112.9	131.0	123.9	123.2
MK	109.5	120.6	111.9	121.6
RS	120.0	134.9	142.4	160.5
TR	116.3	131.4	132.8	:
AL	104.3	111.1	109.2	:
BA	:	:	:	:
XK	:	:	:	:

Source: for the EU-27 and IS, Eurostat (online data code: sts_inpp_a); for the enlargement countries (except IS), Eurostat (online data code: cpc_insts).

Figure 10.1: Average annual growth rates of production and domestic output prices for all industries (excluding construction), 2005–2010 (1)
(%)



(1) Kosovo, not available.
(2) Iceland, not available; Bosnia and Herzegovina, estimated data.
(3) Bosnia and Herzegovina, not available; Iceland, 2006–2010; Turkey and Albania, 2005–2009.

Source: for the EU-27 and IS, Eurostat (online data codes: sts_inpr_a and sts_inpp_a); for the enlargement countries (except IS), Eurostat (online data code: cpc_insts).

Table 10.3: Construction production and cost indices
(2005=100)

	Construction production			Construction cost		
	2008	2009	2010	2008	2009	2010
EU-27	102.9	95.1	91.7	113.9	114.2	115.9
HR	125.3	117.1	98.5	127.0	115.5	108.8
IS	:	:	:	155.7	155.7	161.8
ME	359.2	282.0	318.9	:	:	:
MK	121.6	117.8	128.5	:	:	:
RS	137.5	111.4	104.4	:	:	:
TR	115.6	96.6	113.5	142.8	136.7	:
AL	168.4	239.4	207.7	104.9	105.1	:
BA	:	:	:	:	:	:
XK	:	:	:	:	:	:

Source: for the EU-27 and IS, Eurostat (online data codes: sts_copr_a and sts_copi_a); for the enlargement countries (except IS), Eurostat (online data code: cpc_insts).

Table 10.4: Retail trade deflated turnover index (2005=100)

	2007	2008	2009	2010
EU-27	106.0	106.0	104.3	105.1
HR	113.9	120.4	113.3	111.1
IS	:	:	:	:
ME	112.7	131.8	134.9	:
MK	:	:	:	:
RS	157.0	189.4	173.8	189.0
TR	129.0	143.7	132.2	152.8
AL	141.7	178.2	178.9	183.5
BA	:	:	:	:
XK	:	:	:	:

Source: for the EU-27 and IS, Eurostat (online data code: sts_trtu_a); for the enlargement countries (except IS), Eurostat (online data code: cpc_insts).

Table 10.5: Tourism — index of the number of bed places in hotels and similar collective accommodation establishments (2005=100)

	2007	2008 (1)	2009	2010
EU-27	104.6	*106.8*	109.8	111.4
HR	80.2	80.6	73.7	74.7
IS	105.9	111.8	111.8	117.6
ME	100.7	98.9	98.0	63.6
MK	104.3	66.4	72.5	:
RS	109.6	114.1	116.3	:
TR	110.1	117.4	126.0	:
AL	128.3	129.8	161.4	174.9
BA	121.9	125.7	134.8	140.1
XK	:	:	:	:

(1) The former Yugoslav Republic of Macedonia, break in series: Statistical survey for the accommodation capacities with stars was introduced for the first time in 2008. A direct link between the categorization with stars and the previous categorization cannot be established, and this is the reason for the break in time series.

Source: for the EU-27 and IS, Eurostat (online data code: tour_cap_bed); for the enlargement countries (except IS), Eurostat (online data code: cpc_intour).

Definitions

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).

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

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) 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.

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.

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

Retail trade is a form of trade in which goods are mainly purchased and resold to the consumer or end-user, generally in small quantities and in the state in which they were purchased (or following minor transformations).

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

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

11 Transport

Rapid rise in motorisation rates in all the enlargement countries

The EU-27 and all the enlargement countries have increased their motorisation rate since 2000. In the EU-27, the estimated number of passenger cars per 1 000 inhabitants passed from 423 in 2000 to 473 in 2009, an 11.8 % increase. Considerable growth in relative terms was observed in Turkey, Albania and Kosovo. In Albania, the number of passenger cars per 1 000 inhabitants increased from 37 in 2000 to 88 in 2009, an increase of almost 136 %. Turkey followed with an increase of well 57 % and a motorisation rate of 104 passenger cars per 1 000 inhabitants in 2010, compared to 66 in 2000. Kosovo recorded an increase of almost 48 % over a much shorter period, reaching a motorisation rate of 74 in 2008, compared to 50 in 2005.

Iceland was the country to register the highest motorisation rate (637 passenger cars per 1 000 inhabitants, in 2005). The lowest rates were observed in Kosovo (74 cars in 2008), Albania (88 cars in 2009) and Turkey (104 cars in 2010).

Continued rapid growth in the motorway network in Croatia

In the EU-27, the motorway network is relatively dense and its overall length continued to grow at an average annual rate of 2.5 % between 2000 and 2009, reaching a total length of 68 240 km in 2009. In Croatia, the motorway network expanded at a faster rate (average annual growth rate of nearly 11 %), reaching a total length of 1 126 km in 2010. Growth in the motorway network was also registered in Turkey, where it reached 2 036 km in 2009 at an annual average rate of slightly over 1 %, and in Serbia, where the annual average growth rate of 3.3 % resulted in a total network length of 495 km in 2010.

In 2009, the EU-27 had over 216 thousand km of railway lines in operation. Newly constructed railway lines have not been able to compensate disaffected lines as a negative average annual growth rate of 0.1 % has been registered since 2000. Among the enlargement countries, only Turkey experienced an increase in the length of railway lines, from 8 700 km in 2000 to 9 000 km in 2009; Bosnia and Herzegovina recorded a rise of 10 km between 2002 and 2009 (reaching 1 020 km). There are no railways in Iceland.

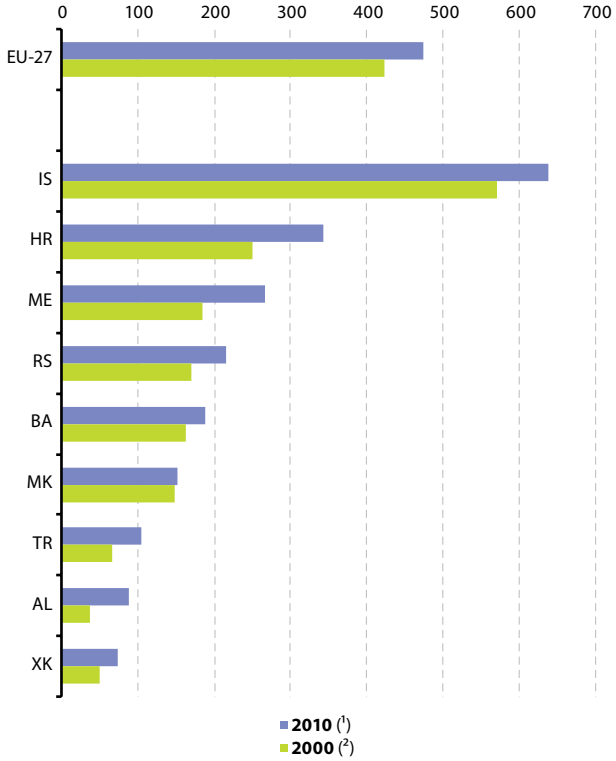
In 2009, the rail network density in the EU-27 amounted to an average of 50 km per 1 000 km^2. Croatia and Serbia have similar rail network densities. The remaining enlargement countries were well below this level (between 11.5 to 30.3 km per 1000 km^2). When related to the population, the EU-27 has an average of just over 43 km of railway lines per 100 000 inhabitants, whereas this ratio is almost 62 km for Croatia and just over 52 km for Serbia. Turkey and Albania reported the lowest ratios in this category, with less than 13 km.

Increase of the share of road in total inland freight transport in almost all countries

For the EU-27, road freight is the dominant transport mode, accounting for just over 1 755 billion tonne-kilometres (tkm) performed in 2010 compared to around 361 billion tkm for rail in 2009 and just over 147 billion tkm for inland waterways in 2010. The image for the enlargement countries is mixed: whereas road transport dominated in Turkey, the relative importance of rail freight transport is noticeable in Croatia, Bosnia and Herzegovina, Montenegro and especially Serbia. In the latter country, the rail freight transport performance is more than double as high as that of road freight transport. Only Croatia and Serbia feature freight transport via inland waterways; the volume registered by Croatia remains however very limited.

Looking back in time, the road share in the total transport performance has grown over recent years in nearly all of the enlargement countries for which data are available. The exception is Turkey, where it remained stable (share of just over 94 % between 2000 and 2006). For Croatia and the EU-27, the share of road in total freight transport rose only marginally to reach almost 77 % in 2010 and 78% in 2009 respectively. More important changes were registered in the former Yugoslav Republic of Macedonia where the road share rose to 89% in 2010, compared to 60 % in 2000. Similarly, road freight transport became more important in Bosnia and Herzegovina, from a 51 % share in 2001 to 62 % in 2010.

Figure 11.1: Motorisation rate
(number of passenger cars per 1 000 inhabitants)



(1) EU-27, 2009 estimated data; Bosnia and Herzegovina, provisional data; Albania, 2009; Kosovo, 2008; Iceland, 2005 estimated data.
(2) EU-27 and Croatia, estimated data; Kosovo, 2005; Bosnia and Herzegovina, 2006 estimated data.

Source: for the EU-27 and IS, Eurostat (online data codes: road_eqs_carhab and demo_pjan); for the enlargement countries (except IS), Eurostat (online data code: cpc_transp).

Table 11.1: Length of main transport networks
(km)

	2000			2010		
	Roads (excluding motorways) (1)	Motorways	Rail (2)	Roads (excluding motorways) (3)	Motorways (4)	Rail (5)
EU-27	:	*54 735*	*217 237*	*4 102 752*	*68 240*	*216 054*
HR	27 712	411	2 726	28 207	1 126	2 722
IS	12 998	-	-	*13 027*	*11*	-
ME	7 205	:	250	7 763	:	250
MK	:	:	:	:	:	:
RS	37 600	370	3 809	43 344	495	3 809
TR	416 000	1 800	8 700	360 624	2 036	9 000
AL	2 540	:	400	3 600	:	399
BA	16 600	:	1 010	17 500	:	1 020
XK	1 280	-	430	1 925	-	330

(1) Albania, 2003; Kosovo, 2004; Bosnia and Herzegovina, 2005 excluding local roads; Turkey, excluding municipality roads.
(2) Bosnia and Herzegovina, 2002; Kosovo, 2004.
(3) EU-27, Turkey (excluding municipality roads), Albania, Bosnia and Herzegovina (excluding local roads) and Kosovo, 2009; Iceland, 2005.
(4) EU-27 and Turkey, 2009; Iceland, 2005.
(5) EU-27, Turkey and Bosnia and Herzegovina, 2009.

Source: for the EU-27 and IS, Eurostat (online data codes: road_if_motorwa, road_if_roads and rail_if_line_tr); for the enlargement countries (except IS), Eurostat (online data code: cpc_transp).

Table 11.2: Road and railway network density, 2010

	Roads (excluding motorways) (1)		Rail (2)	
	km / 1 000 km²	km / 100 000 inhabitants	km / 1 000 km²	km / 100 000 inhabitants
EU-27	*948.6*	*821.1*	*50.0*	*43.2*
HR	49.8	*637.3*	48.1	61.5
IS	*126.5*	*4 437.3*	-	-
ME	56.2	1 259.4	18.1	40.6
MK	:	:	:	:
RS	55.9	593.2	49.2	52.1
TR	46.0	504.2	11.5	12.6
AL	12.5	113.0	13.9	12.5
BA	34.2	*455.3*	19.9	*26.5*
XK	17.7	88.3	30.3	*14.9*

(1) EU-27, Turkey (excluding municipality roads), Albania, Bosnia and Herzegovina (excluding local roads) and Kosovo, 2009; Iceland, 2005.
(2) EU-27, Turkey, Bosnia and Herzegovina, 2009.

Source: for the EU-27 and IS, Eurostat (online data codes: road_if_roads, rail_if_line_tr, demo_pjan and apro_cpp_luse); for the enlargement countries (except IS), Eurostat (online data codes: cpc_transp, demo_pjan and cpc_agmain).

Table 11.3: Inland and sea freight transport, 2010

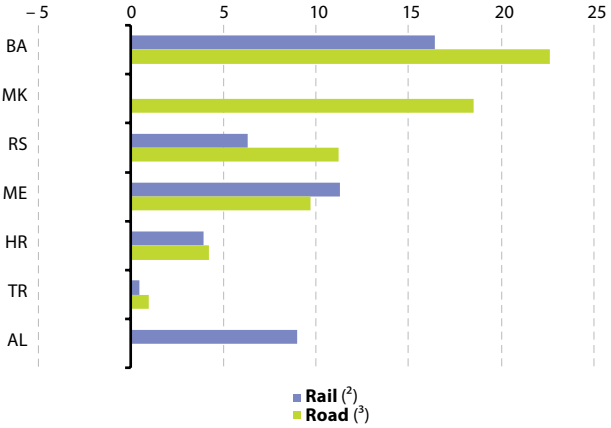
	Inland freight transport (million tonne-km)			Sea freight transport (million tonnes) (2)
	Rail (1)	Road	Waterways	
EU-27	360 655	*1 755 375*	*147 102*	3 641
HR	2 618	8 780	56	24
IS	-	:	-	6
ME	151	167	-	75
MK	525	4 235	-	-
RS	3 522	1 689	875	-
TR	10 326	176 455	-	:
AL	66	:	-	4
BA	1 232	2 039	:	:
XK	914	:	-	-

(1) EU-27 and Kosovo, 2009.
(2) Iceland and Montenegro, 2006.

Source: for the EU-27 and IS, Eurostat (online data codes: rail_go_typeall, road_go_ta_tott, iww_go_atygo and mar_mg_aa_cwhd); for the enlargement countries (except IS), Eurostat (online data code: cpc_transp).

Figure 11.2: Average annual growth rates of road and rail freight transport, 2000–2010 (1)

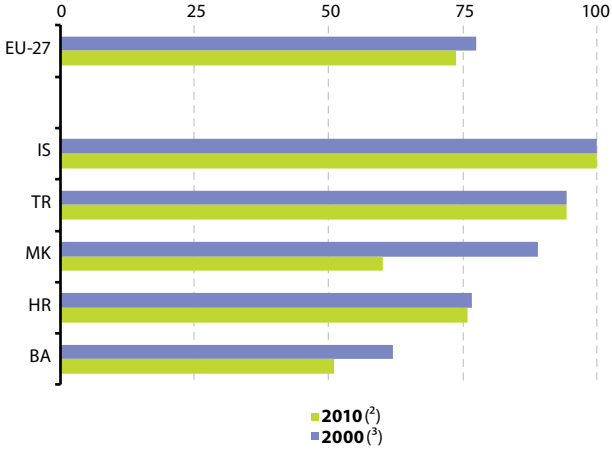
(%)



(1) Iceland, not available; EU-27 and Kosovo not shown as data are only available for a few years.
(2) Turkey, 2000–2009; Bosnia and Herzegovina, 2001–2010; the former Yugoslav Republic of Macedonia, average annual growth rate is – 0.04 %.
(3) Serbia, break in series; Turkey, 2000–2009; Bosnia and Herzegovina, 2001–2010.

Source: for the EU-27 and IS, Eurostat (online data codes: rail_go_typeall and road_go_ta_tott); for the enlargement countries (except IS), Eurostat (online data code: cpc_transp).

Figure 11.3: Share of road in total inland freight transport (1)
(% of total tonne-km)



(1) Montenegro, Serbia, Albania and Kosovo, not available; EU-27 estimated data.
(2) EU-27, 2009; Turkey, 2006.
(3) Croatia and Bosnia and Herzegovina, 2001.

Source: for the EU-27 and IS, Eurostat (online data code: tran_hv_frmod); for the enlargement countries (except IS), Eurostat (online data code: cpc_transp).

Definitions

Inland freight transport designates the transport of freight by rail, road, inland waterways and pipelines.

Inland waterways freight transport covers any goods moved by inland waterways freight vessel. This includes all packaging and equipment, such as containers, swap-bodies or pallets.

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.

Maritime freight transport covers any goods conveyed by merchant ships. This includes all packaging and equipment such as containers, swap-bodies, pallets or road goods vehicles. Mail is included; goods carried on or in wagons, lorries, trailers, semi-trailers or barges are also included.

Motorisation rate is the number of passenger cars registered in a country per thousand inhabitants of the country.

Motorways are defined as roads specially 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.

Network density is calculated as the number of kilometres of roads/railways the country has per 1 000 square-kilometres (km^2) of its total area.

Passenger cars are 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 microcars (no permit required to be driven), taxis and hired passenger cars (with less than ten seats), the only exception being minibuses.

Rail freight transport covers any goods moved by rail vehicles. This includes all packaging and equipment, such as containers, swap-bodies or pallets as well as road goods vehicles carried by rail.

Road is defined as a line of communication (traveled way) open to public traffic, primarily for the use of road motor vehicles, using a stabilised base other than rails or air strips. The length of road network should measure the length (in kilometres) of state roads, provincial roads and communal roads, but should exclude motorways.

Road freight transport covers any movements of goods using a road freight vehicle on a given road network. This includes all packaging, but excludes the tare weight of the transport unit, e.g. containers, swap-bodies or pallets.

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.

Sea freight transport covers any goods conveyed by merchant ships. This includes all packaging and equipment such as containers, swap-bodies, pallets or road goods vehicles. Mail is included; goods carried on or in wagons, lorries, trailers, semi-trailers or barges are also included.

Tonne-kilometres (tkm): Unit of measurement of goods transport which represents the transport of one tonne of goods over a distance of one kilometre.

Communication & Information Society

12

The rise of cellular telephony

The Digital Agenda for Europe is one of the flagship initiatives of the Europe 2020 strategy, outlining policies and actions to maximise the benefits of the Digital Revolution for all. The main objective of this Agenda is to chart a course of action to maximise the social and economic potential of ICT (Information and Communication Technologies), most notably the Internet and mobile telephony.

The mobile phone industry enjoyed substantial growth between 2000 and 2009. The penetration of mobile phones in the EU-27 increased by nearly 10 % per year between 2000 and 2009, reaching over 1200 cellular telephone subscriptions per thousand inhabitants in 2009. All of the enlargement countries, except Iceland, exceeded the growth rate of the EU-27. The former Yugoslav Republic of Macedonia showed the highest growth rate by far, averaging almost 37 % per year between 2000 and 2010. Albania, Bosnia and Herzegovina, as well as Serbia, also achieved significant growth rates. According to the latest data available, the penetration of mobile phones in Croatia, Montenegro, Serbia and Albania was higher than in EU-27. Montenegro recorded the highest penetration of mobile phones, reaching 2201 per thousand inhabitants in 2010, followed by Croatia and Serbia, reaching respectively 1438 and 1351 mobile phone subscriptions per thousand inhabitants in 2010. Fixed-line telephony appeared vulnerable to the competition from mobile telephony in the EU-27 countries, as well as in some of the enlargement countries. In EU-27, the number of fixed telephone lines per thousand inhabitants fell from 483 in 2000 to 434 in 2009, a 1 % decline per year over the given period. Iceland, Montenegro, the former Yugoslav Republic of Macedonia, Turkey and Kosovo, all showed a similar declining tendency. Albania, Bosnia and Herzegovina, Croatia and Serbia all defied this trend and showed an increase in the number of fixed lines. However, it is important to note that, with the exception of Croatia, this positive tendency had a much lower level of fixed lines at its base in 2000 than the EU-27.

Large majority of enterprises had access to the Internet

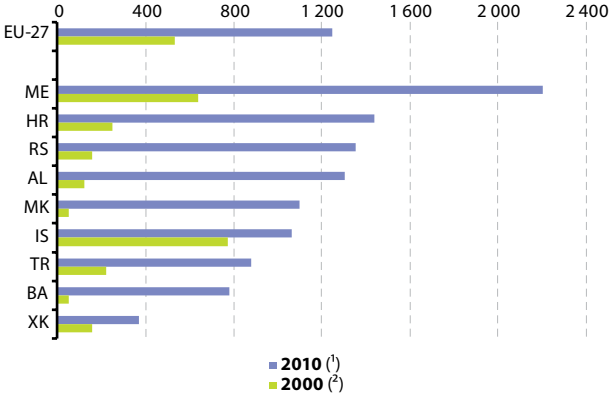
In EU-27, 94 % of enterprises had access to the Internet in 2010. In those enlargement countries for which data is available, most enterprises had access to the Internet. In Croatia, Iceland and

Serbia, the share of enterprises having access to the Internet is higher than in the EU, while in the former Yugoslav Republic of Macedonia and in Turkey it is lower (reaching 86 % and 91 % respectively).

In the EU-27, 70 % of households had home Internet connections and 65 % of individuals regularly accessed the Internet in 2010. The corresponding figures in Iceland were much higher, reaching over 90 %, while Croatia and the former Yugoslav Republic of Macedonia recorded rates ranging between 40 % and 60 % in 2010. Serbia followed, with rates for both households with Internet access and individuals accessing the internet regularly at around 35 %. In Turkey, almost 42 % of households had access to the Internet (but almost 89 % of persons aged 16-74 regularly access the Internet). In contrast, figures in Albania were much lower, with only around 3 % of households having access to the Internet in 2008.

In Croatia, the former Yugoslav Republic of Macedonia and Serbia, the access to a personal computer was between 50 % and 60 % in 2010, while the rate was only 34 % for Turkey. In Iceland, 92 % of households had access to a personal computer in 2010.

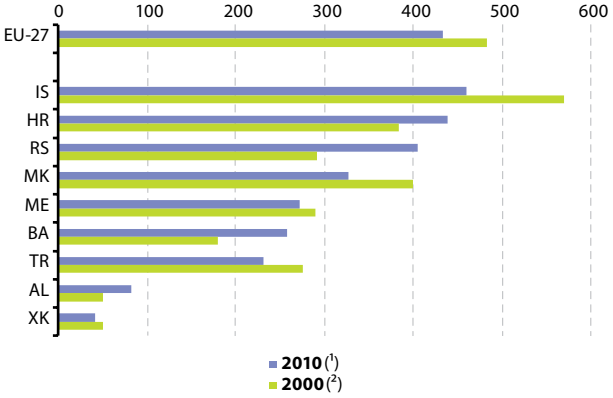
Figure 12.1: Mobile phone subscriptions
(average number of subscriptions per 1 000 inhabitants)



(1) EU-27, 2009 provisional data; Bosnia and Herzegovina, estimated data; Iceland, Serbia, Turkey, Albania and Kosovo, 2009.
(2) Croatia, estimated data; Bosnia and Herzegovina, provisional data; Montenegro and Albania, 2001; Kosovo, 2003.

Source: for the EU-27 and IS, Eurostat (online data codes: isoc_tc_ac1 and demo_pjan); for the enlargement countries (except IS), Eurostat (online data code: cpc_inisoc).

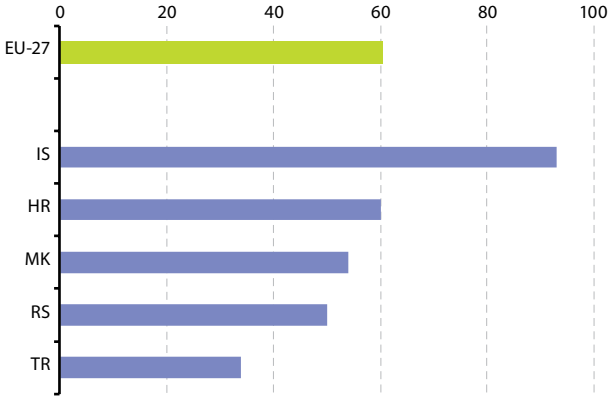
Figure 12.2: Fixed telephone lines
(per 1 000 inhabitants)



(1) Bosnia and Herzegovina, provisional data; EU-27, 2009 provisional data; Iceland, Serbia, Turkey and Kosovo, 2009 provisional data; Albania, 2006.
(2) Croatia, Bosnia and Herzegovina, estimated data; Kosovo, 2003.

Source: for the EU-27 and IS, Eurostat (online data codes: isoc_tc_ac1 and demo_pjan); for the enlargement countries (except IS), Eurostat (online data code: cpc_inisoc).

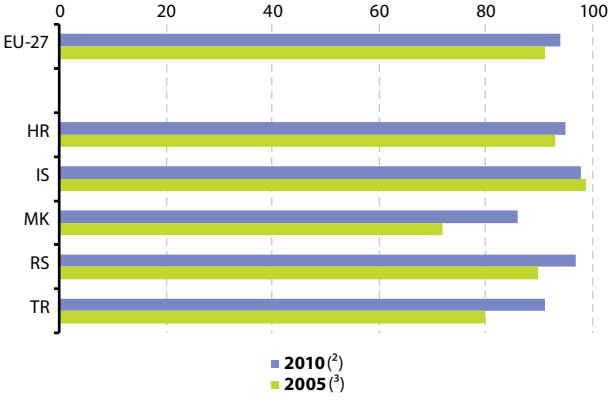
Figure 12.3: Households having access to a personal computer, 2010 (1)
(%)



(1) EU-27, 2006; Montenegro, Albania, Bosnia and Herzegovina and Kosovo, not available.

Source: for the EU-27 and IS, Eurostat (online data code: isoc_ci_cm_h); for the enlargement countries (except IS), Eurostat (online data code: cpc_inisoc).

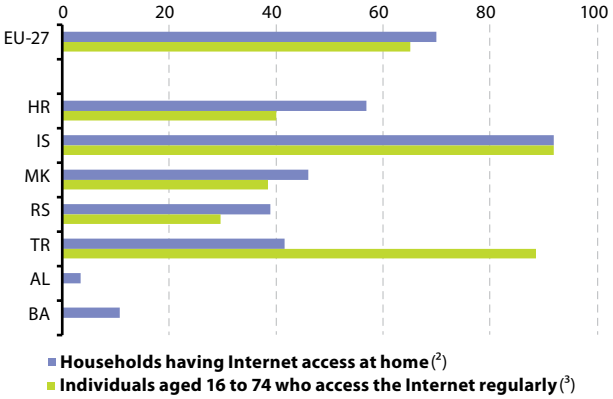
Figure 12.4: Enterprises having access to the Internet (1)
(%)



(1) Montenegro, Albania, Bosnia and Herzegovina and Kosovo, not available.
(2) The former Yugoslav Republic of Macedonia, 2009 estimated data.
(3) Iceland, the former Yugoslav Republic of Macedonia and Serbia, 2006; Croatia, 2007.

Source: for the EU-27 and IS, Eurostat (online data code: isoc_ci_in_e); for the enlargement countries (except IS), Eurostat (online data code: cpc_inisoc).

Figure 12.5: Internet use by individuals, 2010 (1)
(%)



(1) Montenegro and Kosovo, not available.
(2) The former Yugoslav Republic of Macedonia, estimated data; Albania, 2008; Bosnia and Herzegovina, 2007.
(3) Albania and Bosnia and Herzegovina, not available.

Source: for the EU-27 and IS, Eurostat (online data codes: isoc_ci_in_h and isoc_ci_ifp_fu); for the enlargement countries (except IS), Eurostat (online data code: cpc_inisoc).

Definitions

Fixed (or 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'.

Share of households having access to a personal computer is the ratio of the number of households owning a small, single-user computer based on a micro-processor, with a keyboard for entering data, a monitor for displaying information and a storage device for saving data, to the total number of households.

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

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

A mobile phone subscription to the use of public mobile telecommunication systems (also called mobiles or cell phones) using cellular technology. Active pre-paid cards are also treated as subscriptions. People may have more than one subscription.

Research & development

13

Iceland's R&D expenditure high

Research and development (R&D), which lies at the heart of the Europe 2020 strategy, is the key to the development of an economy based on knowledge and innovation. Indeed, one of the headline targets of the Europe 2020 strategy is that 3 % of the EU's GDP is to be invested in R&D by 2020. In 2009, the EU-27 gross domestic expenditure on R&D accounted for a mere 2.0 % share of GDP. Despite a slight increase between 2000 and 2009 (8 %), this percentage is still far from the current 3.0 % goal. To give it a closer look, the percentage for Iceland, for instance, was 3.1 % in 2009, which exceeds the current target of the Europe 2020 strategy, while for Croatia the figure oscillated around 1 %. Turkey's numbers were even lower than those of Croatia, let alone the former Yugoslav Republic of Macedonia where, according to the available sources, the R&D expenditure saw a decline from 0.4 % in 2000 to less than 0.2 % in 2007.

Turkey's R&D manpower experiencing a sharp upward trend

The EU-27's R&D personnel has been experiencing a steady upward trend, reaching nearly 2.5 million in 2009, with an annual average growth of 2.4 % since 2000. The most prominent R&D workforce growth among the enlargement countries has been observed in Turkey, where it reached 73 thousand in 2009 and recorded an annual average growth rate of 11.8 % since 2000. Montenegro also registered a sustained growth in its R&D personnel, having reached 1 512 in 2009, alongside Croatia where the 11 thousand R&D workforce has remained relatively stable since 2000. In Iceland, the progress rate of the R&D workforce has been more volatile; however, it reached over 3.7 thousand in 2009. In contrast, the former Yugoslav Republic of Macedonia has seen a decline in the R&D workforce, with 674 in 2007.

Table 13.1: Gross domestic expenditure on research and development
(% share of GDP)

	2000	2005	2007	2008	2009
EU-27	*1.86*	*1.83*	*1.85*	*1.92*	*2.01*
HR	1.08	0.87	0.81	0.90	0.84
IS	*2.67*	2.77	2.68	*2.64*	3.11
ME	:	:	:	:	:
MK	0.44	0.25	0.18	:	:
RS	:	:	:	:	:
TR	0.64	0.79	0.71	0.73	0.85
AL	:	:	:	:	:
BA	:	:	:	:	:
XK	:	:	:	:	:

Source: for the EU-27 and IS, Eurostat (online data code: rd_e_gerdtot); for the enlargement countries (except IS), Eurostat (online data code: cpc_scienc).

Table 13.2: Research and development personnel
(full time equivalents)

	2000	2005	2007	2008	2009
EU-27	*2 000 166*	*2 192 395*	*2 359 317*	*2 451 563*	*2 476 536*
HR	10 399	9 270	10 124	10 583	11 015
IS	*2 646*	3 226	2 982	3 117	3 753
ME	1 217	1 246	1 344	1 462	1 512
MK	828	702	674	:	:
RS	:	:	:	:	:
TR	27 003	49 251	63 377	67 244	73 521
AL	:	:	:	:	:
BA	:	:	:	:	:
XK	:	:	:	:	:

Source: for the EU-27 and IS, Eurostat (online data code: rd_p_persocc); for the enlargement countries (except IS), Eurostat (online data code: cpc_scienc).

Definitions

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'.

R&D personnel: data on R&D personnel measure the resources going directly to R&D activities. Total R&D personnel is defined as follows:
'All persons employed directly on R&D should be counted, as well as those providing direct services such as R&D managers, administrators and clerical staff. Those providing indirect services, such as canteen and security staff, should be excluded' (Frascati Manual, § 294-295).

14 Environment

Greenhouse gas emissions rising significantly in Iceland and Turkey between 1990 and 2009

Combating climate change is a top priority for the EU. Europe is working hard to substantially cut down on its greenhouse gas emissions, at the same time encouraging other nations and regions to act accordingly. One of the main objectives of the Europe 2020 strategy is to reduce greenhouse gas emissions by 20 % in 2020, as compared to the 1990 levels.

Following a rise between 2000 and 2005, the EU-27 greenhouse gas emissions have been declining steadily thereafter. The impact of the increase in the price of oil in 2007 might have contributed to this decline. This level has sustained thereafter. Moreover, the initial wave of the economic crisis which emerged in 2008 may also have had an impact. Overall, between 1990 and 2009, the EU-27 greenhouse gas emissions declined by almost 17 %. Provided that the current policies are fully implemented, the EU is already on track to achieve its target for 2020.

In contrast to the aforementioned EU trends, Iceland's greenhouse gas emissions rose rapidly between 2005 and 2008, a tendency which was preceded by a slight decrease between 2000 and 2005. This seems to be changing now as another decrease in emissions has been observed since 2008. Croatia and Turkey both recorded a significant rise in greenhouse gas emissions between 2000 and 2007. These tendencies were a reflection of strong economic growth recorded in both countries. In 2008, Croatia and Turkey observed a decrease in greenhouse gas emissions which could be attributed to the economic crisis. In 2009, Croatia's greenhouse gas emissions were slightly below the 1990 level, while Iceland's greenhouse gas emissions were almost 35 % higher than those in 1990. Turkey almost doubled greenhouse gas emissions in 2009 as compared to 1990.

Most enlargement countries converged towards the EU-27 waste generation average

Municipal waste can be recorded according to various criteria, such as waste collected and waste generated. Municipal waste collected does not include waste generated in areas not covered by a collection system. This publication presents data on the waste collected in the enlargement countries as most other countries could not estimate the amount of waste generated

in the areas not covered by a collection system. The EU-27 aggregate presents waste generated.

The majority of the enlargement countries saw some convergence of their municipal waste quantities towards the EU-27 average, which decreased only slightly between 2000 and 2009. The convergence was particularly marked for Montenegro where the waste quantity per inhabitant in 2002 was more than double that of the EU-27 average, yet by 2009 it dropped significantly to further approach the average of the EU-27. Albania, Croatia and Iceland also followed the trend of convergence but with waste quantities increasing.

Serbia observed an adverse tendency with municipal waste quantities per inhabitant falling substantially (by 44.4 % between 2000 and 2009). Turkey experienced a similar decreasing trend, although the change was much smaller (5.0 %).

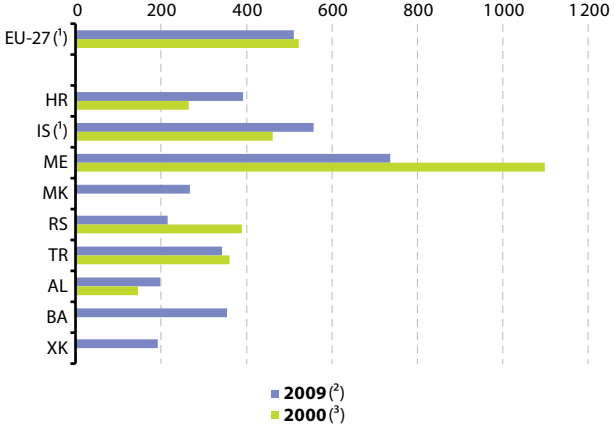
Table 14.1: Total greenhouse gas emissions
(based on tonnes of CO_2 equivalent, 1990=100)

	2000	2005 (1)	2007	2008	2009
EU-27	91.0	92.0	91.0	89.0	83.0
HR	82.8	96.3	102.4	98.5	91.8
IS	110.0	109.0	132.0	143.0	135.0
ME	:	:	:	:	:
MK	104.0	90.0	:	:	:
RS	:	:	:	:	:
TR	158.8	176.4	203.2	196.0	197.6
AL	:	:	:	:	:
BA	:	:	:	:	:
XK	:	:	:	:	:

(1) The former Yugoslav Republic of Macedonia, 2002.

Source: for the EU-27 and IS, Eurostat (online data code: env_air_ind); for the enlargement countries (except IS), Eurostat (online data code: cpc_enclimwa).

Figure 14.1: Municipal waste collected
(kg per inhabitant)



(1) EU-27, Iceland: municipal waste generated.
(2) Iceland and Serbia, estimated data; Turkey, 2008; Albania, 2008 estimated data.
(3) Croatia and Turkey, estimated data; Montenegro, 2002 estimated data; Albania, 2003 estimated data; Serbia, 2005.

Source: for the EU-27 and IS, Eurostat (online data code: env_wasmun); for the enlargement countries (except IS), Eurostat (online data code: cpc_sienv).

Definitions

Greenhouse gas (GHG) emissions are officially reported under the United Nations Framework Convention on Climate Change and the Kyoto Protocol. The main greenhouse gases include: carbon dioxide (CO_2), methane (CH_4), nitrous oxide (N_2O), sulphur hexafluoride (SF_6), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), as well as ozone depleting chlorofluorocarbons (CFCs) and hydrochlorofluorocarbons (HCFCs) – these latter two groups of gases are not covered by the Kyoto Protocol. Converting them to CO_2-equivalents makes it possible to compare them and to determine their individual and total contributions to global warming.

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. The following categories are part of the municipal waste: organic waste, paper and cardboard, textiles, plastics, glass, metals and other waste.

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).

European Commission

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