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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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10000 Pristina
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[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.

Table of contents

Introduction

Background and policy

The European Union is currently made up of 28 Member States, while there is an ongoing process for its future enlargement.

The eight countries taking part in the enlargement process are at different stages of progress: candidate countries (Montenegro (ME), Iceland (IS) [1], the former Yugoslav Republic of Macedonia (MK) [2], Albania (AL), Serbia (RS) and Turkey (TR)); and potential candidates (Bosnia and Herzegovina (BA), and Kosovo (XK) [3]). EU negotiations are ongoing with Turkey, Montenegro and with Serbia.

The European Commission has been mandated by the Member States to report on progress achieved by the eight 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 also explains its policy on EU enlargement. A major element of the future enlargement policy is its focus on economic governance in the enlargement countries, for which the availability of high quality data is of crucial importance.

At a time when the EU faces major challenges and significant global uncertainty and gains new momentum for economic, financial and political integration, the enlargement policy continues to contribute to peace, security and prosperity on our continent. The recent accession of Croatia, the start of accession negotiations with Montenegro and Serbia, and candidate status for Albania send a strong signal of the transformative power of enlargement and what is possible in an area driven by war just half a generation ago.

[1] Accession negotiations started in July 2010 and were put on hold by the Icelandic government in May 2013.

[2] 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.

[3] 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.

The role of Eurostat

The role of Eurostat, the statistical office of the European Union, is to monitor 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 2002 to 2012. The publication includes data on demography, education, social conditions, labour force, national accounts, finance, international trade, agriculture, energy, industry and services, transport, communication and information society, research and development as well as on environment. Each chapter contains a short analytical text and definitions of the indicators presented.

Guide

Data sources

EU-28 data that are presented for the purpose of comparison were processed and calculated by Eurostat on the basis of information provided by the NSIs (National Statistical Institutes) of the 28 Member States as of November 2013, with or without estimates (see section *Data Coverage* below). The information was extracted from Eurobase, Eurostat's free dissemination database.

For all enlargement countries, 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-28 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 theme where the data for all enlargement countries were extracted directly from the thematic domains of Eurobase was international trade.

Timeliness

The data used in this publication were collected from the enlargement countries in July/August 2013. The database was completed in November 2013. The majority of indicators are available up until the reference years 2011 or 2012 (depending on the statistical theme and country). The EU-28 totals that are provided for the purpose of comparison were extracted from Eurostat's free dissemination database in November 2013. As with the data for the enlargement countries, the information presented is generally available up until the reference years 2011 or 2012.

Data coverage

The EU-28 aggregate is provided when information for all of the countries is available, or if an estimate was made for missing information. Since an EU-28 aggregate is not available in all statistical domains yet, this edition of the Pocketbook also includes an EU-27 aggregate as a transitional measure. Any incomplete totals that are created are systematically footnoted. Time series for the EU aggregates are based on a consistent set of countries for the whole of the time period (unless otherwise indicated). For instance, although the EU only had 27 Member States from the start of 2007 to mid-2013 (before the accession of Croatia), the time series for EU-28 refer to the sum or an average of all 28 countries, as if all 28 Member States had been part of the EU in earlier periods. The same applies to the EU-27 aggregate for data before 2007.

If data are not available for a particular country, then efforts were made to fill tables and figures with data for previous reference periods (these exceptions are footnoted); generally, an effort was made to go at least two years back (for example, 2010 or 2011 data will be shown if 2012 data are not available yet).

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-28 cover all 28 Member States (except otherwise indicated) throughout the period considered in each table and graph, regardless of the number of EU Member States in the concerned reference year (15, 25, 27 or 28 EU Member States) (in other words: data were calculated backwards with a stable coverage). Data are shown for the individual enlargement countries, listed by country code.

Eurostat data code

Source codes were 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
CO2	Carbon Dioxide
COICOP	Classification Of Individual COnsumption according to Purpose
CPC	Candidate and Potential Candidate
CPI	Consumer Price Index
ESA95	European system of accounts (1995)
FDI	Foreign Direct Investment
FTE	Full-Time Equivalent
GDP	Gross Domestic Product
GVA	Gross Value Added
GWh	Gigawatt hour(s) = 1 000 MWh (megawatt hour(s)) = 106 kWh (a kilowatt hour is a unit of energy equivalent to one kilowatt of power expended for one hour of time)
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
ICT	Information and Communication Technologies
ISCED	International Standard Classification of EDucation (UN classification)
J	Joule is the derived unit of energy in the International System of Units
kcal	kilocalorie = 1 000 calories, a unit of energy
kJ	kilo joule = 1 000 Joule
kg	kilogram (1 000 grams), a unit of mass
kgoe	kilogram of oil equivalent, is a normalised unit of energy
km	kilometre (1 000 meters), a unit of distance
km^2	square kilometre, a unit of area
LFS	Labour Force Survey

NACE	Statistical classification of economic activities
n.e.s.	not elsewhere specified
NPISH	Non-Profit Institutions Serving Households
NSI	National Statistical Institute
OECD	Organization for Economic Cooperation and Development
PPS	Purchasing Power Standards
RCC	Regional Cooperation Council
R&D	Research and Development
SEE	South East Europe
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
UN	United Nations
VAT	Value Added Tax

EU aggregate and countries

EU-28	28 Member States of the European Union
EU-27	27 Member States of the European Union (before the accession of Croatia on 1 July 2013)
ME	Montenegro
IS	Iceland
MK [1]	the former Yugoslav Republic of Macedonia
AL	Albania
RS	Serbia
TR	Turkey
BA	Bosnia and Herzegovina
XK	Kosovo [2]

Currency

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

Symbols

Italic	Provisional data, estimates and forecasts (i.e. data that are likely to change)
%	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

In 2012, 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 population. Turkey was by far the largest among them, with more than 74 million inhabitants (corresponding to 15 % of the European Union), whereas Iceland and Montenegro were the smallest, with a population respectively of 320 thousand and 621 thousand (figures for 2012).

Although the general development among the individual Member States was not homogeneous, the population in the European Union as a whole increased steadily between 2002 and 2012 at an estimated average growth rate of 0.37 % per year. On the other hand, the population under the age of 15 decreased by an average of 3.7 % between 2002 and 2012, whereas the share of over-65s increased by 15.6 % during the same period, indicating that the EU population is ageing. In the enlargement countries, the population is generally younger: the under-15s represented a share of between 14.4 % (Serbia) and 28.0 % (Kosovo) in 2012, whereas the over-65s accounted for only 6.7 % (Kosovo) and 17.3 % (Serbia). Serbia is the only exception among the enlargement countries, with a population age structure very similar to the one of the EU.

Kosovo and Turkey clearly have the youngest populations among the enlargement countries, which puts considerable pressure on the national educational systems and the labour market. At the other end of the spectrum, the population aged 65 and over increased considerably in Turkey (+ 45.9 % in absolute terms) between 2002 and 2012. Turkey recorded by far the highest increase (+ 19.2 %) in the size of the working age population, as many young adults were entering the labour market. This situation shows a gradual shift in the dependency ratio, where the "weight" of the elderly gradually becomes more important.

Crude birth rates higher than crude death rates in most countries

A crude rate of natural increase is calculated by subtracting the crude death rates from the crude birth rates. A positive result signals that the population size is growing, without taking the effects of migration into account. In recent years, Serbia and Bosnia and Herzegovina were the only countries

to experience crude death rates 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 4.9 per thousand inhabitants in Serbia in 2012. In contrast, the largest crude rate of natural increase was recorded in Turkey, with a value of 12.0 per thousand inhabitants, closely followed by Kosovo with 11.3 in 2012.

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

Only two of the enlargement countries, Turkey and Iceland, 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 2010 and 2011, but in 2012, it rose again to 2.1, being the highest rate among the enlargement countries. The rates were more volatile in most of the other enlargement countries. At a lower level in absolute terms, the EU recorded a slightly declining tendency in the fertility rate according to the latest available data (between 2010 and 2011).

Life expectancy rising in all the coutries, albeit with differences

In recent years, life expectancy for both men and women rose in the EU and the enlargement countries. In those enlargement countries, for which data is available, Albania recorded the highest rise in life expectancy for men between 2002 and 2012, with a gain of nearly 4 years. Turkey recorded the highest increase in life expectancy for women: plus 3 years. With the exception of Iceland, life expectancy for men in all of the enlargement countries was still lower than in the EU (based on the latest available data). Male life expectancy in most of the enlargement countries was between 69 and 75 years, whereas, in the EU, it was just over 77 years (2011 data). In contrast, life expectancy for men in Iceland was 81 years in 2012. For women, life expectancy in Iceland was almost 84 years, around one year higher than in the EU, and substantially higher than in all the other enlargement countries, where it ranged between 71 and 80 years (according to the latest data available).

Decrease in infant mortality

Infant mortality figures have fallen across the EU and in most of the enlargement countries in recent years except for Iceland, Albania and the former Yugoslav Republic of Macedonia, between 2011 and 2012. Iceland recorded the lowest value with just 1.1 deaths per thousand live births in 2012 (one of the lowest values worldwide). The average rate in the other enlargement countries was above the EU average of 3.9 (in 2011). While Montenegro was near the EU average, Turkey and Kosovo still recorded high rates: 11.6 and 11.4 deaths per 1 000 live births respectively in 2012. Nevertheless, infant mortality dropped between 2002 and 2012. Considerable progress can also be observed in Albania and Montenegro, whereas in Kosovo, infant mortality has not improved.

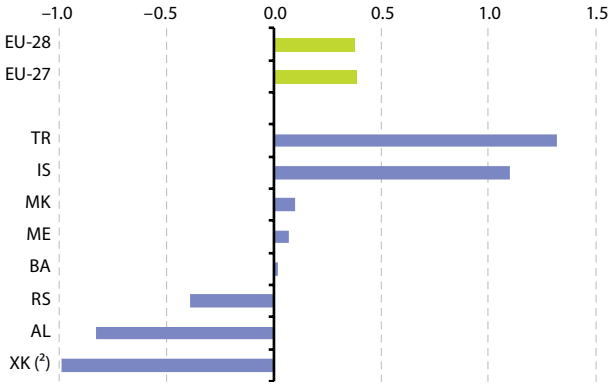
Table 1.1: Population as of 1st January
(1 000)

	2002 (1)	2007 (2)	2010 (3)	2011 (4)	2012 (2)
EU-28	*489 192*	*499 451*	*504 763*	*506 399*	*507 573*
EU-27	*484 747*	*495 010*	*500 337*	*501 987*	*503 297*
ME	617	625	616	618	621
IS	287	308	318	318	320
MK	2 039	2 042	2 053	2 057	2 060
AL	*3 060*	*2 955*	*2 870*	*2 843*	*2 816*
RS	7 502	7 398	7 307	7 276	7 217
TR	*65 571*	*69 805*	72 561	73 723	74 724
BA	*3 828*	*3 843*	*3 843*	*3 840*	*3 836*
XK	1 985	2 127	2 208	1 799	1 816

(1) Kosovo, 2003.
(2) EU-28 and EU-27, break in series.
(3) Montenegro, break in series.
(4) EU-28 and EU-27, break in series; Kosovo, the number of population is based on recent census year 2011 and estimates that KAS have for 3 north municipalities who did not participate in the Census and natural growth for the period April 15–31 December 2011.

Source: for the EU aggregates, Eurostat (online data code: demo_pjan); for the enlargement countries, Eurostat (online data code: cpc_psdemo).

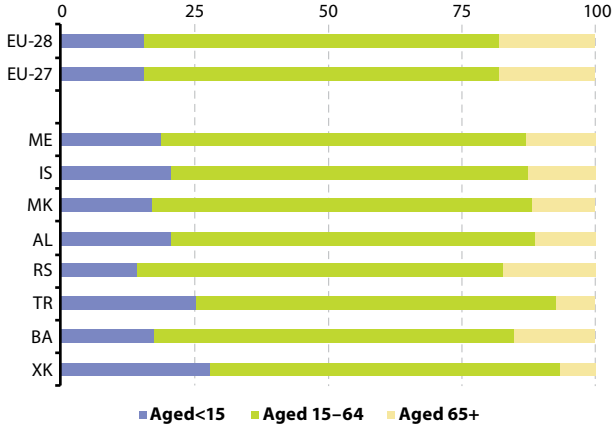
Figure 1.1: Population, average annual growth rates, 2002 to 2012 (1)
(%)



(1) EU-28 and EU-27, provisional data; Bosnia and Herzegovina, Turkey and Albania, estimated data.
(2) Growth rate between 2003 and 2012; the number of population is based on recent census year 2011 and estimates that KAS have for 3 north municipalities who didn't participate in the Census and natural growth for the period April 15–31 2011.

Source: for the EU aggregates, Eurostat (online data code: demo_pjan); for the enlargement countries, Eurostat (online data code: cpc_psdemo).

Figure 1.2: Population by age class, 2012 (1)
(% of total population)



(1) EU-28 and EU-27, break in series; Albania (aged 15–64) and Bosnia and Herzegovina, estimated data; Kosovo, provisional data.

Source: for the EU aggregates, Eurostat (online data code: demo_pjangroup); for the enlargement countries, Eurostat (online data code: cpc_psdemo).

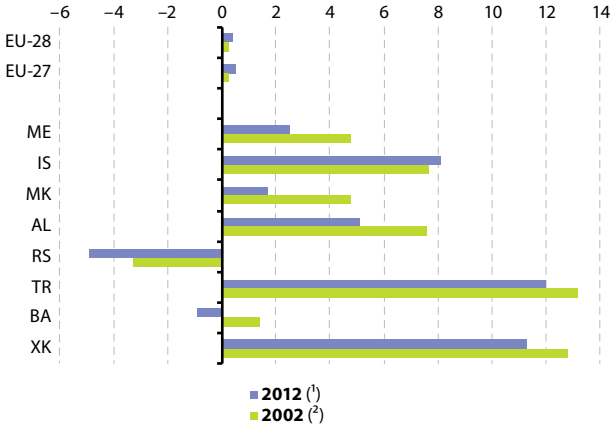
Table 1.2: Growth in the population by age class between 2002 and 2012
(%)

	<15 (1)	15–64 (2)	65+ (1)
EU-28	– 3.7	2.8	15.6
EU-27	– 3.6	2.8	15.7
ME	– 9.8	1.6	10.9
IS	0.1	13.9	21.0
MK	– 19.4	5.6	14.7
AL	– 5.1	*– 1.3*	7.4
RS	– 10.5	– 2.4	– 1.7
TR	– 7.3	*19.2*	45.9
BA	:	*– 2.8*	:
XK	:	:	:

(1) Montenegro, change between 2003 and 2012; Albania, change between 2004 and 2006.
(2) Montenegro, change between 2003 and 2012.

Source: for the EU aggregates, Eurostat (online data code: demo_pjanbroad); for the enlargement countries, Eurostat (online data code: cpc_psdemo).

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



(1) EU-28, EU-27, Iceland and Bosnia and Herzegovina, provisional data; Albania, estimated data.
(2) EU-28 and EU-27, provisional data; Turkey and Albania, estimated data; Kosovo, 2003.

Source: for the EU aggregates, Eurostat (online data code: demo_gind); for the enlargement countries, Eurostat (online data code: cpc_psdemo).

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

	2002 (1)		2007 (2)		2012 (2)	
	Crude birth rate	Crude death rate	Crude birth rate	Crude death rate	Crude birth rate	Crude death rate
EU-28	*10.3*	*10.0*	*10.6*	*9.7*	*10.4*	*9.9*
EU-27	*10.3*	*10.0*	*10.7*	*9.7*	*10.4*	*9.9*
ME	13.7	8.9	12.5	9.5	12.0	9.5
IS	14.1	6.3	14.6	6.2	14.1	6.2
MK	13.7	8.8	11.1	9.6	11.4	9.8
AL	13.9	6.3	11.7	7.1	12.5	7.4
RS	10.4	13.7	9.2	13.9	9.3	14.2
TR	18.6	*6.5*	18.4	*6.4*	17.0	5.0
BA	9.5	8.1	8.8	9.1	*8.4*	*9.3*
XK	16.0	3.2	15.5	3.1	15.3	4.0

(1) Kosovo, 2003.
(2) EU-28 and EU-27, break in series.

Source: for the EU aggregates and Iceland, Eurostat (online data code: demo_gind); for the enlargement countries, Eurostat (online data code: cpc_psdemo).

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

	2002 (1)	2007	2010 (2)	2011 (2)	2012
EU-28	:	:	:	:	:
EU-27	1.46	1.56	1.60	*1.57*	:
ME	1.60	1.69	1.69	1.65	:
IS	1.93	2.09	2.20	2.02	:
MK	1.80	1.46	1.56	1.46	1.51
AL	1.90	1.63	1.66	1.69	1.78
RS	1.57	1.38	1.40	1.36	1.44
TR	2.17	2.16	2.06	2.02	2.08
BA	1.20	1.26	1.27	1.21	:
XK	:	:	:	:	1.90

(1) Montenegro, 2005.
(2) EU-27, break in series.

Source: for the EU aggregates, Eurostat (online data code: demo_find); for the enlargement countries, Eurostat (online data code: cpc_psdemo).

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

	Male			Female		
	2002 (1)	2007 (2)	2012 (3)	2002 (1)	2007 (2)	2012 (3)
EU-28	74.5	76.0	*77.4*	80.9	82.2	*83.2*
EU-27	74.5	76.1	:	80.9	82.2	:
ME	71.4	72.1	74.3	77.0	77.2	78.4
IS	78.6	79.6	80.8	82.5	83.4	83.9
MK	70.6	71.9	73.0	75.6	76.1	76.9
AL	*71.6*	*72.5*	*75.3*	*77.2*	*77.8*	*79.6*
RS	69.7	70.9	72.2	75.0	76.5	77.3
TR	*69.8*	*71.4*	*72.0*	*73.9*	*75.9*	*77.2*
BA	*71.3*	*72.1*	*72.4*	*76.7*	*77.5*	*77.7*
XK	:	:	69.0	:	:	71.0

(1) Albania, 2004; Montenegro, 2005.
(2) EU-28 and EU-27, break in series.
(3) EU-28, 2011.

Source: for the EU aggregates, Eurostat (online data code: demo_mlexpec); for the enlargement countries, Eurostat (online data code: cpc_psdemo and demo_mlexpec).

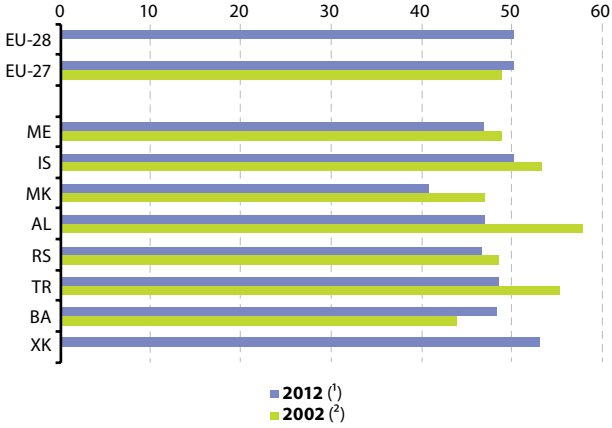
Table 1.6: Infant mortality rates
(per 1 000 live births)

	2002	2007	2010 (1)	2011	2012
EU-28	:	:	:	:	:
EU-27	5.4	4.5	4.0	3.9	:
ME	10.8	7.4	6.7	4.4	4.4
IS	2.2	2.0	2.2	0.9	*1.1*
MK	10.2	10.3	7.6	7.6	9.8
AL	*17.2*	*11.9*	*9.6*	*8.7*	*8.8*
RS	10.1	7.1	6.7	6.3	6.2
TR	*25.4*	*15.9*	12.0	11.7	11.6
BA	9.4	6.8	6.4	5.8	*5.0*
XK	11.2	11.1	9.9	*12.1*	11.4

(1) Montenegro, break in series; Kosovo, 2009.

Source: for the EU aggregates, Eurostat (online data code: demo_minfind); for the enlargement countries, Eurostat (online data code: cpc_psdemo).

Figure 1.4: Age dependency ratio
(% of working age population)



(1) EU-28 and EU-27, break in series and provisional data; Serbia, provisional data.
(2) Turkey, estimated data; Montenegro, 2003; Kosovo, not available.

Source: for the EU aggregates, Eurostat (online data code: demo_pjanind); for the enlargement countries, Eurostat (online data code: cpc_psdemo).

Definitions

Age dependency ratio (1st variant: population aged 0–14 and 65 and more to pop. aged 15–64) is the ratio of the number of persons of an age when they are generally economically inactive to the number of persons of working age. The total dependency ratio is obtained by adding the age dependency ratio of the young and the age dependency ratio of the old.

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

Low percentage of early school leavers in Serbia

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 of 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 2002 and 2012, the proportion of early school leavers, denoting those among the 18–24 year olds that have not completed upper secondary education, fell both in the EU and in the enlargement countries, for which data are available. The decrease amounted to 4.2 percentage points in the EU, reaching 12.7 percent. For the enlargement countries, the decrease ranged between 3.4 and 11.1 percentage points over the period, for which data are available, with the exception of Iceland and Turkey, where the decrease was substantially higher with 8.7 percentage points and 15.5 percentage points respectively. Compared to the 12.7 % of early school leavers that were neither in education nor in any other training in the EU in 2012, Serbia reported a comparatively low level (8.1 %, an improvement compared to 2007, when the proportion was 12.6 %). In contrast, the proportion of early school leavers in both Albania and Turkey was 31.6 % and 39.6 % respectively, according to the latest available data. As regards gender differences, in 2012, 23.6 % of men aged 18–24 in Iceland were early school leavers, compared with 16.5 % of their female counterparts. Likely linked to cultural differences, the opposite situation occurred in Turkey where 36.1 % of young men were early school leavers, compared with 43.0 % of young women. In the other countries, the gender differences are minor.

Number of students attending tertiary education increased in all enlargement countries

Between 2002 and 2012, the number of students attending tertiary education increased in the EU as well as in the enlargement countries, for which data are available. Almost all of the enlargement countries recorded higher growth rates than those of the EU. The average annual growth in Albania, Montenegro and Kosovo appeared particularly strong and increased by 14.2 %, 11.5 % and 10.2 % respectively (refers to ISCED 5 only — see definitions). In Turkey and Iceland,

the average growth rate was between 6 % and 10 %, while, in the former Yugoslav Republic of Macedonia, Bosnia and Herzegovina and Serbia, the rate did not exceed 5 %.

The number of tertiary graduates aged 20–29 in mathematics, science and technology increased both in the EU and in almost all of the enlargement countries in recent years. Across the EU, as well as in the enlargement countries, a higher percentage of men than women completed their tertiary education in mathematics, science and technology except for Montenegro, where the percentages were equal. The latter country recently experienced a significant increase in tertiary graduates for both genders. In the former Yugoslav Republic of Macedonia, the percentages of both men and women graduating in mathematics, science and technology more than doubled in less than ten years. In Iceland, the proportion registered for women exceeded that of the EU and amounted to 12 per thousand inhabitants aged 20–29 (2012).

Education spending decreased in recent years

Although data availability is relatively poor, there appears to be a tendency towards a decrease in education expenditure in most of the enlargement countries. Albania's public expenditure on education dropped from 3.5 % of GDP in 2010 to 3.3 % in 2011, the same level it had in 2007. In the former Yugoslav Republic of Macedonia, the percentage of GDP allocated to education fluctuated between 3.4 % and 3.7 % between 2002 and 2010. Iceland's public expenditure on education was noticeably higher with shares between 7.6 % and 7.1 % of GDP between 2002 and 2012, exceeding the EU value (5.4 % in 2010) by a considerable margin.

Adult training in Iceland three times higher than in the EU

With regard to the notion of "life-long-learning", the proportion of persons aged 25–64, who have participated in education and training clearly increased in the EU: from 7.1 % in 2002 to 9.0 % in 2012. At a lower level, this proportion increased also in the former Yugoslav Republic of Macedonia and Turkey, while it remained essentially stable in Albania. In Serbia, the value decreased slightly from 4.0 % in 2002 to 3.6 % in 2012. More striking is the very high proportion of Icelanders aged 25–64 participating in education and training: with 27.0 % in 2012, their proportion was three times higher than the one of the EU.

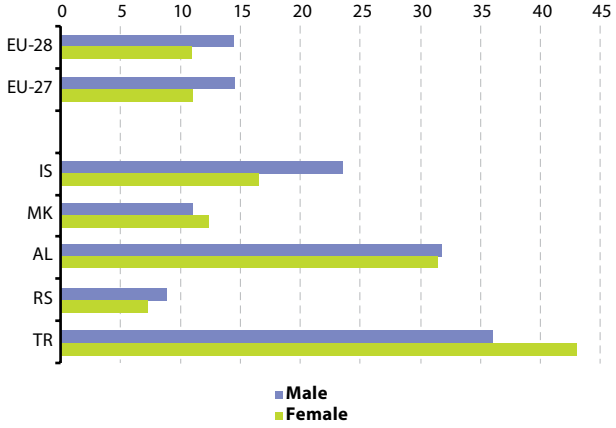
Table 2.1: Educational attainment
(%)

	Early school leavers			Youth education attainment level		
	2002 (1)	2007	2012	2002 (2)	2007	2012
EU-28	16.9	14.9	12.7	76.8	78.3	80.3
EU-27	17.0	15.0	12.8	76.7	78.1	80.1
ME	:	:	:	:	:	:
IS	28.8	26.3	20.1	48.5	52.9	58.3
MK	22.8	19.9	11.7	65.4	79.2	87.1
AL	:	*42.0*	*31.6*	:	:	:
RS	11.5	10.7	8.1	88.1	89.0	83.4
TR	55.1	46.9	39.6	42.7	47.5	54.0
BA	:	:	:	:	:	:
XK	:	:	:	:	:	:

(1) The former Yugoslav Republic of Macedonia, 2006; Serbia, 2004.
(2) Serbia, 2004.

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

Figure 2.1: Early school leavers by gender, 2012 (1)
(%)

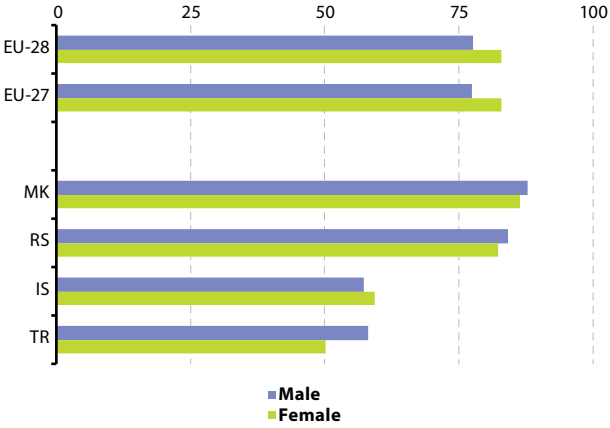


(1) Albania, estimated data; Montenegro, Bosnia and Herzegovina and Kosovo, not available.

Source: for the EU aggregates, Eurostat (online data code: edat_lfse_14); for the enlargement countries, Eurostat (online data code: cpc_psilc).

Figure 2.2: Youth education attainment level by gender, 2012 (1)

(%)



(1) Montenegro, Albania, Bosnia and Herzegovina and Kosovo, not available.

Source: for the EU aggregates, Eurostat (online data code: edat_lfse_08); for the enlargement countries, Eurostat (online data code: cpc_siinr).

Table 2.2: Number of pupils/students by ISCED level of education, 2012 (1)

(1 000)

	ISCED 0	ISCED 1 (2)	ISCED 2 (2)	ISCED 3
EU-28	:	:	:	:
EU-27	15 304	27 923	21 636	21 760
ME	12	38	31	32
IS	13	29	13	25
MK	20	107	93	94
AL	80	207	197	152
RS	157	288	277	280
TR	1 078	5 594	5 567	4 996
BA	19	163	142	166
XK	25	162	133	110

(1) EU-27 and Iceland, 2011.
(2) Turkey, break in series.

Source: for the EU aggregates, Eurostat (online data code: educ_ilev); for the enlargement countries, Eurostat (online data code: cpc_pseduc).

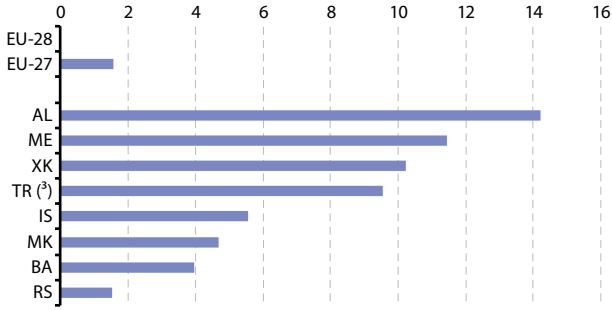
Table 2.2 (continued): Number of pupils/students by ISCED level of education, 2012 (1)
(1 000)

	ISCED 4 (1)	ISCED 5 (2)	ISCED 6 (3)	Total (4)
EU-28	:	:	:	:
EU-27	1 467	19 384	745	108 218
ME	:	25	0	138
IS	1	18	0	99
MK	0	67	0	381
AL	2	159	:	797
RS	2	226	6	1 236
TR (5)	-	4 295	58	21 588
BA	:	*102*	*3*	*595*
XK	:	50	:	480

(1) EU-27 and Iceland, 2011.
(2) The former Yugoslav Republic of Macedonia, Serbia and Turkey, 2011.
(3) Montenegro, 0.05; Iceland, 0.48, 2011; the former Yugoslav Republic of Macedonia, 0.27, students at universities and other education institutions are included, 2010; Serbia and Turkey, 2011.
(4) "Total" is based on the latest data available in each ISCED category and can be an aggregation of data from different reference years.
(5) 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.

Source: for the EU aggregates, Eurostat (online data code: educ_ilev); for the enlargement countries, Eurostat (online data code: cpc_pseduc).

Figure 2.3: Students in tertiary education (ISCED 5 and ISCED 6), average annual growth rate 2002–2012 (1) (2)
(%)



(1) Iceland, the former Yugoslav Republic of Macedonia, Serbia, and Turkey, between 2002 and 2011; EU-27, between 2003 and 2011.
(2) Montenegro, the former Yugoslav Republic of Macedonia, Albania, Serbia and Kosovo, ISCED 5 only.
(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 educational institutions are included.

Source: for the EU aggregates, Eurostat (online data code: educ_enrl1tl); for the enlargement countries, 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		
	2002 (1)	2007 (2)	2012 (3)	2002 (1)	2007 (2)	2012 (3)
EU-28	:	:	:	:	:	:
EU-27	15.4	18.5	22.3	7.1	8.9	11.1
ME	*3.1*	*3.6*	8.6	*1.8*	*2.4*	8.6
IS	12.1	13.1	15.2	6.2	7.2	12.0
MK	3.4	5.4	8.9	2.8	3.7	5.7
AL	:	1.3	:	:	1.6	:
RS	7.5	8.4	9.3	5.4	6.4	6.3
TR	6.7	8.5	12.3	3.1	3.8	6.3
BA	:	:	:	:	:	:
XK	:	:	:	:	:	:

(1) Montenegro, 2003.
(2) Turkey and Albania, 2006.
(3) EU-27, the former Yugoslav Republic of Macedonia, Serbia and Turkey, 2011; Iceland, 2010.

Source: for the EU aggregates, Eurostat (online data code: educ_thflds); for the enlargement countries, Eurostat (online data code: cpc_siinr).

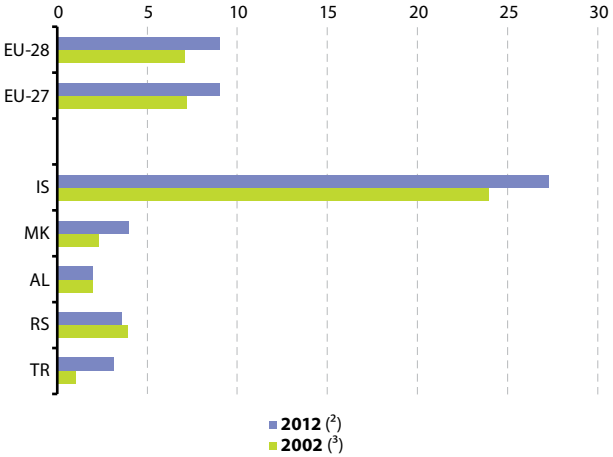
Table 2.4: Public expenditure on education
(% of GDP)

	2002	2007 (1)	2010	2011	2012
EU-28	:	:	:	:	:
EU-27	*5.1*	*5.0*	*5.4*	:	:
ME	:	:	:	:	:
IS	7.6	7.4	7.6	7.2	7.1
MK	3.4	3.1	3.7	:	:
AL	3.0	3.3	3.5	3.3	:
RS	3.9	4.7	4.9	4.8	:
TR	4.8	2.9	:	:	:
BA	:	:	:	:	:
XK	:	:	:	:	:

(1) Turkey, 2006.

Source: for the EU aggregates, Eurostat (online data code: educ_figdp); for the enlargement countries, 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, Bosnia and Herzegovia and Kosovo, not available.
([2]) Albania, 2008.
([3]) Serbia, 2004; the former Yugoslav Republic of Macedonia, 2006; Albania, 2007.

Source: for the EU aggregates, Eurostat (online data code: trng_lfse_04); for the enlargement countries, 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; programs 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 programs 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 in Iceland seriously affected by the 2008–2011 banking crisis

As may be expected, the average nominal monthly wages and salaries expressed in EUR remained considerably higher in Iceland (EUR 4726 in 2007 and EUR 2936 in 2011) than in any of the other enlargement countries. The very substantial decrease in Iceland reflects the effects of the collapse of the country's major privately owned commercial banks and the severe financial crisis, which followed in the years 2008 to 2011. Turkey recorded a figure of EUR 535 in 2011. The average figure for Serbia was EUR 508 in 2012, while the figures for the other enlargement countries ranged between EUR 340 and EUR 487 that year. Except for Iceland, all the enlargement countries saw their average nominal wages and salaries increase between 2002 and 2012. In Montenegro and the former Yugoslav Republic of Macedonia, the average figures increased by almost 45 % between 2007 and 2012, reaching EUR 487 and EUR 340 respectively. The indexed figures on real wages and salaries (in terms of the euro or the national currencies) are deflated using the consumer price index. In real terms, Serbia and Montenegro showed the highest increases (+ 180 % and + 148 % between 2000 and the latest year available, respectively). In the former Yugoslav Republic of Macedonia, the increase of the wages and salaries in real terms was more moderate and featured a quite regular pattern over time.

Household consumption expenditure on essentials considerably higher than in the EU, except Iceland

Total household consumption expenditure can be broken down into twelve categories (the COICOP groups). The most essential categories of spending, such as housing, food (excluding alcoholic drinks) and transport, are expressed as a percentage of total household consumption expenditure. In the EU, just over half (50.2 %) of the total expenditure in 2012 was spent on these three essential categories. This was substantially lower than the equivalent expenditure in most of the enlargement countries. With a cumulated share of 52 %, Iceland came close to the EU average, with slightly lower expenditure on housing but slightly higher expenditure on transport. In the remaining enlargement countries, the cumulated shares of the three categories ranged between 62 %

(Montenegro) and 68 % (Albania, 2008). The only country to exceed the share was Kosovo, where the household expenditure on housing, food and transport represented 79 % of the total household expenditure.

Looking at other household consumption items, the cumulated share of expenditure on health, recreation and culture, education as well as restaurants and hotels was expectedly lower in the enlargement countries than in the EU and did not exceed 15 % of total household consumption expenditure, except for Iceland, where it amounted to nearly 24 %. Recreation and culture alone took a 10 % share in Icelandic households' consumption expenditure, double the proportion of Serbian households (the highest share among the remaining enlargement countries) and higher than the EU average (8.7 %). Large disparities are also noted for expenditure related to hotels and restaurants, where the shares ranged between 8.8 % (Iceland, close to the EU average of 8.5 %) and 1 % in Kosovo.

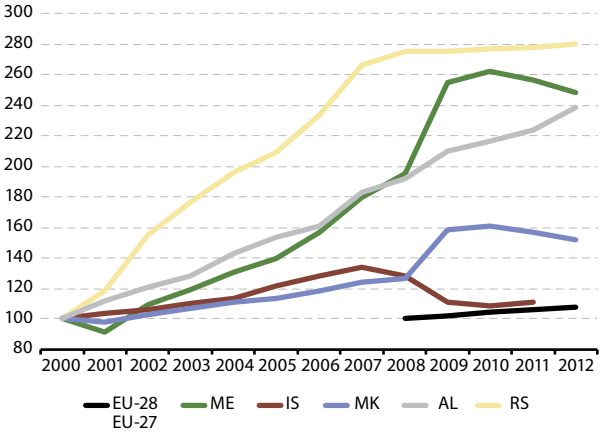
Table 3.1: Wages and salaries

	Average nominal monthly wages and salaries (EUR)			Index of real wages and salaries (2000 = 100) (2)	
	2002	2007	2012 (1)	2007 (3)	2012 (4)
EU-28	:	:	:	100	108
EU-27	:	:	:	100	108
ME	149	338	487	180	248
IS	3 086	4 726	2 936	134	111
MK	185	238	340	125	152
AL	149	273	360	183	238
RS	218	485	508	266	280
TR	293	483	535	:	:
BA	228	330	417	:	:
XK	:	:	:	:	:

(1) Iceland and Turkey, 2011; Bosnia and Herzegovina, net salary, including data from Brcko District, 2011.
(2) EU-28 and EU-27, Index 2008 = 100.
(3) EU-28 and EU-27, 2008.
(4) Iceland, 2011.

Source: for the EU aggregates, Eurostat (online data code: lc_lci_r2_a); for the enlargement countries, Eurostat (online data code: cpc_pslm).

Figure 3.1: Index of real wages and salaries (2000 = 100) (1)



(1) EU-28 and EU-27, Index, 2008 = 100; Serbia, 2009, break in series.

Source: for the EU aggregates, Eurostat (online data code: lc_lci_r2_a); for the enlargement countries, Eurostat (online data code: cpc_pslm).

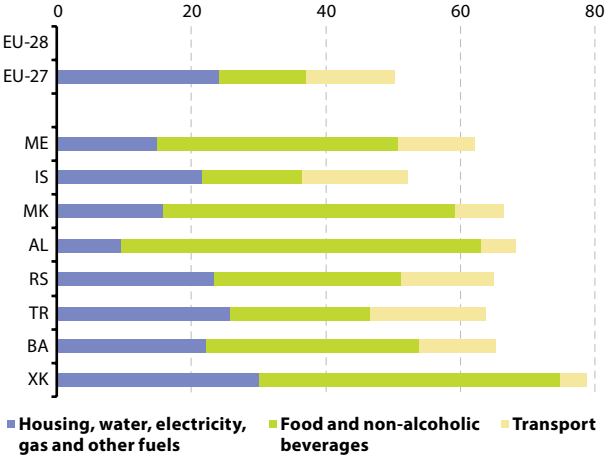
Table 3.2: Total household consumption expenditure
(% of GDP)

	2002 (1)	2007	2009	2010	2011	2012
EU-28 (2)	58.4	57.0	58.2	58.2	58.1	58.4
EU-27 (2)	58.4	57.0	58.2	58.2	58.1	58.4
ME	80.7	88.4	106.2	82.2	84.4	*87.0*
IS	54.9	57.4	51.0	51.5	51.9	53.7
MK	77.1	76.7	76.5	74.7	74.7	*75.7*
AL	74.8	80.3	79.2	75.5	*75.3*	:
RS	84.3	76.3	79.7	80.2	77.0	*76.4*
TR	68.0	71.3	71.5	71.7	71.2	69.9
BA	94.6	81.9	80.2	81.7	81.4	:
XK	86.2	91.6	90.6	89.7	89.0	:

(1) Bosnia and Herzegovina and Kosovo, 2004.
(2) Final consumption expenditure of households and non-profit institutions serving households.

Source: for the EU aggregates, Eurostat (online data code: nama_gdp_c); for the enlargement countries, Eurostat (online data code: cpc_ecnagdp).

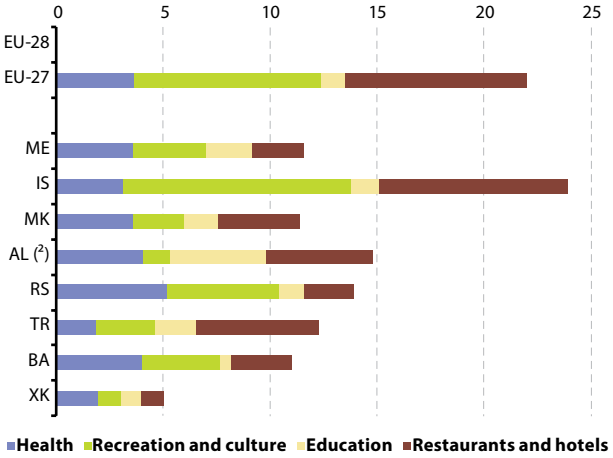
Figure 3.2: Breakdown of household consumption expenditure, 2012 (1)
(% of total household consumption expenditure)



(1) Serbia and Turkey, 2011; Albania, 2008; Bosnia and Herzegovina, 2007.

Source: for the EU aggregates, Eurostat (online data code: nama_co3_c); for the enlargement countries, Eurostat (online data code: cpc_ecnacoi).

Figure 3.3: Breakdown of household consumption expenditure, 2012 (1)
(% of total household consumption expenditure)



(1) Serbia and Turkey, 2011; Bosnia and Herzegovina, 2007.
(2) Albania: recreation and culture and education, 2008; health and restaurants and hotels, 2007.

Source: for the EU aggregates and Serbia, Eurostat (online data code: nama_co3_c); for the enlargement countries, Eurostat (online data code: cpc_ecnacoi).

Definitions

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).

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

Activity and employment rates: a heterogeneous situation in the enlargement countries

The Europe 2020 strategy defines three mutually reinforcing priorities: smart, sustainable and inclusive growth. According to this strategy, employment policies 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 an EU level to meet the goals of the Europe 2020 strategy. Here, the South East Europe (SEE) 2020 Strategy can be mentioned, aiming at improving living conditions in the region and focusing on competitiveness and development, hence sharing the vision of the Europe 2020 strategy. The SEE 2020 was launched by the Regional Cooperation Council (RCC), an initiative launched in 2008 as the successor of the Stability Pact for South Eastern Europe.

The crisis in global financial markets, which gathered pace in autumn 2008, led to a severe economic recession, strongly affecting EU labour markets. In most of the enlargement countries, the crisis was also felt, albeit less strongly. The impact of the crisis on the labour markets of the EU and the enlargement countries remained relatively limited in 2008, in line with the usual lagged response, but became more apparent in 2009. In the years that followed, the EU continued implementing various crisis-fighting measures, but by 2012, the latest reference year, for which data in this section are available, neither the economy nor the labour market were yet able to reach their pre-crisis levels again.

The **activity rate** in the EU-28, i.e. the proportion of persons aged 20–64 in the labour force in the total population of the same age, was 76.1 % in 2012. Except for Iceland (86.4 %), the activity rates in the enlargement countries were considerably lower, ranging between 57.4 % in Turkey and 73.2 % in Albania.

When considering a longer time span, the EU-28 average activity rate increased by 1.1 percentage points between 2007 and 2012. Similar increases were observed in the former Yugoslav Republic of Macedonia and in Albania, whereas the increase was markedly higher in Turkey, the rate growing by nearly 5 percentage points. Conversely, only Serbia (– 3.6 percentage points) and Iceland (– 1.7 pp) recorded a decrease

of the activity rate among the 20–64 age group during this five-year period.

When looking at the 15–64 age category, the trends remain relatively similar to those of the 20–64 age group, with however lower activity rates due to the fact that the younger might still be in education. Indeed, while the EU-28 average rate stood at 71.7 % in 2012 the one of Iceland reached 84.9 %. The rates for the other enlargement countries were between 53.3 % and 65.5 %, except in Kosovo, where it reached only 36.8 %. Compared with the situation five years earlier, only three enlargement countries (the former Yugoslav Republic of Macedonia, Albania and Turkey) recorded an activity rate increase. Among the other countries, the most noticeable decrease concerned Kosovo, where the particular context of the country resulted in a 10 percentage-point decrease.

In 2012, the overall EU **employment rate** for those aged 20 to 64, denoting the proportion of the employed persons in the population of the same age, was 68.4 % on average. This was only slightly lower than the 68.5 % registered one year earlier (data not shown) and 1.4 percentage point below the 2007 rate. A more outspoken downward trend between 2007 and 2012 was observed in Serbia (– 6.8 percentage points) and Iceland (– 5.7 pp), the latter country still recording the highest rate among enlargement countries (81.8 %). During the same period, the employment rate increased by 0.7 percentage points in Albania, by 3.2 in the former Yugoslav Republic of Macedonia and by 4.6 in Turkey.

When observing the 2012 employment rate for the 15–to–64 year olds, and thus including a substantial part of the youth still in education, the related proportions were expectedly lower: by 4.3 percentage points at the EU level and by between 2 and 7 percentage points among enlargement countries.

Iceland recorded by far the lowest employment gender gap

As regards the employment rates, Iceland stood out as having by far the lowest employment gender gap for people aged 20 to 64. In 2012, it was slightly over 5 percentage points, considerably lower than the 12.2 percentage points recorded for the EU-28. While the employment gender gaps in Serbia, Albania and the former Yugoslav Republic of Macedonia ranged between 15 and 20 percentage points, the difference in employment rates

between men and women in Turkey was striking: 75 % for men and only 31 % for women. In the preceding decade, this gap had narrowed only marginally in the country.

Service sector increasingly important, except in Bosnia and Herzegovina

The distribution of employment between the different economic sectors highlights how the economies of the enlargement countries vary among each other, also in comparison with the EU-28. In the latest year for which data are available, employment in the service sector accounted for an average of 69.6 % of the total employment in the EU-28, a proportion among the enlargement countries exceeded only by Montenegro and Iceland, with respectively 76.9 % and 75.8 %.

When comparing the 2012 figures with older data, Bosnia and Herzegovina is the sole country defying the trend as the share of activity in the service sector actually decreased (from 54.1 % in 2005 to 49.0 % in 2012). The increase recorded in all the other enlargement countries during the 2002–2012 period ranged between 3 percentage points in Albania and 10 percentage points in the former Yugoslav Republic of Macedonia.

Employment in agriculture in the EU-28 was by far the least important among the three main sectors, with a share of just 5.0 % of the total employment in 2012. Similar low shares were also recorded in Iceland (5.5 %) and in Montenegro (5.7 %). In contrast, 51.1 % of Albania's total employment was in agriculture in 2012, although this was a noticeable decrease compared to 2002, when the country registered a share of 57.7 %. The proportion of the EU-28 employment in industry and construction combined amounted to 24.7 % in 2012, which was exactly 4 percentage points lower than in 2002. The differences among the enlargement countries in this sector were less prominent: the proportions ranged between 17.4 % in Montenegro and Albania, and 29.9 % in the former Yugoslav Republic of Macedonia.

Unemployment rates between 2011 and 2012: increase in the EU-28, relative stability in the enlargement countries

With the effects of the financial and economic crisis still lingering, the unemployment rate across the EU-28 as a whole continued increasing in the last few years, rising from 8.9 % in 2009 to 10.5 % in 2012 (plus one percentage point compared to 2011). In contrast, the situation in the enlargement countries

tends to be stable or even move towards a downward trend. Indeed, when comparing 2011 and 2012, only Serbia (+0.9 percentage points) and Bosnia and Herzegovina (+0.6 pp) registered an increase in their unemployment rate. Over the same period, the rate decreased in Iceland (–1.0 pp), Turkey (–0.6 pp) and the former Yugoslav Republic of Macedonia (–0.4 pp), while remaining almost unchanged in Montenegro and Albania.

Long-term unemployment remained a serious issue in Bosnia and Herzegovina (22.9%), in the former Yugoslav Republic of Macedonia (25.5%) and especially in Kosovo (37.1% in 2009). The situation in the latter country was particularly difficult among women, with a rate of 45.0% (in 2009).

Overall unemployment rate for women is lower than for men in Iceland, the former Yugoslav Republic of Macedonia and Albania

Looking at gender specificities, the unemployment rates for men and women were very similar in the EU-28 in 2012: 10.4% for men and 10.5% for women. The propensity to record a lower unemployment rate for men was more noticeable in most of the enlargement countries: Kosovo (difference of 16 percentage points), Bosnia and Herzegovina (4 pp), Serbia and Turkey (2 pp) and Montenegro (1 pp). Conversely, the unemployment rate for women was actually lower than that of men in Albania (2.5 pp), Iceland and the former Yugoslav Republic of Macedonia (around 1 pp).

Youth unemployment remains one of the most serious challenges for the labour market: whereas the youth unemployment rate increased to 22.9% at the level of the EU-28 in 2012, the situation appeared far worse in Bosnia and Herzegovina and Kosovo, where between 6 and 7 young persons out of 10 have no job (2009 data for Kosovo). In Serbia and the former Yugoslav Republic of Macedonia, the corresponding rate was between 50 and 55%. In contrast, youth unemployment was far below the EU-28 average both in Iceland (13.5%) and Turkey (15.7%).

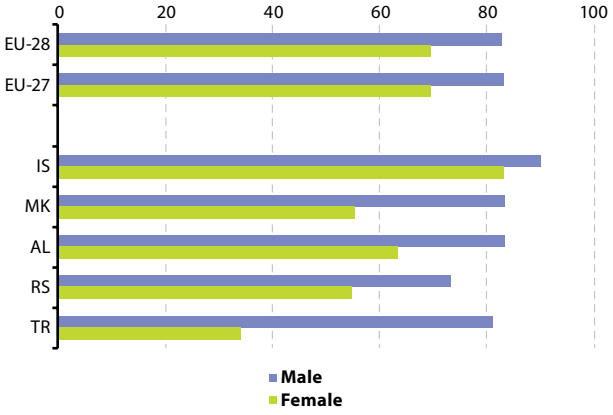
Table 4.1: Economic activity rate
(%)

	Aged 15–64			Aged 20–64		
	2002 (1)	2007 (2)	2012	2002 (3)	2007	2012
EU-28	68.6	70.3	71.7	73.1	75.0	76.1
EU-27	68.6	70.4	71.8	73.1	75.0	76.2
ME	59.0	61.0	58.7	:	:	:
IS	87.6	87.1	84.9	90.2	88.1	86.4
MK	:	62.8	63.9	:	68.5	69.6
AL	:	65.2	*65.5*	72.3	72.2	*73.2*
RS	66.4	63.4	60.1	71.3	67.9	64.3
TR	49.0	49.1	53.3	52.9	52.7	57.4
BA	:	56.4	55.1	:	:	:
XK	52.8	46.8	36.8	:	:	:

(1) Serbia, 2004; Montenegro and Turkey, 2005.
(2) Albania , break in series.
(3) Albania, 2001; Serbia, 2004; Turkey, 2005.

Source: for the EU aggregates, Eurostat (online data code: lfsi_act_a); for the enlargement countries, Eurostat (online data code: cpc_pslm).

Figure 4.1: Economic activity rate by gender (age group 20–64), 2012 (1)
(%)



(1) Albania, estimated data; Iceland and Serbia, 2011; Montenegro, Bosnia and Herzegovina and Kosovo, not available.

Source: for the EU aggregates, Eurostat (online data code: lfsi_act_a); for the enlargement countries, Eurostat (online data code: cpc_pslm).

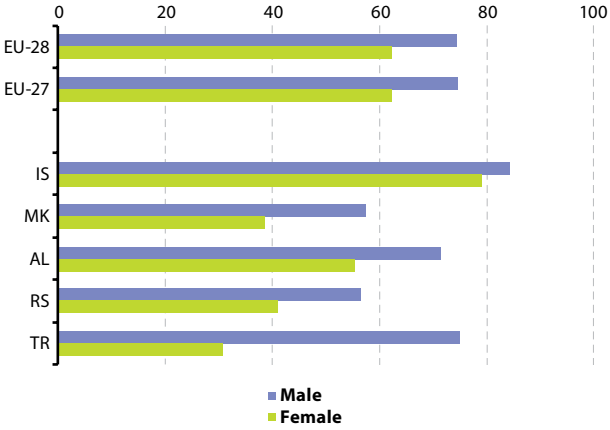
Table 4.2: Employment rate
(%)

	Aged 15–64			Aged 20–64		
	2002 (1)	2007 (2)	2012	2002 (3)	2007	2012
EU-28	62.3	65.3	64.1	66.7	69.8	68.4
EU-27	62.4	65.3	64.2	66.8	69.9	68.5
ME	40.9	49.2	47.0	:	:	:
IS	85.0	85.1	79.7	87.7	87.5	81.8
MK	:	40.7	44.0	:	45.0	48.2
AL	:	56.4	*56.4*	55.5	62.7	*63.4*
RS	53.4	51.5	45.3	58.1	55.7	48.9
TR	46.7	44.6	48.9	50.2	48.2	52.8
BA	:	40.1	39.7	:	:	:
XK	23.8	26.2	23.9	:	:	:

(1) Serbia, 2004; Montenegro, break in series, 2005.
(2) Albania, break in series.
(3) Albania, 2001; Serbia, 2004.

Source: for the EU aggregates, Eurostat (online data code: lfsa_ergan); for the enlargement countries, Eurostat (online data codes: cpc_siemp and cpc_pslm).

Figure 4.2: Employment rate by gender (age group 20-64), 2012 (1)
(%)



(1) Albania, estimated data; Montenegro, Bosnia and Herzegovina and Kosovo, not available.

Source: for the EU aggregates, Eurostat (online data code: lfsa_ergan); for the enlargement countries, Eurostat (online data code: cpc_pslm).

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

	Agriculture		Industry and construction		Services	
	2002 (2)	2012	2002 (3)	2012 (4)	2002 (2)	2012
EU-28	7.1	5.0	28.7	24.7	63.7	69.6
EU-27	7.1	4.9	28.7	24.7	63.7	69.7
ME	*3.0*	5.7	*28.2*	17.4	68.8	76.9
IS	7.2	5.5	22.4	18.2	70.4	75.8
MK	*24.0*	17.3	*33.4*	29.9	42.7	52.7
AL	57.7	*51.1*	13.7	*17.4*	28.6	*31.6*
RS	*24.1*	*21.0*	*26.9*	*26.5*	49.0	52.6
TR	34.9	24.6	23.0	26.0	42.1	49.4
BA	19.6	20.5	32.6	28.9	54.1	49.0
XK	:	:	:	:	:	:

(1) NACE Rev. 2 except: Montenegro, 2000–2010 according to NACE Rev. 1; the former Republic Yugoslav of Macedonia, 2001–2010 according to NACE Rev. 1; Serbia, 2004–2009 according to NACE Rev. 1; Turkey, 2000–2008 according to NACE Rev. 1; Bosnia and Herzegovina, 2005–2011 according to NACE Rev. 1.
(2) Serbia, 2004; Bosnia and Herzegovina, 2005.
(3) Serbia, 2004; Bosnia and Herzegovina, 2007.
(4) Iceland, low reliability; Bosnia and Herzegovina, 2011.

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

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

	2002 (1)	2007 (2)	2009	2010	2011	2012
EU-28	9.0	7.2	8.9	9.6	9.6	10.5
EU-27	8.9	7.1	8.9	9.6	9.6	10.4
ME	20.7	19.3	19.1	19.7	19.7	19.7
IS	3.0	2.3	7.2	7.6	7.0	6.0
MK	31.9	34.9	32.2	32.0	31.4	31.0
AL	15.8	*13.5*	*13.8*	*14.0*	*13.9*	*13.9*
RS	14.5	18.1	16.1	19.2	23.0	23.9
TR	9.3	8.9	12.7	10.8	8.8	8.2
BA	41.1	29.0	24.1	27.2	28.0	28.6
XK	55.0	43.6	45.4	:	:	35.1

(1) Albania, administrative data; Turkey, 2005.
(2) Albania, break in series (LFS data).

Source: for the EU aggregates, Eurostat (online data code: lfsa_urgan); for the enlargement countries, Eurostat (online data code: cpc_pslm).

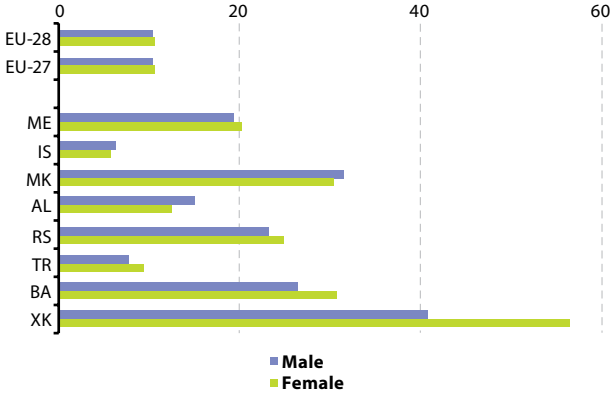
Table 4.5: Long-term unemployment rate ([1])
(%)

	2002			2012 ([4])		
	Total ([2])	Male ([3])	Female ([3])	Total	Male	Female
EU-28	4.1	3.6	4.6	4.7	4.7	4.7
EU-27	4.0	3.6	4.6	4.6	4.6	4.6
ME	14.2	:	:	15.6	:	:
IS	0.2	0.3	0.2	1.7	1.7	1.6
MK	27.0	26.5	27.8	25.5	26.1	24.5
AL	9.4	9.9	8.7	*10.8*	*11.3*	*10.1*
RS	14.3	11.5	18.3	16.9	16.4	17.7
TR	3.5	3.3	4.3	2.0	1.6	3.0
BA	26.7	24.7	30.2	22.9	:	:
XK	47.3	37.3	67.0	37.1	33.7	45.0

([1]) Turkey, unemployment by 4 weeks criterion and using only active jobs search methods.
([2]) Iceland, 2003; Serbia, 2004; Turkey, 2005; Bosnia and Herzegovina, 2006; Montenegro, 2007; Albania, break in series, 2007.
([3]) Iceland, 2003; Serbia, 2004; Turkey, 2005; Bosnia and Herzegovina, 2006; Albania, break in series, 2007.
([4]) Kosovo, 2009; Iceland and Serbia, 2011.

Source: for the EU aggregates, Eurostat (online data code: une_ltu_a); for the enlargement countries, Eurostat (online data code: cpc_sisoc).

Figure 4.3: Unemployment rate by gender, 2012 ([1])
(%)



([1]) Albania, estimated data; Kosovo, 2009.

Source: for the EU aggregates, Eurostat (online data code: lfsa_urgan); for the enlargement countries, Eurostat (online data codes: cpc_pslm).

Table 4.6: Youth unemployment rate by gender
(%)

	2002 (1)			2012 (2)		
	Total	Male	Female	Total	Male	Female
EU-28	18.1	17.9	18.3	22.9	23.5	22.1
EU-27	17.9	17.7	18.2	22.8	23.4	22.0
ME	:	:	:	43.7	:	:
IS	12.5	12.7	12.2	14.4	18.2	10.7
MK	58.4	58.1	58.8	53.9	55.2	51.8
AL	20.1	22.8	16.7	*27.9*	*31.4*	*21.9*
RS	45.3	42.1	49.8	50.9	47.6	57.1
TR	17.4	17.2	17.9	15.7	14.6	17.8
BA	62.3	60.2	65.7	63.1	62.6	64.0
XK	77.7	67.6	89.7	73.0	68.5	81.7

(1) Iceland, 2003; Turkey, 2005; Bosnia and Herzegovina, 2006; Albania, break in series, 2007.
(2) Iceland and Serbia, 2011; Kosovo, 2009.

Source: for EU aggregates, Eurostat (online data code: lfsa_urgan); for the enlargement countries, Eurostat (online data code: cpc_pslm).

Definitions

Economic activity rate is defined as the proportion of persons (aged between 20 and 64 if not specified) 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 20 to 64 and the female population aged 20 to 64 respectively, not as a share of the total (male and female) population aged 20 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. (age category: >15)

Employment rate is defined as the proportion of employed persons (aged between 20 and 64 if not specified) in the total population of the same age. Employment rates for men and women are expressed as a percentage of the male population aged 20 to 64 and the female population aged 20 to 64 respectively, not as a share of the total (male and female) population aged 20 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

Slower GDP growth in most of the enlargement countries

The economic crisis, which gathered pace in autumn 2008, affected the EU and all the enlargement countries alike. In 2012, the effects of the crisis were still felt in many EU Member States. After a massive decrease between 2008 and 2009 (– 4.5 %), the Gross Domestic Product (GDP) of the EU began to increase again (+ 2.0 % in 2010 and + 1.7 % in 2011); however, a decrease (of 0.4 %) was once more registered in 2012. Nevertheless, the GDP of the EU in 2012 was slightly above the pre-crisis level. The impact of the crisis on the enlargement countries varied depending on each country's economic structure. Iceland's economy is still recovering from the deep crisis (2008– 2011), which followed the collapse of the national financial sector. Whereas Iceland's GDP increased by 2.7 % between 2010 and 2011, the growth slowed down a year later, registering an increase of only 1.4 % in 2012. GDP in Serbia and Bosnia and Herzegovina decreased by 1.7 % and 1.1 %, respectively. The former Yugoslav Republic of Macedonia and Montenegro recorded a slight decrease of their GDP in 2012 (by 0.2 % and 0.5 % respectively). Albania and Turkey were least affected by the crisis, essentially due to the fact that they were less dependent on exports and domestic markets held up well. The positive trend continued as their GDP displayed a growth rate of 1.6 % and 2.2 % respectively in 2012.

Before the economic crisis, all of the enlargement countries recorded high economic growth rates, often considerably higher than that of the EU. This positive development in the pre-accession economies before the crisis occurred against the background of a booming global economy, with easy access to international finance and ample liquidity.

Iceland's GDP per capita remains well above the EU-28 average

In 2012, GDP per inhabitant in Iceland, expressed in purchasing power standards (PPS), was 11 % above the EU average. Up to the Icelandic financial crisis, per capita GDP was still 20 % to 30 % above the EU average. In contrast, GDP per capita in the other enlargement countries remained substantially lower than that of the EU, even though a continuous upward trend had been registered. These enlargement countries recorded GDP per capita levels ranging between 50 % (Turkey) and 70 %

(Bosnia and Herzegovina) below the EU average in 2011 (last available data).

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

Both in the EU and in all the enlargement countries, the service sector's share in total Gross Value Added (GVA) was by far the largest, according to the most recent data available. The EU share of just over 73 % was higher than the corresponding shares in all the enlargement countries, except for Montenegro, which had a similar share. The surge in the service sector over recent years compensated for the decline in the agriculture, forestry and fishery sectors, and to some extent, also in the industry sector. Still, compared to the EU, the economies of the enlargement countries generated a considerably higher proportion of GVA from the agriculture, forestry and fishery sectors. In 2012, the agriculture sector of the EU had a 1.7 % share in total GVA, while, in the enlargement countries, these values ranged from 7.4 % in Bosnia and Herzegovina to 20.6 % in Albania. Still, the share declined by widely varying amounts in all the enlargement countries over recent years, most notably in Serbia (by almost 5 percentage points between 2002 and 2012, reaching a share of 10 %) and Montenegro (more than 3 percentage points between 2002 and 2012, reaching a share of 9 %). The fact that the EU as a whole continued moving to a services-based economy can further be illustrated by the slow but persistent decrease of the industry sector's share in total GVA, which in 2012 stood at 19 %, 1.7 percentage points lower than in 2002 of which 0.2 percentage point less compared to 2011. The picture appears to be mixed for the enlargement countries, with often fluctuating figures, which may be an indication of the varying economic performance of the industrial sector in each country.

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

	2002	2007	2009	2010	2011	2012
EU-28	1.3	3.2	–4.5	2.0	1.7	–0.4
EU-27	1.3	3.2	–4.5	2.0	1.7	–0.4
ME	1.9	10.7	–5.7	2.5	3.2	*–0.5*
IS	0.1	6.0	–6.6	–4.1	2.7	1.4
MK	0.9	6.1	–0.9	2.9	2.8	–0.2
AL	4.2	5.9	3.3	*3.7*	*3.1*	*1.6*
RS	4.3	5.4	–3.5	1.0	1.6	*–1.7*
TR	6.2	4.7	–4.8	9.2	8.8	*2.2*
BA	5.0	6.0	–2.8	0.7	1.0	–1.1
XK	*1.2*	8.3	3.5	3.2	4.5	:

Source: for the EU aggregates, Eurostat (online data code: nama_gdp_k); for the enlargement countries, Eurostat (online data code: cpc_ecnagdp).

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

	2002	2007	2009	2010	2011	2012
EU-28	9 983 702	12 473 649	11 815 746	12 337 164	12 711 484	12 967 742
EU-27	9 955 536	12 430 269	11 770 968	12 292 740	12 667 100	12 923 838
ME	1 363	2 681	2 981	3 104	3 234	*3 346*
IS	9 472	14 938	8 675	9 488	10 089	10 567
MK	4 001	5 965	6 703	7 057	7 473	*7 490*
AL	4 705	7 828	8 694	8 872	9 137	*9 370*
RS	16 028	28 468	28 957	28 006	31 470	*29 932*
TR	243 386	471 049	440 999	549 400	554 578	614 459
BA	7 149	11 239	12 374	12 666	13 123	13 117
XK	*1 735*	*3 461*	*4 008*	*4 291*	*4 776*	:

Source: for the EU aggregates, Eurostat (online data code: nama_gdp_c); for the enlargement countries, Eurostat (online data code: cpc_ecnagdp).

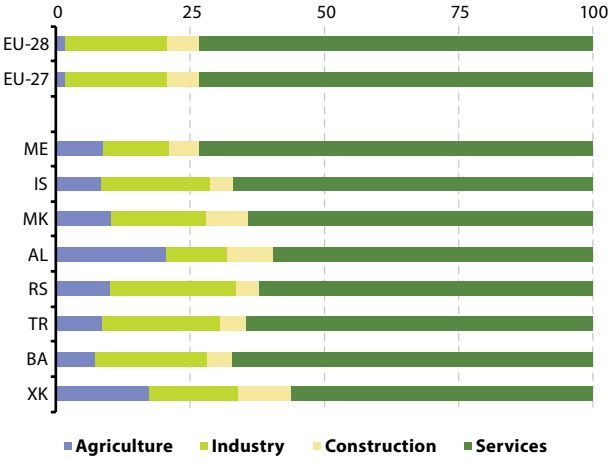
Table 5.3: GDP per capita at current market prices
(PPS, EU-28 = 100)

	2002 (1)	2007	2009	2010 (2)	2011	2012
ME	31	40	41	41	43	*42*
IS	130	121	120	112	111	111
MK	25	31	36	36	35	:
AL	22	23	28	*30*	:	:
RS	32	33	36	35	35	:
TR	36	45	46	49	52	:
BA	24	29	31	30	30	28
XK	:	:	:	:	:	:

(1) Montenegro, Serbia, Albania and Bosnia and Herzegovina, 2005.
(2) Albania, break in series.

Source: Eurostat (online data code: cpc_ecnagdp).

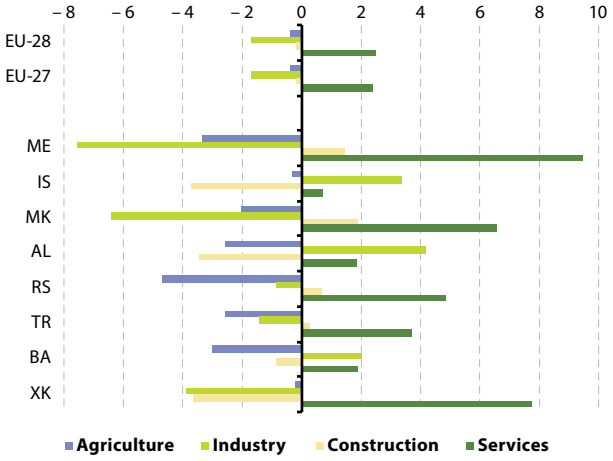
Figure 5.1: Gross value added at basic prices, 2012 (1)
(% of total gross value added)



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

Source: for the EU aggregates, Eurostat (online data code: nama_nace10_c); for the enlargement countries, Eurostat (online data code: cpc_ecnabrk).

Figure 5.2: Relative change in gross value added (GVA), 2002 to 2012 (1)
(percentage points)



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

Source: for the EU aggregates, Eurostat (online data code: nama_nace10_c); for the enlargement countries, Eurostat (online data code: cpc_ecnabrk).

Table 5.4: Expenditure components of GDP, 2012
(% of GDP)

	Final consumption expenditure: households and NPISH (1)	Final consumption expenditure: general government (2)	Gross capital formation (1)	External balance of goods and services (2)
EU-28	58.4	21.6	18.1	2.0
EU-27	58.4	21.6	18.1	2.0
ME (3)	*87.0*	*21.2*	*18.8*	*– 27.0*
IS	53.7	25.3	14.8	6.1
MK	*75.7*	*18.3*	*28.6*	*– 22.6*
AL	*75.3*	10.3	37.4	*– 19.3*
RS	*76.4*	*20.2*	*21.3*	*– 17.8*
TR	69.9	14.7	20.3	– 5.1
BA	81.4	22.1	19.5	– 23.0
XK	89.0	16.2	32.1	– 37.2

(1) Albania, Bosnia and Herzegovina and Kosovo, 2011.
(2) Bosnia and Herzegovina and Kosovo, 2011.
(3) Estimation of NPISH not done.

Source: for the EU aggregates, Eurostat (online data codes: nama_fcs_c and nama_gdp_c); for the enlargement countries, 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 realized 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 (GVA)(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

Increase in general government deficit less strong in 2012

Under the terms of the EU's Stability and Growth Pact, EU Member States 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 its GDP. If a Member State overruns these limits, an excessive deficit procedure is triggered at an EU level and the Member State concerned should take the necessary measures in order to rectify the situation. Keeping the 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 and many countries continue their struggle to reduce their public deficit. The general government deficit at the level of the EU widened sharply from the relatively low ratio of – 0.9 % of GDP in 2007 to – 6.9 % in 2009. The year 2009 constituted a peak and the deficit was gradually reduced in the following years. Still, at – 3.9 % in 2012, the EU's deficit stood almost one percentage point above the reference limit value of –3.0 %. Although variously affected by the economic and financial crisis, all enlargement countries have registered a government deficit since 2008. For Turkey the highest deficit was registered in 2009 as was the case in Albania and Bosnia and Herzegovina, for Iceland this was the case in 2010 and for Montenegro in 2011, with a subsequent tendency to deficit reductions. In the former Yugoslav Republic of Macedonia and Serbia, the deficit has increased up to 2012. In the latter year, the government deficit ranged from a comparatively low – 2.0 % of GDP in Bosnia and Herzegovina to – 6.4 % in Serbia (estimated).

The general government debt across the EU, persisting at a rate of between 60 % and 62 % of GDP in the period from 2002 to 2008, rose to around 74 % in 2009, the first year in which the crisis was fully felt; then, it rose further to 80 % in 2010, reaching 85 % by 2012, well above the maximum allowed rate of 60 %. Despite a general rising tendency, the enlargement countries generally remained far below this level, especially the former Yugoslav Republic of Macedonia, Bosnia and Herzegovina as well as Kosovo (data available until 2011). Only Iceland continues to carry the burden of a substantial debt attributable to the late effects of the financial crisis between 2008 and 2011.

Still, in contrast with the previous year, Iceland's government debt in 2012 fell below the level of its annual GDP again (92 %).

Inflation considerably reduced in 2012

Inflation, as measured by a consumer price index, showed a very mixed picture across the enlargement countries in the years between 2002 and 2007. In 2002, Turkey recorded very high inflation rates, followed by a sharp decline by 2007. A broadly similar development, albeit at a lower level, was registered in Serbia and Montenegro. The global economic crisis considerably reduced the inflation rates in the enlargement countries: between 2008 and 2009, all of them registered a clear drop, except for a marginal increase in Albania. In Iceland, the sharp devaluation of the Icelandic króna made consumer goods far more expensive between 2007 and 2008. In the former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, as well as in Kosovo, a slight deflation was recorded in 2009. While at the level of the EU inflation increased again in 2010 and 2011, the picture was mixed for the enlargement countries. In Serbia, Turkey and Kosovo, inflation remained fairly high, whereas Iceland's inflation rate was noticeably reduced.

In 2012, the inflation rate fell across the EU and in most of the enlargement countries. The decrease was particularly visible in Kosovo and Serbia, both of which managed to reduce their inflation rates by 4.8 and 3.2 percentage points, respectively. Iceland and Turkey were the only countries to record an increase (compared with 2011) in the annual inflation rate of 1.8 percentage points and 2.5 percentage points, respectively.

Sharp drop in current account deficits between 2009 and 2012, except Turkey; mixed image in 2012

All the enlargement countries recorded current account deficits for every single year between 2002 and 2012 (except for Iceland in 2002, when a surplus was recorded). These deficits widened substantially between 2007 and 2008 in most of the countries, before narrowing again in 2009. In the EU, the deficit doubled between 2007 and 2008 reaching EUR 261 billion, then decreased massively to reach a deficit of EUR 32 billion in 2011. The EU's current account balance moved from a deficit to a surplus in 2012, reaching EUR 62

billion in 2012. Different pictures, and obviously in a different order of magnitude, were observed in Montenegro and the former Yugoslav Republic of Macedonia, although, for the last country, the 2012 deficit showed a clear increase again. Turkey, which reported the largest current account deficit among the enlargement countries in absolute terms, has registered fluctuating deficits in recent years. In 2012, it stood at EUR 36.4 billion.

The high Turkish current account deficit should however be seen against its economic weight: expressed as percentage of GDP, the deficit represented 5.9 % of its GDP; the other enlargement countries displayed ratios of between 3.9 % (the former Yugoslav Republic of Macedonia) and 17.6 % (Montenegro). On the other hand, with the EU's deficit in 2009, when the highest deficit in recent years was noted (EUR 261 billion), the corresponding ratio amounted to 2.1 % of GDP. In 2012, a surplus of 0.5 % was registered.

Generally increasing levels of foreign direct investment inflows, between 2002 and 2012

Through outward Foreign Direct Investment (FDI), an investor builds up assets abroad and invests in foreign economies. In 2007, the EU still invested EUR 564 billion in non-EU countries. After 2008 and under the influence of the financial and economic crisis, investments abroad were reduced to reach almost EUR 303 billion in 2010. The year 2011 registered a considerably higher investment volume again, at EUR 474 billion; however, this amount dropped again in 2012 (EUR 256 billion). When outward FDI figures show negative values, this indicates disinvestments. This is notably the case for Montenegro, Albania, Serbia, Turkey and Kosovo. Conversely, Iceland invested EUR 2.5 billion in foreign economies in 2012.

Foreign Direct Investment (FDI) inflows to the EU, i.e. the investments made in the EU economy by all non-EU countries, reached a long-time high in 2007, when EUR 432 billion were invested. In the following years and considering the economic turmoil, the FDI inflows were initially reduced (EUR 182 billion in 2008) but then increased again to reach EUR 424 billion in 2011. In 2012, EUR 292 billion were invested in the EU economy. Investments in the economies of the enlargement countries have shown certain fluctuations in recent years and comparing 2012 data with those of 2011 suggests lower

investment volumes. In 2012, Turkey expectedly claimed the lion's share among the enlargement countries with EUR 9.7 billion invested in the Turkish economy.

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 of 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. The former Yugoslav Republic of Macedonia and Albania have seen their currencies remain largely stable against the euro since 2002, while the currencies in Iceland, Serbia and Turkey have lost against the euro. The fluctuations in the exchange rates in Turkey were quite strong between 2000 and 2009 while the Icelandic króna was considerably devaluated during the Icelandic financial crisis in 2008/2009. Between 2011 and 2012, the only noticeable change concerned the Serbian dinar, which lost a further 11 % against the euro.

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

	2002 (1)	2007 (2)	2008	2009	2010	2011	2012
EU-28	:	:	:	–6.9	–6.5	–4.4	–3.9
EU-27	–2.6	–0.9	–2.4	–6.9	–6.5	–4.4	–3.9
ME	–2.4	+6.6	–0.4	–3.6	–4.9	–5.4	–4.0
IS	–2.6	+5.4	–13.5	–10.0	–10.1	–5.6	–3.8
MK	+0.4	+0.6	–0.9	–2.6	–2.4	–2.5	–3.8
AL	–6.1	–3.5	–5.0	–4.9	–3.1	–3.5	*–3.4*
RS	+1.0	–2.0	–2.6	–4.5	–4.7	–4.9	*–6.4*
TR	–10.1	–1.5	–2.3	–6.5	–2.9	*–0.8*	:
BA	+0.7	+1.0	–2.2	–4.4	–2.5	–1.3	–2.0
XK	*+6.2*	*+1.1*	:	:	:	:	:

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

Source: for the EU aggregates, Eurostat (online data code: gov_dd_edpt1); for the enlargement countries, Eurostat (online data code: cpc_ecgov).

Table 6.2: General government debt
(% of GDP)

	2002	2007	2008	2009	2010	2011	2012
EU-28	:	:	:	74.3	79.8	82.3	85.1
EU-27	60.3	58.9	62.2	74.5	80.0	82.4	85.2
ME	84.3	27.5	29.0	38.2	40.9	46.0	50.9
IS	41.5	27.2	52.8	84.4	97.9	102.4	91.7
MK	42.9	24.0	20.6	23.8	24.2	28.0	34.1
AL	63.9	54.8	54.7	59.5	58.5	60.2	63.5
RS	71.9	31.2	26.9	34.0	43.5	46.0	*59.0*
TR	73.5	39.9	40.0	46.1	42.3	*39.1*	:
BA	30.7	18.0	17.1	21.6	25.4	26.0	27.7
XK	:	:	:	6.2	6.1	*5.3*	:

Source: for the EU aggregates, Eurostat (online data code: gov_dd_edpt1); for the enlargement countries, Eurostat (online data code: cpc_ecgov).

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

	2002 (2)	2007	2008	2009	2010	2011	2012
EU-28	2.5	2.4	3.7	1.0	2.1	3.1	2.6
EU-27	2.5	2.4	3.7	1.0	2.1	3.1	2.6
ME	23.0	4.2	9.2	3.4	0.5	3.1	:
IS	5.3	3.6	12.4	16.3	7.5	4.2	6.0
MK	1.8	2.3	8.3	– 0.8	1.6	3.9	3.3
AL	1.7	3.1	2.2	2.3	3.6	3.4	1.9
RS	16.6	6.5	11.7	8.4	6.5	11.0	7.8
TR	47.0	8.8	10.4	6.3	8.6	6.5	9.0
BA	0.4	1.5	7.4	– 0.4	2.1	3.7	2.0
XK	– 1.0	4.4	9.4	– 2.4	3.5	7.3	2.5

(1) EU-28, EU-27, Iceland and 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) Montenegro, 2001.

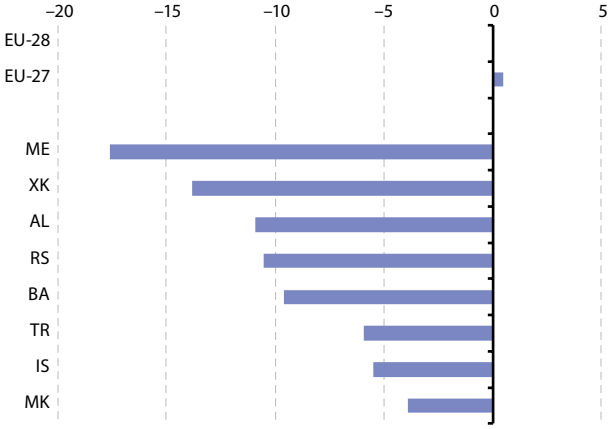
Source: for the EU aggregates, Eurostat (online data code: prc_hicp_aind); for the enlargement countries, Eurostat (online data code: cpc_ecprice).

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

	2002	2007	2008	2009	2010	2011	2012
EU-28	:	:	:	:	:	:	:
EU-27	– 16 248	– 130 444	– 260 843	– 78 956	– 63 159	– 31 955	62 345
ME	– 175	– 1 059	– 1 535	– 830	– 710	– 573	– 588
IS	145	– 2 351	– 2 853	– 994	– 760	– 639	– 585
MK	– 402	– 421	– 862	– 457	– 144	– 224	– 291
AL	– 444	– 824	– 1 381	– 1 330	– 1 019	– 1 185	– 1 021
RS	– 671	– 5 053	– 7 054	– 1 910	– 1 887	– 2 870	– 3 155
TR	– 662	– 27 567	– 27 494	– 8 724	– 34 282	– 53 945	– 36 400
BA	– 1 253	– 1 019	– 1 795	– 813	– 695	– 1 242	– 1 253
XK	– 104	– 214	– 461	– 374	– 516	– 658	– 380

Source: for the EU aggregates, Eurostat (online data code: bop_q_eu); for the enlargement countries, Eurostat (online data code: cpc_ecbop).

Figure 6.1: Current account balance, 2012 (1)
(% of GDP)



(1) Serbia and Albania, estimated data; Montenegro and the former Yugoslav Republic of Macedonia, forecast; Kosovo, estimated data, 2011.

Source: for the EU aggregates, Eurostat (online data codes: bop_q_eu and nama_gdp_c); for the enlargement countries, Eurostat (online data codes: cpc_ecbop and cpc_ecnagdp).

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

	Outward FDI			Inward FDI		
	2002 (2)	2007	2012	2002 (2)	2007	2012
EU-28	:	:	:	:	:	:
EU-27	142 278	564 225	255 606	58 286	432 106	291 838
ME	– 0	– 115	– 21	87	683	482
IS	– 347	– 7 448	*2 489*	93	4 990	*846*
MK	– 0	1	6	112	506	105
AL	0	– 17	– 18	141	481	745
RS	– 21	– 692	– 42	521	2 513	274
TR	– 151	– 1 537	– 3 171	1 144	16 087	9 744
BA	0	– 47	0	282	1 329	273
XK	0	– 10	– 16	43	441	232

(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) EU-27 and Kosovo, 2004.

Source: for the EU aggregates, Eurostat (online data code: bop_fdi_main); for the enlargement countries, Eurostat (online data code: cpc_ecbop).

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

	2002	2007	2008	2009	2010	2011	2012
ME (EUR)	1.00	1.00	1.00	1.00	1.00	1.00	1.00
IS (ISK)	86.20	87.60	127.46	172.67	161.89	161.42	160.73
MK (MKD)	60.98	61.18	61.27	61.27	61.51	61.53	61.52
AL (ALL)	132.36	123.62	122.80	132.06	137.79	140.33	139.04
RS (RSD)	60.69	79.96	81.44	93.95	103.04	101.95	113.13
TR (TRY)	1.43	1.78	1.90	2.15	1.99	2.32	2.31
BA (BAM)	1.96	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	1.00

Source: 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.

Inward flows and stocks of FDI (or FDI in the reporting economy or FDI inflow) are direct investment transactions by foreign partners in enterprises resident in the reporting economy (recorded as a positive value in the balance of payments). Outward flows and stocks of FDI (or FDI abroad) are direct investment transactions by resident entities in affiliated enterprises abroad (shown as negative, unless there has been net disinvestment).

Inflation is an increase in the general price level of goods and services. When there is inflation in an economy, the value of money decreases because a given amount will buy fewer goods and services than before. Inflation in an economy is often calculated by examining a basket of goods and services and comparing the changes in the prices of that basket over time.

The inflation rate is the percentage change in the price index for a given period compared to that recorded in a previous period. It is usually calculated on a year-on-year or annual basis.

7
International trade

Deficits in the external goods trade balance of all the enlargement countries, except Iceland

Despite the global financial and economic crisis that affected most economies from the second half of 2008 onwards, the total value of the goods exported by the EU to the rest of the world grew by almost 89 % between 2002 and 2012. Only between 2008 and 2009, a considerable drop was registered, although the pre-crisis level of 2008 was again largely exceeded a year later. Between 2002 and 2012, every enlargement country, except Montenegro and Iceland, saw the value of their exports grow substantially faster than that of the EU: the value of Albania's and Kosovo's exports increased more than four-fold (Kosovo: 2004–2012), that of Bosnia and Herzegovina (between 2003 and 2012) and Turkey more than three-fold. Serbia's exports (between 2005 and 2012) and those of the former Yugoslav Republic of Macedonia more than doubled. In contrast, Montenegro's value of exported goods slightly decreased (between 2005 and 2012). In Iceland, a clear drop was recorded in 2009, but by 2011, the pre-crisis levels were largely exceeded again. The value of Iceland's 2012 exports stood close to 66 % above the value of its 2002 exports.

The total value of the EU imports of goods increased slightly faster than that of the exports: + 91 % between 2002 and 2012. Similar relative increases were registered for imports of both Montenegro and Bosnia and Herzegovina (+ 87 % between 2005 and 2012 and +83 %, respectively between 2003 and 2012). In Serbia (+ 61 % between 2005 and 2012) and Iceland (+ 54 %), the increase was less strong. The remaining enlargement countries recorded rises well above the EU value, ranging between 140 % and 238 %. The latter value, most noteworthy, was registered in Turkey.

The higher total value of exported goods as compared to that of imported goods meant that in 2012, Iceland was the only enlargement country registering a goods trade surplus (amounting to EUR 212 million). All the other enlargement countries recorded trade deficits, as did the EU. Expressed as a percentage of the total trade volume (value of exports and imports combined), the EU deficit in goods trade in 2012 was just under 3.0 % of the total trade volume, a decrease of 0.5 percentage points compared to 2002. Most of the enlargement countries recorded far higher goods trade deficits in relative terms in 2012, as the equivalent figures for the enlargement

countries (except Iceland) ranged between 22 % (Turkey) and 80 % (Kosovo).

As an indicator of the relative importance of goods trade in an economy, the EU exports of goods were equal to 13.0 % of the Gross Domestic Product (GDP) in 2012. In Montenegro (2012) and Kosovo (2011), this value was not attained. In all the other enlargement countries, on the other hand, the figure for exports as a percentage of GDP was higher, most notably so in the former Yugoslav Republic of Macedonia and in Iceland, where it equaled 41.6 % (estimated value) and 37.2 % of GDP, respectively.

The EU imports were equal to 13.9 % of GDP in 2012. Far higher proportions were registered in all of the enlargement countries, especially in the former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, Montenegro as well as Kosovo, where 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 is the main trading partner for the enlargement countries, although to varying degrees. According to the most recent data available, over 70 % of the total value of goods exported by Albania and Iceland went to the EU; even the lowest proportions, recorded by Montenegro, amounted to around 29 %. For the imports of goods, the EU is somewhat less important: in Kosovo, Montenegro and Turkey, less than 40 % of the countries' total imports arrived from the EU, while in Albania and the former Yugoslav Republic of Macedonia, levels revolved around 60 %.

Marine products of prime importance for Icelandic exports

"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. This category of goods accounted for 52 % of all goods exports of Albania. In the other enlargements countries, the share of this category in total goods exports was between 43 % and 49 %, except for Serbia, where it amounted to 37 %. An important category for Turkey in 2012 was "Machinery and vehicles" (25 %), as was also the case for the EU (42 %). Quite

noticeable is the high share of "Food and drink" registered by Iceland, which represented 42 % of the total value of all goods exports. Indeed, all of these goods were marine products, primarily demersal fish products (mainly cod, mackerel and haddock).

"Manufactured goods excluding machinery and vehicles" ("Other manufactured products" in Table 7.4) was also the category which generally had the highest share in imports. Most of the enlargement countries registered nearly 30 % of their imports as falling into this category. The exceptions were Iceland and Turkey, where "Machinery and vehicles" accounted for the highest share of imports of goods in 2012 (32 % and 26 %, respectively). For the EU, the share of "Machinery and vehicles" in total imports amounted to 25 %, the second most important category after "Energy commodities", the total value of which represented 30 % of all imports in 2012.

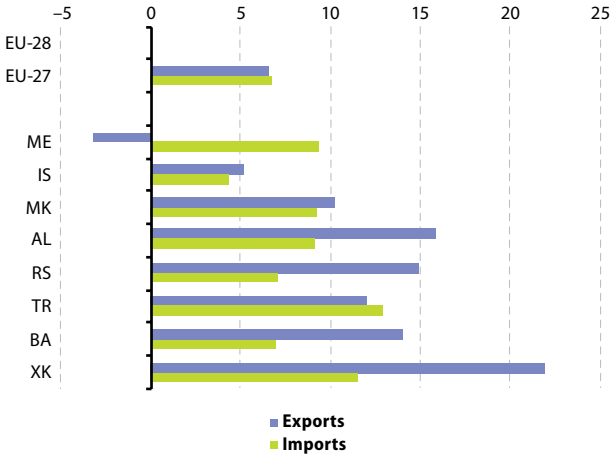
Table 7.1: International trade in goods, totals
(million EUR)

	Exports		Imports		Balance	
	2002 (1)	2012	2002 (1)	2012	2002 (1)	2012
EU-28	:	:	:	:	:	:
EU-27	891 899	1 686 295	936 967	1 791 618	– 45 068	– 105 323
ME	461	367	974	1 821	– 514	– 1 454
IS	2 369	3 928	2 410	3 716	– 41	212
MK	1 178	3 114	2 105	5 062	– 927	– 1 948
AL	349	1 532	1 590	3 798	– 1 241	– 2 266
RS	3 148	8 348	8 439	13 593	– 5 291	– 5 245
TR	38 137	118 644	54 478	184 087	– 16 341	– 65 443
BA	1 238	4 018	4 264	7 802	– 3 026	– 3 784
XK	57	276	1 050	2 508	– 994	– 2 232

(1) Bosnia and Herzegovina, 2003; Kosovo, 2004; Montenegro and Serbia, 2005.

Source: for EU aggregates, Eurostat (online data code: ext_lt_intertrd); for the enlargement countries, Eurostat (online data code: cpc_etmain).

Figure 7.1: International trade in goods, average annual growth rates, 2002–2012 (1)
(%)



(1) EU-28, not available; Bosnia and Herzegovina, 2003–2012; Kosovo, 2004–2012; Montenegro and Serbia, 2005–2012.

Source: for EU aggregates, Eurostat (online data code: ext_lt_intertrd); for the enlargement countries, Eurostat (online data code: cpc_etmain).

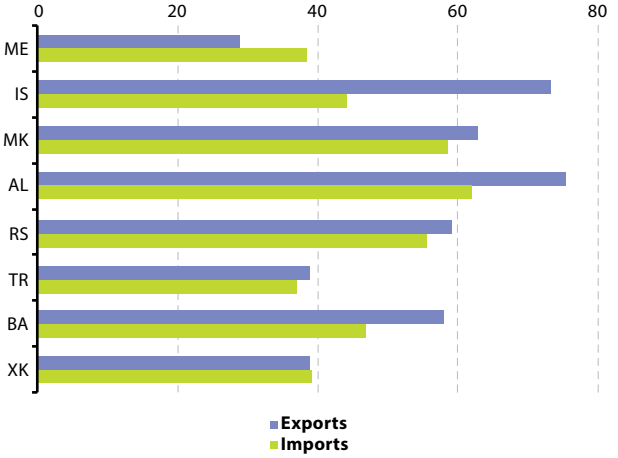
Table 7.2: International trade in goods
(% of GDP)

	Exports			Imports		
	2002 (1)	2007	2012 (2)	2002 (1)	2007	2012 (2)
EU-28	:	:	:	:	:	:
EU-27	9.0	10.0	13.0	9.4	11.6	13.9
ME	25.4	17.0	*11.0*	53.6	77.3	*54.4*
IS	25.0	23.3	37.2	25.4	32.7	35.2
MK	29.4	41.0	*41.6*	52.6	63.6	*67.6*
AL	7.4	10.0	*16.3*	33.8	39.2	*40.5*
RS	15.5	23.2	*27.9*	41.6	47.4	*45.4*
TR	15.7	16.6	19.3	22.4	26.3	30.0
BA	16.4	27.0	30.6	56.6	63.1	59.5
XK	*0.2*	*4.3*	*6.7*	*3.6*	*45.5*	*52.2*

(1) Bosnia and Herzegovina, 2003; Kosovo, 2004; Montenegro and Serbia, 2005.
(2) Kosovo, 2011.

Source: for EU aggregates, Eurostat (online data codes: ext_lt_intertrd and nama_gdp_c); for the enlargement countries, Eurostat (online data codes: cpc_etmain and cpc_ecnagdp).

Figure 7.2: International trade in goods with EU-27, 2012
(% of total country exports and imports)



Source: for the enlargement countries, Eurostat (online data code: cpc_etflow).

Table 7.3: Breakdown of exports of goods, 2012
(% of total exports)

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

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

Table 7.4: Breakdown of imports of goods, 2012
(% of total imports)

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

Source: for EU aggregates, Eurostat (online data code: ext_lt_intertrd); for the enlargement countries, 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: decreasing trend in the EU, particular situation in Iceland

The Utilised Agricultural Area (UAA) of the EU amounted to around 177 million hectares in 2012, around three and a half times the size of the combined total for the enlargement countries. The UAA as a proportion of the total territorial area decreased in the EU between 2002 and 2012 (from nearly 43 % to 40 %); in the enlargement countries, the tendencies varied: while the UAA remained stable in Montenegro, Iceland, Serbia and Bosnia and Herzegovina, it decreased in the former Yugoslav Republic of Macedonia and Turkey. In contrast, an increase was registered in Albania. The highest proportion of utilised agricultural area, by a considerable margin both in 2002 and in 2012, was registered in Serbia where it accounted for 65 % of the total land area.

Across the EU as a whole, arable land accounted for 60 % of the UAA in 2011 (the latest available information). This share was exceeded by Serbia (65 % in 2012). Permanent grassland, on the other hand, accounted for 98 % in Iceland in 2012, which can be explained by the particular climatic conditions of that country; this proportion exceeded by far those of the other enlargement countries where it ranged between 29 % and 64 %. In Iceland, comparatively low temperatures, which may fluctuate by 10 to 20°C within a day, considerably limit the growing potential for a range of crops. Icelandic agriculture is therefore largely animal-based. Land under permanent crop constituted by far the smallest share of the UAA, both in the EU and in the various enlargement countries (shares of well under 10 %, with the exception of Montenegro where the share amounted to nearly 28 %).

Increased cereal production but a general decline in livestock numbers

Comparing the 2002 and 2012 EU cereal production figures does not reveal any major changes. This, however, masks fluctuating volumes, with peaks of close to 325 million tonnes in 2004 and 315 million tonnes in 2008. Among the enlargement countries, Turkey is clearly the largest cereal producer, with 33.4 million tonnes in 2012. Turkey's cereal production has remained fairly constant over time. Especially noticeable is cereal production in Albania, which gradually increased (except for a drop in 2007) by nearly 35 %

after 2002, reaching 701 thousand tonnes in 2011 (the latest available figure). The far higher relative increases registered for Montenegro and Iceland should be seen in the light of very low production volumes in 2002. Other than that, sugar beet production showed more diverse situations: the production volume of this vegetable in the EU declined (– 8.1 % comparing 2001 and 2011); Serbia and Turkey appear to be the only sugar beet producers among the enlargement countries and between 2002 and 2012, sugar beet production in Turkey fluctuated from 16.5 million to 15 million tonnes. In Serbia, a general upward trend was noted. The 2.3 million tonnes of sugar beet harvested in 2012 insufficiently reflect the fact that production over the past decade frequently exceeded 3 million tonnes. In the former Yugoslav Republic of Macedonia, sugar beet production fell to zero by 2008, whereas in 2002 and in 2005, 44 thousand tonnes and 58 thousand tonnes, respectively, were still harvested. Furthermore, milk production (which may include milk production other than cows' milk) increased in almost all the enlargement countries for which data are available, except in Montenegro and Serbia where a declining tendency was registered. In the EU, cows' milk production remained fairly constant between 2001 and 2012. The nearly 157 million tonnes reported in 2012 constituted a 4 % increase compared to 2001; between these years, production remained stable at around 148 million tonnes.

Cultural differences reflect livestock production and slaughtering

Cultural peculiarities are reflected in livestock production: in Turkey for instance, pig production is extremely limited. Iceland, with merely 320 thousand inhabitants, registered more than ten times more pigs in 2012 than Turkey (with a population close to 75 million). Furthermore, the number of sheep and goats in Iceland must be considered as quite impressive (in relation to the country's population), and could be explained by the fact that these are highly adaptable to the harsh Icelandic environment. Pig herds of just over 3 million heads were recorded in Serbia in 2012, where a peak was noted in 2006 (close to 4 million heads) but numbers have been declining ever since. The number of sheep and goats in Turkey increased compared to 2002 and amounted to almost 36 thousand heads in 2012, which corresponded to more than a third of the total population of those animals registered in the EU in 2010. In the former Yugoslav Republic of Macedonia,

the number of sheep and goats decreased rapidly from 2006 onwards and amounted to nearly 800 thousand heads in 2012 (– 35 % compared to the year 2002). Finally, the number of cattle declined quite rapidly in Montenegro, whereas a more gradual decrease was reported by Albania. Conversely, an increasing trend was noted for Turkey.

Looking at animal slaughter in 2012, pig meat accounted for nearly 52 % of total meat production in the EU, a proportion similar to that recorded for the former Yugoslav Republic of Macedonia (52 %) and exceeded only by Serbia (58 %). Poultry was the most important category in Turkey (66 %; data for pigs slaughter are not available but can reasonably be considered as extremely low) and in Bosnia and Herzegovina (54 %). Sheep and goats constituted the highest proportion in animal slaughter in Iceland (36 %).

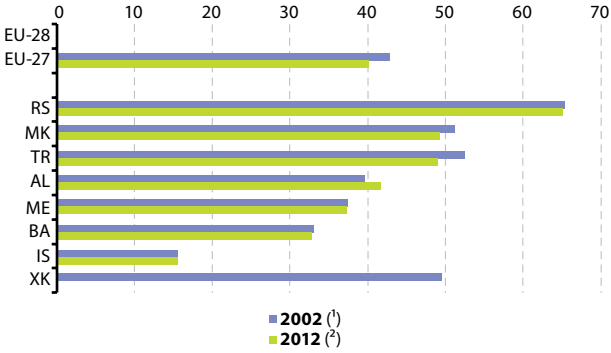
Table 8.1: Land use, 2012 (1)
(1 000 hectares)

	Total land area	Utilised agricultural area	of which:			Total wooded area (2)
			Arable land	Permanent grassland	Land under permanent crop	
EU-28	:	:	:	:	:	:
EU-27	441 124	177 191	107 121	58 421	11 514	177 757
ME (3)	1 381	516	189	451	143	563
IS	10 300	1 591	34	1 557	0	*129*
MK	2 571	1 267	414	817	36	989
AL	2 875	1 201	619	505	77	1 043
RS	7 747	5 052	3 282	1 478	292	2 034
TR (4)	78 356	38 412	20 582	14 617	3 213	21 537
BA	5 121	1 680	527	1 048	105	2 781
XK	1 089	:	*277*	*97*	*6*	:

(1) EU-27 and Montenegro, 2011.
(2) EU-27, 2010.
(3) For private agricultural holdings, data on areas are estimates based on data Overall Cadastre. Agricultural area includes: arable land, and area under pastries, fishponds and ponds. Arable land includes: plough land and garden, orchards, vineyards and meadows. Permanent grassland includes: pastures and meadows. Land under permanent crops according to the definition: orchards, vineyards and meadows.
(4) Permanent grassland data are results of 2001 General Agricultural Censuses and compiled every ten years.

Source: for the EU aggregates, 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) Iceland, estimated data; Montenegro, provisional data; EU-27, 2003; Kosovo, 2001.
(2) EU-27 and Montenegro, 2011.

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

Table 8.2: Selected agricultural production
(1 000 tonnes)

	Cereals (incl. rice)		Sugar beet		Milk	
	2002	2012 (1)	2002 (2)	2012 (3)	2002 (4)	2012 (5)
EU-28	:	:	:	:	:	*157 038*
EU-27	288 762	289 796	123 963	113 957	150 229	*156 576*
ME	*5*	18	:	:	*198*	159
IS	5	16	-	-	:	:
MK	645	460	44	0	198	350
AL	519	701	39	0	1 010	1 105
RS	8 298	5 920	2 098	2 328	1 596	*1 478*
TR	30 831	33 377	16 523	15 000	:	:
BA	1 309	906	0	0	583	674
XK	396	428	:	:	:	:

(1) EU-27, Montenegro and Albania, 2011.
(2) EU-27, 2001; Bosnia and Herzegovina, 2007.
(3) EU-27 and Albania, 2011.
(4) Iceland, confidential data; EU-27, 2001; Bosnia and Herzegovina, 2004.
(5) Iceland, confidential data; EU-28 and EU-27, data refer to cow's milk, 2011.

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

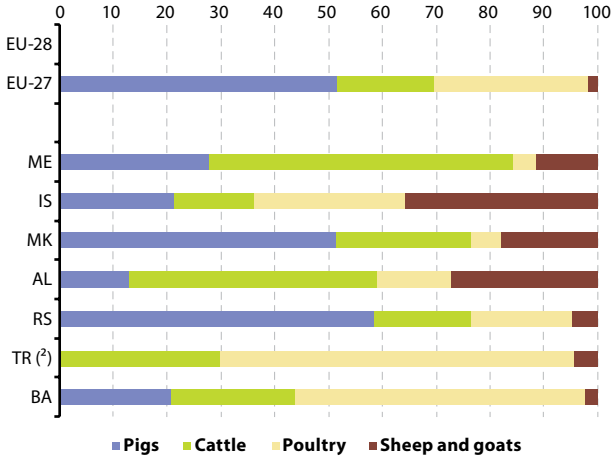
Table 8.3: Livestock numbers
(1 000 head)

	Cattle		Pigs		Sheep and goats	
	2002 (1)	2012 (2)	2002 (1)	2012 (2)	2002 (3)	2012 (4)
EU-28	:	:	:	:	:	:
EU-27	92 336	*86 196*	*160 426*	*148 545*	*111 730*	*97 816*
ME	*183*	85	*22*	18	*241*	230
IS	67	73	37	36	470	474
MK	259	251	196	177	1 234	796
AL	690	498	114	159	2 773	2 619
RS	1 112	*921*	3 634	*3 139*	1 685	*1 867*
TR	9 803	*13 915*	4	*3*	31 954	*35 783*
BA	453	446	596	539	965	1 070
XK	319	314	110	56	116	123

(1) Bosnia and Herzegovina, 2004.
(2) EU-27, 2011.
(3) EU-27 and Bosnia and Herzegovina, 2004.
(4) EU-27, 2010.

Source: for the EU aggregates, 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, 2012 (1)
(% of total carcass weight)



(1) Serbia and Bosnia and Herzegovina, estimated data; EU-27, 2011; Kosovo, not available.
(2) Pigs, not available.

Source: for the EU aggregates, 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.

The slaughtered production of animals covers the number and carcass weight of bovine animals, pigs, sheep, goats and poultry. The data refer not only to animals slaughtered in approved slaughterhouses but also estimates of the extent of domestic slaughtering.

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 2011, the EU's primary energy production amounted to 801 million tonnes of oil equivalent (toe), 15 % lower than in 2002. The general downward trend of EU production has been gradual, except for 2009 when it fell considerably, likely due to the effects of the global economic crisis resulting in lower demand. Lower primary production may, at least in part, also be attributed to the supplies of raw materials becoming exhausted and/or uneconomical to exploit. Primary energy production in Turkey was of over 32 million toe (in 2011, the latest available information), the largest value recorded amongst the enlargement countries and largely exceeding the production of all the other enlargement countries combined. Primary energy production has increased in all enlargement countries, most notably in Iceland (where it more than doubled between 2002 and 2012) and Albania. In Montenegro, primary production showed considerable fluctuations: for instance, 622 thousand toe were produced in 2009, 1 267 thousand toe in 2010 and 791 thousand toe in 2011.

The structure of primary energy production is largely determined by a territory's natural resources and also by its strategic policy decisions which affect, in particular, the development of nuclear energy and renewable energy sources. In 2012, nuclear and renewable energy sources (under "Other" sources in Table 9.1) made up more than half of the energy production in the EU. In contrast, 81 % of former Yugoslav Republic of Macedonia's energy production was based on coal and lignite, which was also the major source of primary energy production in Serbia, Turkey and Montenegro. Crude oil was the most important source of primary energy production in Albania, with a share of 61 %. Endowed with ample geothermal resources, Iceland reported 100 % of its energy production as coming from renewable energy sources. The abundant availability of power in the country attracted many energy-intensive manufacturing activities, such as aluminium production.

General increase in the dependency on energy imports but more energy-efficient economies

Montenegro stood out as being the only net exporter of energy among the enlargement countries (in 2011). All other countries

were dependent on imports to satisfy their energy needs. With a thriving economy over the past decade, Turkey was the enlargement country with the highest energy dependency, at 73 %. In the European Union, the ratio amounted to 55 % in 2011. The former Yugoslav Republic of Macedonia and Serbia followed, with a dependency of 46 % and 32 % respectively. Expressed as 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). Indeed, even though Iceland had ample electricity through its hydro and geothermal resources, other energy commodities still had to be imported. This fact, together with the country's small population, explains the relatively high energy dependency per capita, at 2.5 tonnes of oil equivalent (toe) in 2012. All the other enlargement countries remained around or below the level of 1 toe per capita.

EU dependency on energy imports increased from less than 49 % of gross energy consumption in 2002 to reach 55 % by 2009. This latest figure marked a slight decrease in the dependency rate, which had stood at a high of 56 % in 2008. In 2010, energy dependency decreased to 54 % in the European Union, essentially attributable to the economic crisis (lower production levels, lower energy demand). The tendency towards a lower energy dependency in the years 2009 and 2010 was observed in most of the enlargement countries. In 2011, however, this trend continued only in Iceland, Albania and Serbia, while in the remaining countries (apart from Montenegro) energy dependency increased again.

Energy intensity is a measure of the energy efficiency of a country's economy. Expressed as units of energy per unit of GDP, it depends on many factors, such as the economic structure of a country, the climate, the standard of living and the transportation pattern, to name but a few. In 2011, 144 kg of oil equivalent were needed in the EU to generate EUR 1 000 of GDP (15 % less compared to 2002). In general, the ratios of the enlargement countries were much higher, ranging from 253 kg of oil equivalent in Turkey (in 2010) to 704 kg (in 2012) of oil equivalent in Iceland. Nevertheless, most of the enlargement countries for which data are available recorded a decline in energy intensity over recent years, the only exception being Iceland. The most important efficiency gains were recorded by the former Yugoslav Republic of Macedonia (– 21 %)

and Albania (– 14 %). In contrast, Iceland's energy intensity doubled between 2002 and 2012, likely linked to the setting up of energy-intensive production units, which sparked energy efficiency gains elsewhere.

Around one quarter of the EU final energy consumption went to the account of the industry in 2011. This share has been gradually declining. In 2009, during the crisis, the share fell to 24 %, but then increased again to reach 26 % in 2011. The enlargement countries show noticeably higher shares, ranging between 29 % and 40 %. The only exceptions to this were Iceland, where the share of the industrial energy consumption was 71 %, and Albania, with a mere 17 %.

Renewable sources' contribution to electricity generation often far higher in the enlargement countries

The EU electricity generation increased at a very moderate rate during the last decade. In 2009, the reported value declined by 5.0 % compared to 2008, likely due to the lower power demand linked with the economic crisis. The electricity generation in most of the enlargement countries experienced a less steady yet upward development. This was particularly the case for Iceland and Albania, where electricity output between 2002 and 2010 more than doubled. In the latter country, electricity generation was massively reduced in 2011, due to low rainfall that prevented higher electricity generation in Albania's hydroelectric power stations. Turkey reported a steady increase: its electricity generation increased by 77 % between 2002 and 2011.

The European Union created a Community framework for promoting renewable energy sources for electricity production (Directive 2001/77/EC, subsequently amended to provide for the inclusion of the countries that joined the EU after 2001). Its objective was a 21 % contribution of renewable energy to electricity production by 2010, which concerns electricity produced from non-fossil renewable energy sources such as wind, solar, geothermal, wave, tidal, hydroelectric, biomass, landfill gas, sewage treatment gas and biogas energies. This EU target was attained: in 2011, it was calculated that a 22 % share of total electricity supply was generated from renewable sources, compared to 13 % in 2002. The shares in the enlargement countries, for which data are available, ranged between 15 % in the former Yugoslav Republic of Macedonia

(in 2011) to 100 % in Iceland (in 2012). All countries reported a decrease in this respect, except Iceland who stood at 100 %, and the former Yugoslav Republic of Macedonia, where the renewable share increased from 11 % (in 2002) to 15 % (in 2012). In Turkey, the share decreased only marginally: from 26 % in 2002 to 25 % in 2011. Electricity from hydro-power stations was often the major source of renewable energy in the enlargement countries, the output of which is dependent on rainfall that varies from year to year. In Iceland, roughly three quarters of electricity generation was based on hydro-power and the remaining quarter on geothermal sources.

Table 9.1: Primary energy production

	Total production (1 000 toe)"		Share of total production, 2012 (2) (%)			
	2002 (1)	2012 (2)	Coal and lignite	Crude oil	Natural gas	Other (3)
EU-28	:	:	:	:	:	:
EU-27	939 678	801 189	20.4	9.7	17.5	52.3
ME	982	791	54.9	-	-	45.1
IS	2 467	5 234	-	-	-	100.0
MK	1 577	*1 744*	*81.3*	-	-	*18.7*
AL	896	1 676	0.1	61.5	0.9	37.5
RS	7 729	10 504	74.5	10.6	4.3	10.7
TR	24 281	32 229	55.4	7.9	2.0	34.6
BA	:	:	:	:	:	:
XK	:	:	:	:	:	:

(1) Serbia, 2005; Montenegro, 2006.
(2) EU-27, Montenegro, Serbia and Turkey, 2011; the former Yugoslav Republic of Macedonia, provisional data, 2011.
(3) The category "Other" includes nuclear energy and renewable energy.

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

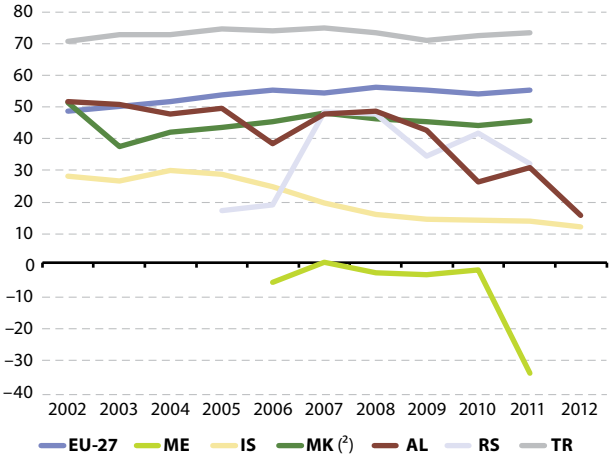
Table 9.2: Net imports of energy and energy dependency

	Net imports of energy				Energy dependency, 2012 (%) (3)
	(1 000 toe)		(toe per inhabitant)		
	2002 (1)	2012 (2)	2002 (1)	2012 (2)	
EU-28	:	:	:	:	:
EU-27	857 498	939 678	1.77	1.87	55.4
ME	– 49	– 408	– 0.08	– 0.66	– 34.0
IS	969	799	3.38	2.50	12.0
MK	1 486	1 435	0.73	*0.70*	*45.8*
AL	965	320	*0.32*	*0.11*	15.9
RS	1 431	5 048	0.19	0.69	32.1
TR	55 467	84 087	*0.85*	1.14	73.5
BA	369	681	*0.10*	*0.18*	:
XK	:	:	:	:	:

(1) Bosnia and Herzegovina, 2003; Serbia, 2005; Montenegro, 2006.
(2) EU-27, Montenegro, the former Yugoslav Republic of Macedonia, Serbia and Turkey, 2011; Bosnia and Herzegovina, 2006.
(3) EU-27, Montenegro, the former Yugoslav Republic of Macedonia, Serbia and Turkey, 2011.

Source: for the EU aggregates, 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) EU-28, Bosnia and Herzegovina and Kosovo, not available.
(2) 2011: provisional data.

Source: for the EU aggregates, 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 (1 000 toe)		Energy intensity (kgoe per EUR 1 000 of GDP)	
	2002 (1)	2012 (2)	2002 (1)	2012 (3)
EU-28	:	:	:	:
EU-27	1 758 132	1 697 660	169	144
ME	933	1 201	494	384
IS	3 438	6 633	346	704
MK	2 892	*3 133*	771	*607*
AL	1 861	2 014	356	307
RS	8 322	15 749	413	414
TR	78 331	114 480	259	253
BA	:	:	:	:
XK	:	:	:	:

(1) Serbia, 2005; Montenegro, 2006.
(2) EU-27, Montenegro, the former Yugoslav Republic of Macedonia, Serbia and Turkey, 2011.
(3) EU-27 and the former Yugoslav Republic of Macedonia, 2011; Turkey, 2010; Montenegro and Albania, 2007; Serbia, 2006.

Source: for the EU aggregates, Eurostat (online data codes: nrg_100a and ts-dec360); for the enlargement countries, Eurostat (online data code: cpc_energy).

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

	Industry		Transport		Households	
	2002 (1)	2012 (2)	2002 (3)	2012 (2)	2002 (3)	2012 (4)
EU-28	:	:	:	:	:	:
EU-27	28.8	26.0	30.7	33.0	25.9	24.7
ME	46.7	40.2	18.5	18.6	33.0	40.4
IS	35.5	71.1	14.4	14.5	29.8	4.3
MK	30.0	*34.0*	24.3	*25.1*	30.6	*28.4*
AL	15.0	17.1	42.8	40.6	24.3	27.6
RS	49.9	29.4	31.0	38.0	:	:
TR	43.0	35.5	19.8	18.3	32.0	34.5
BA	:	:	:	:	:	:
XK	:	:	:	:	:	:

(1) Serbia, 2004; Montenegro, 2006; Albania, 2007.
(2) EU-27, Montenegro, the former Yugoslav Republic of Macedonia, Serbia and Turkey, 2011.
(3) Montenegro, 2006, Albania, 2007.
(4) EU-27, Montenegro, the former Yugoslav Republic of Macedonia and Turkey, 2011.

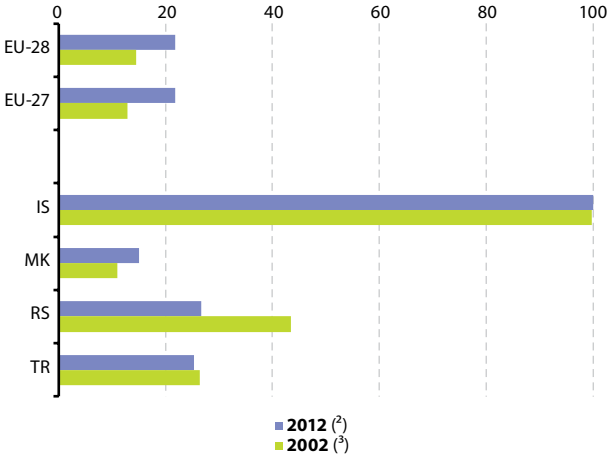
Source: for the EU aggregates, Eurostat (online data code: nrg_100a); for the enlargement countries, Eurostat (online data code: cpc_energy).

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

	2002	2007	2009	2010	2011	2012
EU-28	:	:	:	:	:	:
EU-27	3 131.7	3 367.5	3 203.5	3 346.2	3 279.6	:
ME	2.3	2.1	2.8	4.0	2.7	:
IS	8.4	12.0	16.8	17.1	17.2	17.6
MK	6.1	6.5	6.8	7.3	*6.9*	:
AL	3.2	3.0	5.2	7.7	4.1	4.3
RS	31.0	37.0	38.0	38.0	38.0	:
TR	129.4	191.6	194.8	211.2	229.4	:
BA	:	13.0	15.7	17.1	15.3	:
XK	3.2	4.3	5.3	5.5	5.7	5.9

Source: for the EU aggregates, Eurostat (online data code: nrg_105a); 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]) Montenegro, Albania, Bosnia and Herzegovina and Kosovo, not available.
([2]) EU-28, EU-27, Serbia and Turkey, 2011; the former Yugoslav Republic of Macedonia, provisional data, 2011.
([3]) Serbia, 2001; EU-28, 2004.

Source: for the EU aggregates, Eurostat (online data code: nrg_ind_333a); 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 imports and exports cover primary energy and derived energy products, which have crossed the national territorial boundaries of the country, whether or not customs clearance has taken place. Oil and gas quantities of crude oil and oil products imported or exported under processing agreements (i.e. refining on account) are included. Electricity is considered as imported or exported when it crosses the national territorial boundaries of the country. If electricity is transited through a country, the amount is shown as both imports and exports. Other fuels in transit are excluded.

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.

Lignite/brown coal is non-agglomerating coal with a gross calorific value less than 17 435kJ/kg (4 165kcal/kg) and greater than 31% volatile matter on a dry mineral matter free basis. Oil shale and tar sands produced and combusted directly should be reported in this category. Oil shale and tar sands used as inputs for other transformation processes should also be reported in this category. This included the portion of the oil shale or tar sands consumed in the transformation process.

Natural gas comprises several gases, occurring in underground deposits, whether liquefied or gaseous, but consists mainly of methane (CH_4). It includes both "non-associated" gas originating from fields producing hydrocarbons only in gaseous form, and "associated" gas produced in association with crude oil as well as methane recovered from coal mines (colliery gas).

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

Tonne of oil equivalent (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.

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

10 Industry and services

Industrial production: recent upward trend discontinued in 2012

In the aftermath of the 2008 global financial crisis and as a direct consequence, the EU along with most of the enlargement countries reported a general decline in industrial production. Reflecting the diverse picture, the EU industrial production index (excluding construction) in 2012 merely reached the level it had in 2010. The situation in the enlargement countries was quite diverse; in Montenegro for instance, whose production was particularly hard hit by the crisis, the industrial production index of 2012 stood 16.5 % below the country's 2010 level. In the former Yugoslav Republic of Macedonia, the industrial production index lost 10 index points between 2008 and 2009 and by 2012, the country index stood 4.1 % above the country's 2010 level. The situation was broadly similar in Serbia between 2008 and 2009 and by 2012, the country kept more or less the same level with 2010. Conversely, Albania and Turkey experienced continuous growth, despite a temporary slowdown in 2009 in the latter country. In the other countries, a tendency towards stagnation in 2012 can be observed.

As measured by the domestic output price index for all industries excluding construction, prices in the EU rose by 9.4 % between 2010 and 2012. Increasing prices during this time span were also recorded among all the enlargement countries, for which data are available, and most notably in the former Yugoslav Republic of Macedonia, Turkey and Serbia (between 18 and 21 %). In the latter country, the average annual growth rate of domestic output prices for the period 2007–2012 even reached 10 %.

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

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

Retail trade: continuous and steady growth in Montenegro and Turkey

Between 2010 and 2012, the growth of the retail trade turnover in Montenegro and Turkey outstripped that of the EU by a considerable margin: whereas the retail trade turnover in the EU rose by well 3 %, that of Montenegro and Turkey increased by over 30 %, much in contrast with Albania and Serbia, where a slight decrease, compared to 2010, was registered. Nevertheless, an upward trend between 2011 and 2012 was again noted for Serbia and to a lesser extent also for Albania.

Bed capacity in Albania: spectacular growth, but starting off from a low level

One way of measuring the growth of tourism in a country is to count the number of beds available in hotels and similar establishments. Such data are, unfortunately, not directly comparable across the EU and among the enlargement countries, mostly as a result of methodology differences (especially for the former Yugoslav Republic of Macedonia). Nevertheless, some common trends can be discerned. The tourism industry, similarly to the other economic sectors, suffered from the 2008 economic crisis. Between 2009 and 2010, the estimated number of beds in the EU decreased, but by 2012, the loss in capacity was largely compensated again. Still, it should be remembered that bed capacity does not reflect bed occupancy. Among the enlargement countries, Albania shows, after years of very strong growth (until 2011), a certain consolidation in its bed capacity; Serbia registered a trend towards a further reduction. In contrast, Turkey continued to increase its bed capacity: between 2010 and 2011, over 6 % more beds were available. Iceland and the former Yugoslav Republic of Macedonia have also steadily increased their capacity.

Table 10.1: Index of production for all industries (excluding construction)
(2010=100)

	2008	2009	2010	2011	2012
EU-28	108.9	93.6	100.0	103.0	100.8
EU-27	108.9	93.6	100.0	103.0	100.8
ME	125.6	85.1	100.0	89.8	83.5
IS	100.7	99.7	100.0	*102.2*	*99.8*
MK	115.1	105.1	100.0	106.9	104.1
AL	*74.2*	*83.9*	*100.0*	*116.6*	*120.0*
RS	113.1	98.8	100.0	102.5	100.2
TR	98.3	88.6	100.0	110.1	112.9
BA	102.5	95.8	100.0	103.5	98.9
XK	:	:	:	:	:

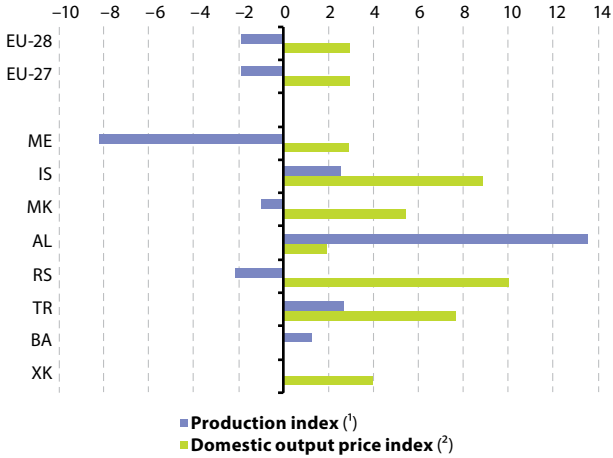
Source: for the EU aggregates, Eurostat (online data code: sts_inpr_a); for the enlargement countries, Eurostat (online data code: cpc_insts).

Table 10.2: Domestic output price index for all industries (excluding construction)
(2010=100)

	2008	2009	2010	2011	2012
EU-28	101.2	97.0	100.0	106.3	109.4
EU-27	101.2	97.0	100.0	106.3	109.3
ME	106.4	100.5	100.0	103.6	105.6
IS	83.5	96.7	100.0	106.1	111.8
MK	99.2	92.0	100.0	112.4	117.6
AL	*101.5*	*99.7*	*100.0*	*102.7*	:
RS	84.0	88.7	100.0	114.2	120.6
TR	93.3	94.2	100.0	112.3	119.2
BA	:	:	:	:	:
XK	92.0	95.5	100.0	105.7	107.5

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

Figure 10.1: Average annual growth rates of production and domestic output prices for all industries (excluding construction), 2007–2012
(%)



(1) Iceland, provisional data.
(2) Kosovo, 2008–2012; Albania, 2007–2011.

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

Table 10.3: Construction production and cost indexes
(2010=100)

	Construction production			Construction cost		
	2010	2011	2012	2010	2011	2012
EU-28	100.0	99.6	94.3	100.0	102.9	104.9
EU-27	100.0	99.6	94.3	100.0	102.9	104.9
ME	100.0	118.6	127.7	:	:	:
IS	:	:	:	100.0	105.6	112.6
MK	100.0	109.3	125.9	100.0	105.1	106.9
AL	*100.0*	*98.9*	*91.7*	*100.0*	*100.5*	*100.6*
RS	100.0	118.9	*128.4*	:	:	:
TR	100.0	111.4	112.3	*100.0*	*112.4*	118.5
BA	:	:	:	:	:	:
XK	:	:	:	:	:	:

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

Table 10.4: Retail trade turnover index
(2010=100)

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

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

Table 10.5: Tourism — index of the number of bed places in hotels and similar collective accommodation establishments
(2010=100)

	2008 ([1])	2009	2010	2011	2012
EU-28	99.8	102.4	100.0	100.9	104.7
EU-27	99.7	102.2	100.0	100.9	103.5
ME	155.6	154.2	100.0	102.0	99.2
IS	95.0	95.0	100.0	105.0	112.6
MK	84.6	92.3	100.0	106.9	114.6
AL	66.7	91.7	100.0	158.3	133.3
RS	91.9	93.7	100.0	98.0	91.0
TR	90.2	96.7	100.0	106.2	:
BA	89.7	96.2	100.0	102.2	:
XK	:	:	:	:	:

([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 aggregates, Eurostat (online data code: tour_cap_nat); for the enlargement countries, 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

Motorisation rate: fastest growth in Kosovo between 2005 and 2012

The EU and all the enlargement countries have increased their motorisation rate since 2002. In the EU, the estimated number of passenger cars per 1 000 inhabitants changed from 417 in 2000 to 483 in 2011, a near 16 % increase in a decade. Influenced by a demographic transition, it is unlikely that this growth will continue at the same pace as in the past.

Considerable growth in relative terms was observed in Albania and Kosovo, although these countries remained at the bottom end among the enlargement countries in terms of motorisation rate. In Kosovo, the number of passenger cars per 1 000 inhabitants increased from 50 in 2005 to 111 in 2012, an increase of almost 122 %. Albania followed with an increase of 118 % and a motorisation rate of 106 passenger cars per 1 000 inhabitants in 2012, compared to 49 in 2002.

Continued growth in the motorway network, little change in the rail network

Transport infrastructure is fundamental for the smooth operation of the economy, for the mobility of persons and goods and for the economic, social and territorial cohesion of a country. Most of these transport infrastructures were developed on the basis of national policies and priorities, but have become increasingly integrated at the level of the EU.

In the EU, the motorway network is relatively dense and its overall length continued to grow at an average annual rate of 2.4 % between 2000 and 2010, reaching a total length of 69 468 km in 2010. In Serbia, the motorway network expanded at a faster rate (average annual growth rate of nearly 5 %), reaching a total length of 595 km in 2012. Growth in the motorway network was also registered in Turkey, but the 2 119 km available in 2012 (annual average growth rate of slightly over 2 %) were still fairly low compared to the size and population of the country.

In 2010, the EU had over 213 thousand km of railway lines in operation. Newly built railway lines were not able to entirely compensate for abandoned lines, as the total network in 2011 was slightly below that of 2000. This development should also be seen in the light of railway deregulation. At the EU level, deregulation helped railway companies to improve

their productivity. These productivity gains were, however, achieved mostly through the reorganisation of networks and the discontinuation of unprofitable services. Among the enlargement countries, Turkey experienced a considerable increase in the length of railway lines, from 8 671 km in 2002 to 9 642 km in 2012. In the other enlargement countries, the length of the railway network did not change significantly. Noticeable is nevertheless the important reduction (in relative terms) of the rail network in Kosovo, where the network decreased by 23 %. There are no railways in Iceland.

The density of railway lines is high in western and central parts of the EU and lower in the peripheral regions. In 2011, the rail network density in Serbia amounted to an average of nearly 50 km of lines per 1 000 km^2 of territory. The remaining enlargement countries were well below this density, ranging between 12.3 km and 35.9 km per 1 000 km^2. When considering railway lines in relation to the population, the EU had an average of 42 km of railway lines per 100 000 inhabitants, whereas this ratio was almost 53 km for Serbia and nearly 45 km for the former Yugoslav Republic of Macedonia. Albania and Turkey, both characterised by an uneven population distribution, reported the lowest ratios in this category, with 14.2 km and 12.9 km respectively.

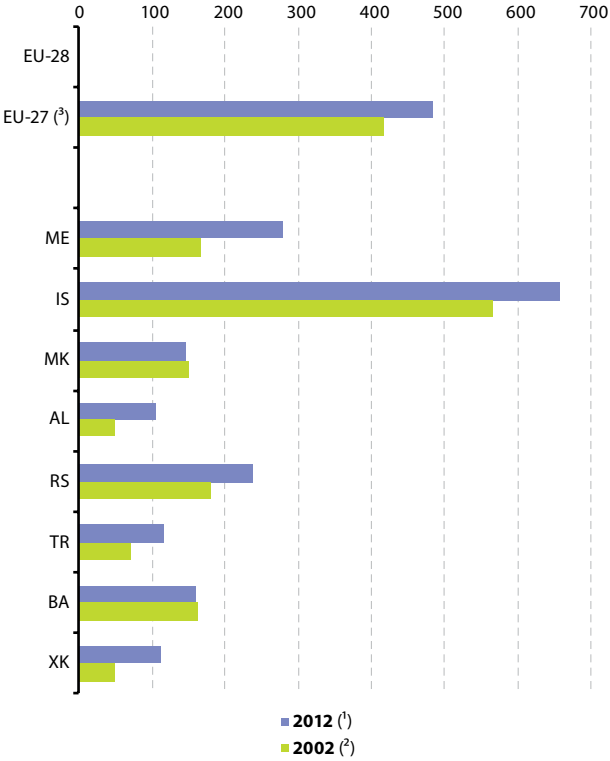
Increase of the road share in total inland freight transport, especially in Serbia

For the EU, road remained the dominant freight transport mode, accounting for 1 519 billion tonne-kilometres (tkm) performed in 2012, compared to around 420 billion tkm for rail and almost 150 billion tkm for inland waterways. Not all EU Member States feature several inland transport modes: navigable inland waterways exist in only 16 EU Member States; Malta and Cyprus do not have railways. Whereas road transport played a substantial role in Turkey in 2012, the relative importance of rail freight transport was evident in Montenegro, Serbia and Bosnia and Herzegovina. Only Serbia features freight transport via inland waterways (essentially on the Danube); however, the volumes forwarded remained limited.

Looking back in time, the road share in the total inland freight transport performance has increased especially in Serbia and Bosnia and Herzegovina. In Serbia, the road share rose to 31 % in 2011, compared to 12 % in 2002. Similarly, road freight

transport became more important in Bosnia and Herzegovina, increasing from a share of 51 % in 2001 to 67 % in 2012. The road share remained stable in the rest of the enlargement countries. Comparing 2002 and 2011, the share of road in total freight transport remained stable in the EU, at 75 %.

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



(1) The former Yugoslav Republic of Macedonia, Serbia and Bosnia and Herzegovina, provisional data; Albania and Kosovo, estimated data.
(2) Turkey and Albania, estimated data, Kosovo, 2005; Bosnia and Herzegovina, estimated data, 2006.
(3) 2000 and 2011 data; DG Mobility and Transport estimates.

Source: for the EU aggregates, DG Mobility and Transport (Statistical pocketbook 2013); for the enlargement countries, Eurostat (online data codes: cpc_transp and demo_pjan).

Table 11.1: Length of main transport networks (km)

	2002			2012		
	Roads (excluding motorways) (1)	Motorways (2)	Rail (3)	Roads (excluding motorways) (4)	Motorways (5)	Rail
EU-28	:	:	:	:	:	:
EU-27 (6)	:	*54 719*	*217 857*	:	*69 468*	*213 574*
ME	7 310	:	250	7 905	:	250
IS	12 973	-	-	12 898	*11*	-
MK	12 974	208	925	14 038	259	924
AL	2 540	3	430	3 348	3	399
RS	38 000	370	3 809	43 163	595	3 819
TR	425 697	1 714	8 671	383 621	2 119	9 642
BA	16 600	11	1 010	17 500	:	1 031
XK	1 280	-	430	1 925	38	333

(1) Albania, 2003; Kosovo, 2004; Bosnia and Herzegovina, 2005 excluding local roads; Turkey, excluding municipality roads.
(2) Albania, 2003; Bosnia and Herzegovina, 2005.
(3) Kosovo, 2004.
(4) Turkey (excluding municipality roads); Serbia, 2011; Bosnia and Herzegovina (excluding local roads), 2009.
(5) Iceland and Albania, 2005.
(6) 2000 and 2010, DG Mobility and Transport estimates for motorways; 2000 and 2011, DG Mobility and Transport estimates for railways.

Source: for the EU aggregates, DG Mobility and Transport (Statistical pocketbook 2013); for the enlargement countries, Eurostat (online data code: cpc_transp).

Table 11.2: Road and railway network density, 2012

	Roads (excluding motorways) (1)		Rail (2)	
	km/1 000 km²	km/100 000 inhabitants	km/1 000 km²	km/100 000 inhabitants
EU-28	:	:	:	:
EU-27 (3)	:	:	:	*42.1*
ME	57.2	1 272.5	18.1	40.2
IS	12.5	4 036.0	-	-
MK	54.6	*681.5*	35.9	*44.9*
AL	11.6	*118.9*	13.9	*14.2*
RS	55.7	593.2	49.3	*52.7*
TR	49.0	513.4	12.3	12.9
BA	341.7	*455.4*	20.1	*26.9*
XK	17.7	106.0	30.6	18.3

(1) Turkey (excluding municipality roads); Serbia, 2011; Bosnia and Herzegovina (excluding local roads), 2009.
(2) Serbia, 2011; Bosnia and Herzegovina, 2009.
(3) 2011, DG Mobility and Transport estimates for railways.

Source: for the EU aggregates, Eurostat (online data codes: road_if_roads, demo_pjan and apro_cpp_luse) and DG Mobility and Transport (Statistical pocketbook 2013); for the enlargement countries, Eurostat (online data codes: cpc_transp, demo_pjan and cpc_agmain).

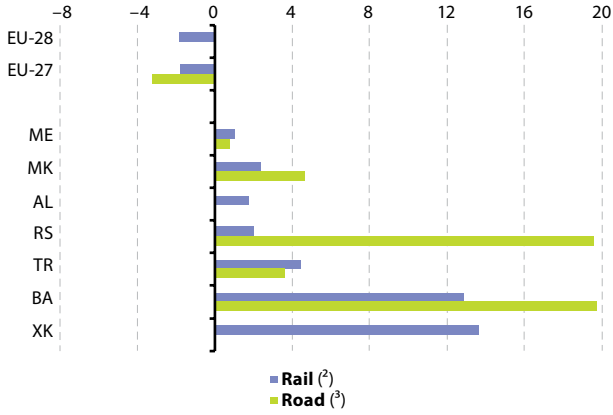
Table 11.3: Inland and sea freight transport, 2012

	Inland freight transport (million tonne-km)			Sea freight transport (million t) (2)
	Rail (1)	Road	Waterways	
EU-28	419 980	:	*149 002*	:
EU-27	417 542	1 519 444	*148 230*	3 706
ME	73	76	-	109
IS	-	:	-	6
MK	423	5 802	-	-
AL	25	:	-	4
RS	2 769	2 742	605	-
TR	11 223	216 123	-	387
BA	1 150	2 301	:	:
XK	49	:	-	-

(1) EU-28 and EU-27, 2011.
(2) EU-28, 2011; Iceland, 2006.

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

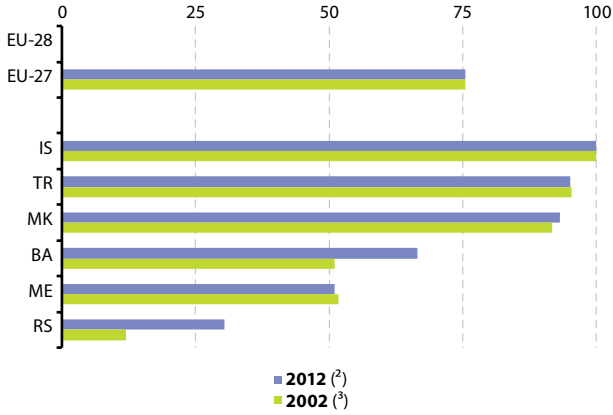
Figure 11.2: Average annual growth rates of road and rail freight transport, 2002–2012 (1)
(%)



(1) Iceland, not applicable.
(2) EU-28 and EU-27, between 2007 and 2011; Kosovo, between 2005 and 2012.
(3) EU-27, between 2006 and 2012.

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

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



(1) Albania and Kosovo, not available.
(2) EU-27 and Serbia, 2011; Iceland, 2009.
(3) Bosnia and Herzegovina, 2001.

Source: for the EU aggregates, Eurostat (online data code: tran_hv_frmod); for the enlargement countries, 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.

Length of road network measures (in kilometres) the length of roads. The length of road included state roads, provincial roads and communal roads, but should ideally exclude motorways.

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 (travelled 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

Cellular telephony starting to substitute fixed lines in the enlargement countries too

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), particularly the Internet and mobile telephony.

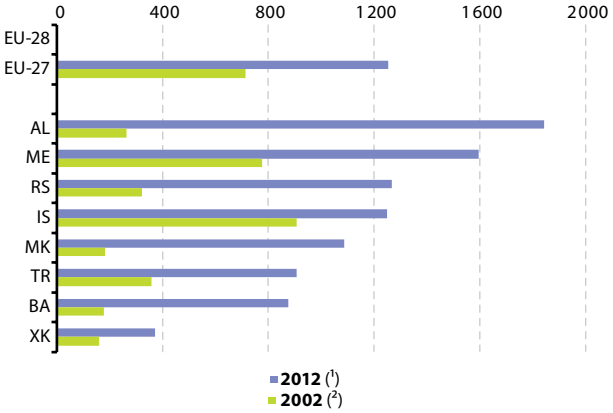
The mobile phone industry enjoyed substantial growth between 2002 and 2009. The penetration of mobile phones in the EU increased by an average 8.8 % per year between 2002 and 2009, reaching over 1 250 cellular telephone subscriptions per thousand inhabitants in 2009. All the enlargement countries, except Iceland, exceeded the growth rate of the EU during this period. Fierce competition has led to lower telecommunication prices, both in the EU and beyond, and mobile devices have started to substitute fixed telephone lines. Based on the number of subscriptions per 1 000 inhabitants, Albania and the former Yugoslav Republic of Macedonia showed the highest average annual growth rate by far, reaching 24 % (between 2002 and 2011) and 20 % (between 2002 and 2012) respectively. The penetration of mobile phones in Montenegro, Albania and Serbia was higher than in the EU. Kosovo recorded the lowest penetration of mobile phones, with 369 subscriptions per 1 000 inhabitants in 2009 (latest year available, although this rate is likely to have increased considerably in recent years). Note that one person may have multiple subscriptions (for example, for private and professional use). For the EU as a whole and in some enlargement countries, the growth in mobile phone subscriptions was in parallel with a general decline in the number of landline phones. In the EU, the number of fixed telephone lines per thousand inhabitants fell from 482 in 2002 to 435 in 2009, a 1.5 % decline per year over the given period. All the enlargement countries, with the exception of Albania and Serbia, showed a similar declining tendency. The positive trend in the countries should however be seen against the much lower level of fixed lines density at its base in 2002.

Nearly all enterprises with access to the Internet

The Nordic countries traditionally scored very high in terms of ICT equipment and usage. In Iceland, 96 % of all households had access to a personal computer in 2012. In

the EU, in the same year, this percentage reached 78 %. The other enlargement countries are quickly catching up: the former Yugoslav Republic of Macedonia and Serbia reported 64 % and 55 % respectively. In the EU, 95 % of enterprises had access to the Internet in 2012. The enlargement countries, for which data are available, reported similar shares. Only the former Yugoslav Republic of Macedonia is somewhat lagging behind, with 88 %. In the EU, 76 % of households had access to the Internet and 68 % of all individuals aged 16 to 74 regularly accessed the Internet in 2011. The corresponding figures in Iceland were substantially higher, reaching well over 95 % for both Internet access availability and usage. Among the other enlargement countries, the percentage of households with Internet connection was far lower, ranging between 3 % (Albania) and 58 % (the former Yugoslav Republic of Macedonia). In Turkey, 47 % of households had access to the Internet, but almost 89 % of the persons aged 16–74 regularly accessed the Internet.

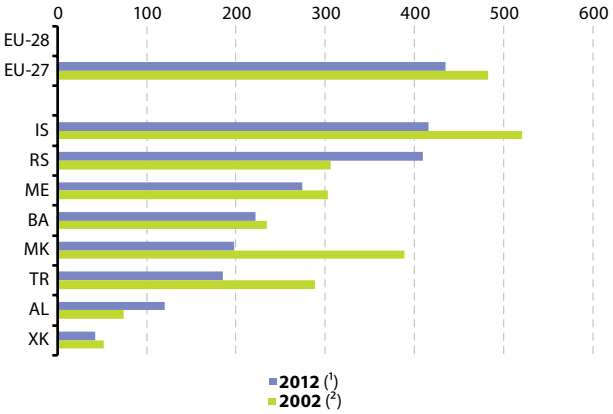
Figure 12.1: Mobile phone subscriptions
(average number of subscriptions per 1 000 inhabitants)



(1) Bosnia and Herzegovina, provisional data; Albania, estimated data, 2011; EU-27 and Kosovo, 2009.
(2) Turkey, Albania and Bosnia and Herzegovina, estimated data; Kosovo, 2003.

Source: for the EU aggregates, Eurostat (online data codes: isoc_tc_ac1 and demo_pjan); for the enlargement countries, Eurostat (online data codes: cpc_inisoc and cpc_psdemo).

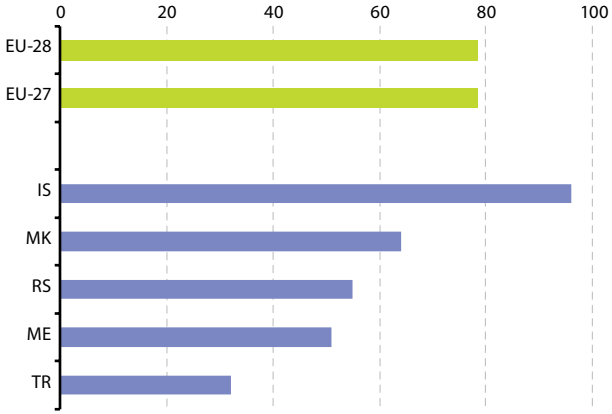
Figure 12.2: Fixed telephone lines
(per 1 000 inhabitants)



(1) Bosnia and Herzegovina, provisional data; Albania, estimated data, 2011; EU-27 and Kosovo, 2009.
(2) Turkey, Albania and Bosnia and Herzegovina, estimated data; Kosovo, 2003.

Source: for the EU aggregates, Eurostat (online data code: isoc_ci_cm_h); for the enlargement countries, Eurostat (online data code: cpc_inisoc).

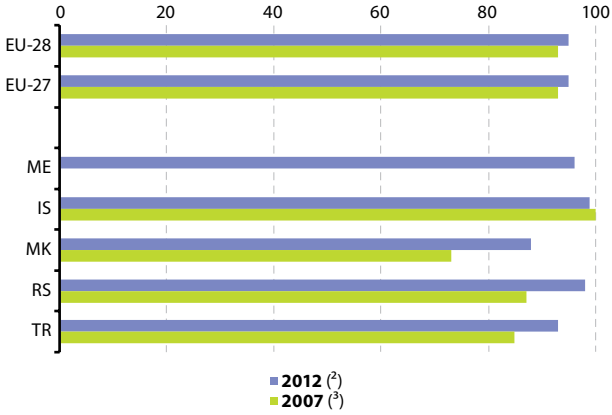
Figure 12.3: Households having access to a personal computer, 2012 (1)
(%)



(1) Montenegro, estimated data; Albania, Bosnia and Herzegovina and Kosovo, not available.

Source: for the EU-28, Eurostat (online data code: isoc_ci_cm_h); for the enlargement countries, Eurostat (online data code: cpc_inisoc).

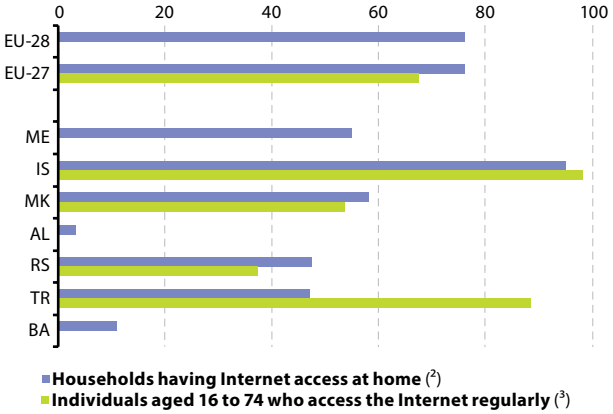
Figure 12.4: Enterprises having access to the internet (1)
(%)



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

Source: for the EU aggregates, Eurostat (online data codes: isoc_ci_in_e and isoc_ci_in_en2); for the enlargement countries, Eurostat (online data code: cpc_inisoc).

Figure 12.5: Internet use by individuals, 2012 (1)
(%)



(1) Kosovo, not available.
(2) Albania, 2008; Bosnia and Herzegovina, 2007.
(3) EU-27, 2011.

Source: for the EU aggregates, Eurostat (online data codes: isoc_ci_in_h and isoc_ci_ifp_fu); for the enlargement countries, 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 Rev. 2 Sections C, G, I, L, M and N.

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 with the highest R&D expenditure among enlargement countries and above the EU target for 2020

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. However, this share was leveling off at around 2 % in the EU-28 between 2009 and 2011 and hence still far from the 3 % goal.

The economic crisis has negatively affected business innovation and R&D in all countries. The size of the effect and the impact on business innovation differs widely across countries, depending on their situation at the eve of the crisis and on the policies subsequently implemented. Uncertainties over market conditions in an unstable global macroeconomic situation have inhibited investment in innovation. Venture capital investment, which can help support entry of innovative firms, has yet to recover to its pre-crisis level.

Among the enlargement countries, only Iceland (3.1 % in 2009) exceeded the average GDP share of the EU and even exceeded its 2020 target. In all the other enlargement countries for which information is available, the share of the gross domestic expenditure on R&D remained below 1 % in 2010 and 2011. This situation is not likely to change when looking at the evolution since 2009, as a tendency towards stabilization is observed in the former Yugoslav Republic of Macedonia and Turkey and a downward trend was identified in Montenegro and Serbia.

The same contrast between Iceland and the other enlargement countries is noticed when the average amount spent on R&D per inhabitant is considered. Although the average amount in Iceland decreased by 14 % between 2002 and 2009 (from EUR 976 to EUR 844), it nevertheless remained far above the estimated EU-28 average in 2011 (EUR 512). Still, the average per capita spending on R&D in the EU was nearly eight times that of Turkey (EUR 65) in 2011 and the difference was even bigger with Serbia (EUR 33), Montenegro (EUR 21) and the former Yugoslav Republic of Macedonia (EUR 6 in 2010).

Turkey's R&D manpower persisting in an upward trend

The EU-28's R&D personnel has experienced a steady upward trend since 2002 and stood above 2.6 million individuals in 2011. The most prominent R&D workforce growth among the enlargement countries was observed in Turkey, where it reached 92.8 thousand in 2011, an increase of 11 thousand full-time equivalents (FTEs) compared to 2010. Sustained growth in R&D personnel was also observed in Montenegro and in Iceland between 2002 and 2009. Conversely, the R&D workforce in the former Yugoslav Republic of Macedonia amounted to only 1.1 thousand in 2009, which is 118 FTEs less than a year before. The situation appeared relatively stable in Serbia since 2007, as year-on-year fluctuations remained under 1 %.

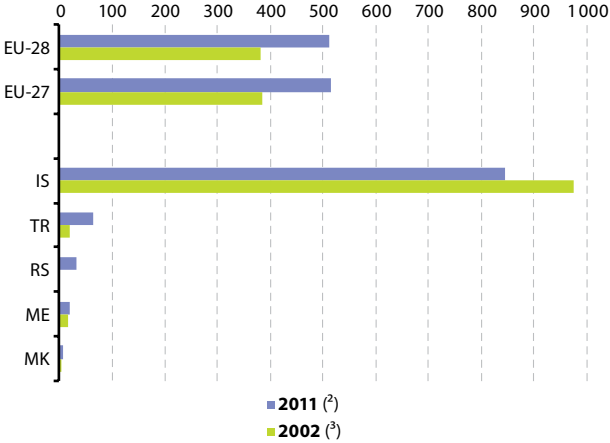
Table 13.1: Gross domestic expenditure on research and development
(% share of GDP)

	2002	2007 (1)	2009	2010	2011
EU-28	*1.87*	1.84	*2.01*	*2.00*	*2.04*
EU-27	*1.87*	1.84	*2.01*	*2.01*	*2.05*
ME	0.74	1.15	1.12	:	0.41
IS	*2.95*	2.68	3.11	:	:
MK	0.26	0.17	0.20	0.19	:
AL	:	:	:	:	:
RS	:	0.38	0.92	0.79	0.77
TR	0.52	0.72	0.85	0.84	0.86
BA	:	:	:	:	:
XK	:	:	:	:	:

(1) Serbia, 2008.

Source: for the EU aggregates, Eurostat (online data code: rd_e_gerdtot); for the enlargement countries, Eurostat (online data code: cpc_scienc).

Figure 13.1: Gross domestic expenditure on research and development (1)
(EUR per inhabitant)



(1) Albania, Bosnia and Herzegovina and Kosovo, not available.
(2) EU-28 and EU-27, estimated data; the former Yugoslav Republic of Macedonia, 2010; Iceland, 2009.
(3) EU-28, EU-27, Iceland and Turkey, estimated data.

Source: for the EU aggregates, Eurostat (online data code: rd_e_gerdtot); for the enlargement countries, Eurostat (online data codes: cpc_scienc and cpc_psdemo).

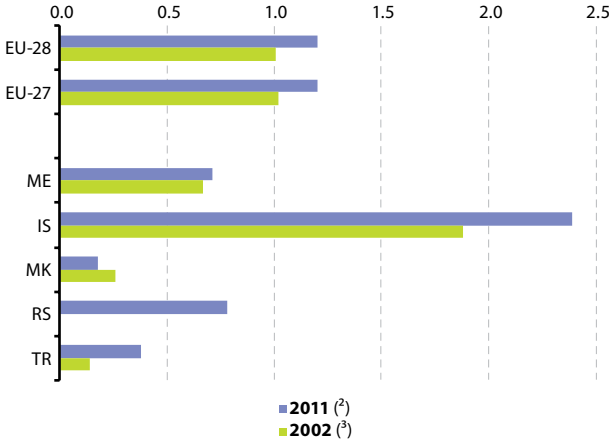
Table 13.2: Research and development personnel (FTEs)

	2002 (1)	2007 (2)	2009	2010	2011
EU-28	*2 087 075*	2 370 179	*2 491 892*	*2 545 357*	*2 615 169*
EU-27	*2 074 115*	2 360 055	*2 480 877*	*2 534 498*	*2 604 547*
ME	1 185	1 344	1 512	:	:
IS	*2 797*	2 982	3 753	:	:
MK	1 434	1 350	1 147	:	:
AL	:	:	:	:	:
RS	:	17 374	18 107	17 274	17 489
TR	28 964	63 377	73 521	81 792	92 801
BA	:	:	:	:	:
XK	:	:	:	:	:

(1) The former Yugoslav Republic of Macedonia, 2005.
(2) Serbia, 2008.

Source: for the EU aggregates, Eurostat (online data code: rd_p_persocc); for the enlargement countries, Eurostat (online data code: cpc_scienc).

Figure 13.2: Research and development personnel (FTE), in total employment (1)
(% of persons employed)



(1) Albania, Bosnia and Herzegovina and Kosovo, not available.
(2) EU-28 and EU-27, estimated data; Iceland, 2009; Montenegro and the former Yugoslav Republic of Macedonia, estimated data, 2009.
(3) EU-28, EU-27, Montenegro and Iceland, estimated data; the former Yugoslav Republic of Macedonia, estimated data, 2005.

Source: for the EU aggregates, Eurostat (online data code: rd_e_gerdtot); for the enlargement countries, Eurostat (online data codes: cpc_scienc and cpc_ecnabrk).

Definitions

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.

Full-time equivalent (FTE): corresponds to one year's work by one person. Consequently, someone who normally spends 40 % of his or her time on R&D and the rest on other activities (e.g. teaching, university administration or counselling) should be counted only 0.4 FTE.

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

Rapid economic development makes greenhouse gas emissions rise fast in Turkey

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 % by the year 2020, as compared to the 1990 levels.

Following a gradual rise which culminated in 2004, the EU greenhouse gas emissions went on to decline steadily in the subsequent years. The impact of rising energy prices in 2007 might have contributed to this decline. Lower energy consumption due to the economic crisis of 2008 further affected the development. Overall, between 1990 and 2011, the EU greenhouse gas emissions declined by 17 %. Even if it was the impact of the economic crisis that "forced" this greenhouse gas reduction, the EU seems to be well on track for the 2020 target, provided that the current policies are fully implemented.

In contrast to the aforementioned EU trend, Iceland's greenhouse gas emissions have been rising rapidly. In 2009, greenhouse emissions in Iceland were 35 % above the levels of 1990; the following years indicated a downward trend; still, emissions in 2011 were 25 % above the level of 1990. The main driver behind increased emissions since 1990 has been the expansion of the metal production sector. In addition, the increase in GDP since 1990 explains further the general growth in emissions as well as the fact that the Icelandic population increased considerably between 1990 and 2010. This has resulted in higher emissions from most sources, but in particular from the transport and construction sector. In 2008, emissions were 42 % above the 1990 levels, although in the years that followed, they decreased in most sectors due to the financial crisis. Turkey's rapid economic development has resulted in greenhouse gas emissions that have more than doubled compared to 1990. The worldwide economic crisis slowed down the Turkish emission levels in 2008 and 2009, but the following years indicated the return of a clear upward trend.

Municipal waste collected: more than double in Albania and Kosovo

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. Only data on the municipal waste collected in the enlargement countries are included here, as most countries could not estimate the amount of waste generated in the areas not covered by a waste collection system. The data for the EU and for Iceland, however, refer to the waste generated.

The majority of the enlargement countries saw some convergence of their municipal waste quantities towards the EU average, which decreased slightly between 2002 and 2011, from 526 kg to 500 kg per inhabitant. The quantity of waste collected in Montenegro remained particularly high, although a marked decrease was registered between 2002 (estimated quantity of 1 098 kg per inhabitant) and 2009 (735 kg). Iceland also reported a decrease in municipal waste (– 33 %) generated between 2002 and 2011, whereas Turkey managed to reduce quantities by over 7 % (between 2002 and 2011, estimated data). Starting from only 146 kg of municipal waste per person collected in 2003, Albania multiplied this volume close to three-fold, reaching 404 kg in 2012, while the corresponding values for Kosovo more than doubled.

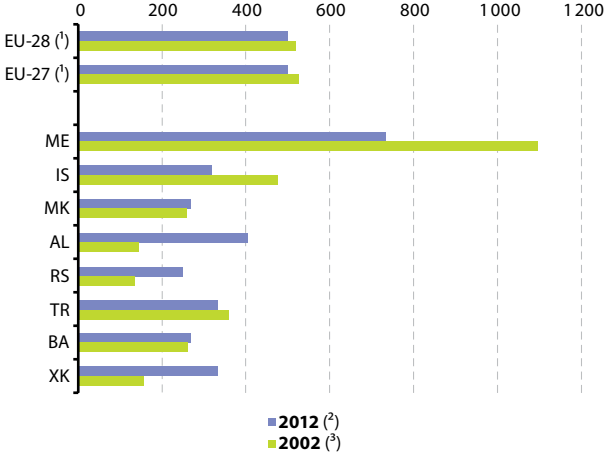
Table 14.1: Total greenhouse gas emissions
(based on tonnes of CO_2 equivalent, 1990=100)

	2002 (1)	2007	2009	2010	2011
EU-28	91.8	92.2	83.8	85.7	83.1
EU-27	91.8	92.2	83.7	85.7	83.0
ME	:	:	:	:	:
IS	110.5	130.9	135.4	131.6	125.8
MK	90.3	88.6	73.6	:	:
AL	:	:	:	:	:
RS	:	:	:	:	:
TR	152.4	202.2	196.4	213.4	224.2
BA	16.0	:	:	:	:
XK	:	:	:	:	:

(1) Bosnia and Herzegovina, 2001.

Source: for the EU aggregates, Eurostat (online data code: env_air_ind); for the enlargement countries, Eurostat (online data code: cpc_enclimwa).

Figure 14.2: Municipal waste collected
(kg per inhabitant)



(1) EU-28 and EU-27: municipal waste generated.
(2) EU-28, EU-27, Iceland, Bosnia and Herzegovina and Kosovo, 2011; Turkey, estimated data, 2011; Montenegro, 2009.
(3) Albania, estimated data, 2003; Serbia, estimated data, 2006; EU-28 and Kosovo, 2007; the former Yugoslav Republic of Macedonia and Bosnia and Herzegovina, 2008.

Source: for the EU aggregates, Eurostat (online data code: env_wasmun); for the enlargement countries, Eurostat (online data code: cpc_sienv).

Definitions

CO_2 equivalent: emissions of some substances resulting from burning of fossil fuels and other activities like industrial processes or agriculture significantly change the composition of the atmosphere and cause the anthropogenic greenhouse effect: carbon dioxide (CO_2), methane (CH_4) and nitrous oxide (N_2O) and hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphurhexafluoride (SF_6). These substances have individual global warming potentials (GWP) ranging from 1 (CO_2) to 23 900 (SF_6). In order to aggregate the emissions of the different substances and present a single figure for the climate change issue they are expressed in CO_2 equivalents.

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).

Waste refers to materials that are not prime products (i.e. products produced for the market) for which the generator has

no further use for own purpose of production, transformation or consumption, and which he discards, intends or is required to discard. Waste may be generated during the extraction of raw materials, during the processing of raw materials to intermediate and final products, during the consumption of final products, and during any other human activity.

Excluded from this definition are:

- Residuals directly recycled or reused at the place of generation;
- Waste materials that are directly discharged into ambient water or air.

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Key figures on the enlargement countries

2014 edition

This pocketbook presents a range of statistics on the enlargement countries in comparison with the European Union from 2002 to 2012. The publication includes data on demography, education, social conditions, labour force, national accounts, finance and prices, external trade, agriculture, energy, industry and services, transport, communication and information society, research and development, as well as environment.

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