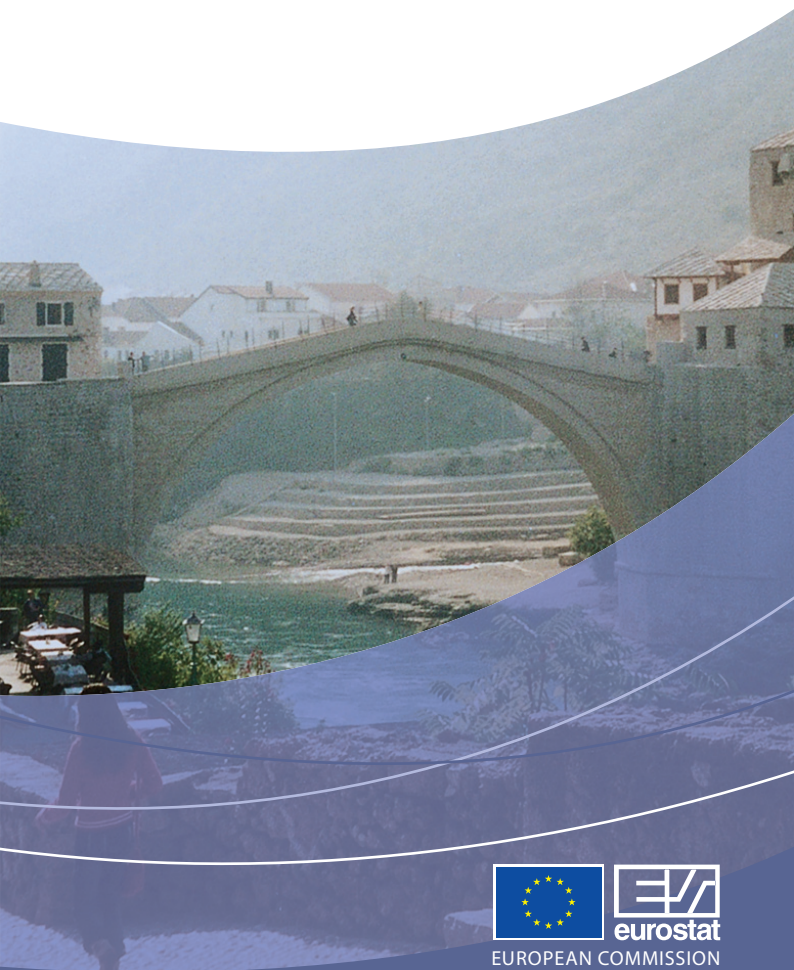


**Pocketbook on candidate
and potential candidate countries
2008 edition**



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and potential candidate countries**

2008 edition

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'Pocketbook on candidate and potential candidate countries'

This publication has been produced by Unit E4 of Eurostat, responsible for statistical cooperation with European and Mediterranean countries.

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

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

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Introduction

On 1 January 2007, the European Union admitted two new Member States, Bulgaria and Romania, extending the EU to 27 Member States. This expansion followed a wider enlargement on 1 May 2004, which saw the EU increase from 15 to 25 Members. Currently, three countries, Croatia, the former Yugoslav Republic of Macedonia and Turkey are formal candidate countries. Negotiations on EU membership with Croatia and Turkey were opened on 3 October 2005. A number of other countries in the region are considered potential candidate countries.

This publication presents a range of statistics for candidate and potential candidate countries together with data for the EU-27.

The enlargement process

In order to join the European Union, candidate countries need to fulfil a range of economic and political conditions that are known as the 'Copenhagen criteria'. Prospective Member States should be stable democracies, respect human rights, the rule of law, and the protection of minorities, have a functioning market economy, as well as adopting the common rules, standards and policies that make up the body of EU law (often referred to as the 'acquis communautaire') and to have the administrative capacity to implement this acquis. The European Union assists candidate countries in adapting their economic and political conditions to meet EU laws, and provides financial assistance to improve infrastructure and economic and political systems and to build sustainable institutional capacities.

The Stabilisation and Association process (SAP) is the EU's policy framework for the potential candidate countries: namely Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo (as defined by the United Nations Security Council Resolution 1244). Croatia and the former Yugoslav Republic of Macedonia, which are candidate countries, remain part of this process, while also benefiting from pre-accession assistance.

Financial assistance

The EU provides specific targeted financial assistance for candidate and potential candidate countries in order to support their efforts to enhance political, economic and institutional reforms.

The new Instrument for Pre-Accession Assistance (IPA) came into force on 1 January 2007, bringing all pre-accession support into one single instrument. IPA replaces the 2000-2006 pre-accession financial instruments PHARE (which principally involved institution building measures, as well as funding for economic and social cohesion measures), ISPA (dealing with large-scale environmental projects and transport infrastructure investment), SAPARD (supporting agricultural and rural development), the Turkish pre-accession instrument and the financial instrument for the Western Balkans CARDS (Community Assistance for Reconstruction, Development and Stabilisation).

IPA covers the countries with candidate status (Croatia, the former Yugoslav Republic of Macedonia and Turkey) and potential candidate status (Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo/UNSCR 1244).

Monitoring and assessment

In order to assess the progress being made by the candidate and potential candidate countries in terms of political and economic developments, the European Commission submits regular reports on progress made. For the candidate countries these follow an annual frequency, with the reports being submitted to the Council. The country specific reports detail the progress made by each country with respect to the criteria for membership of the European Union, and also provide details relating to areas where further follow-up and change may be required before the criteria for accession are met. As with the candidate countries, the Commission also produces annual progress reports for the potential candidate countries, which are used to measure progress and readiness to move closer to the European Union.

Eurostat's role

Eurostat, the Statistical Office of the European Communities, follows the progress being made by the candidate and potential candidate countries within the area of official statistics. Eurostat supports National Statistical Institutes (NSIs) in their efforts to align their data with European and international standards, by providing assistance to develop statistical systems. The cooperation activities of Eurostat are divided according to geographical regions. Eurostat Unit E4 deals with statistical cooperation with European and Mediterranean countries. Part of the work involves the collection of data, and this forms the basis for the information included within this publication.

Background to the project

As part of the cooperation with NSIs from the candidate and potential candidate countries, Eurostat Unit E4 launched in the spring of 2005 a regular data collection exercise. The project drew up a list of approximately 300 indicators, covering a broad spectrum of statistics. Data used for this publication were collected in May and August 2007 and they are also published on the Eurostat website ⁽¹⁾. Note that all of the information presented is provided by the NSIs. External trade statistics are not collected as part of this project but are collected separately by Eurostat's external trade statistics unit (Unit G3). Once the data sets for each country have been validated, the information is transformed so that it may be published on Eurostat's website and in this way made available to external users.

(1) Available at: <http://epp.eurostat.ec.europa.eu>

Guide to the statistics

Data sources

EU-27 data that are presented for the purpose of comparison has been processed and calculated by Eurostat on the basis of information provided by the NSIs of the 27 Member States. The information was extracted from Eurostat's free dissemination database. For all candidate and potential candidate countries, the vast majority of the data were provided by the NSIs. This information was collected by Eurostat through the exchange of a questionnaire with each statistical office. In most cases the data request was sent to a central co-ordinator who then forwarded it to individual departments responsible for particular statistical domains, as well as governmental agencies, national banks and ministries (when data are not compiled by the NSI). In the event that the data for a particular indicator were not provided to Eurostat by the NSIs, the source of the information is footnoted under each table or graph. The only statistical theme where the data were processed directly by Eurostat was that of external trade (except for Serbia). For Croatia, the former Yugoslav Republic of Macedonia and Turkey, external trade data were extracted from the 'Enlargement' domain of Eurostat's external trade database, COMEXT. For Kosovo/UNSCR 1244, the data were taken from the 'West Balkan' domain and for EU-27 from the 'EEC Special Trade' domain of COMEXT. For Albania and Bosnia & Herzegovina, the data were extracted from the COMTRADE domain (source: the United Nations) of COMEXT. For Serbia the data provided by the NSI were used.

Timeliness

The data used in this publication were collected from the candidate and potential candidate countries during September 2007 and formed part of the second round of data collection exercise of 2007. The database was finalised in November 2007. The majority of indicators are available up until reference year 2005 or 2006 (depending upon the statistical theme and territory). External trade statistics for the EU-27, the candidate and potential candidate countries were processed in October 2007 and are generally available up to reference year 2006. The EU-27 totals that are provided for the purpose of comparison were extracted from Eurostat's free dissemination database during the period August 2007 - November 2007. As with the data for the candidate and potential candidate countries, the information presented is generally available up until reference years 2005 or 2006 (depending upon the indicator in question).

Publication format

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

Exchange rates

For some indicators monetary values were requested from the candidate and potential candidate countries in terms of national currency denominations. However, for the majority of the monetary indicators data were requested in euro (EUR) terms. For a limited number of cases, the information provided was sent in an alternative denomination (usually in national currency or in US dollars). In these cases, Eurostat transformed the series using official exchange rates (annual averages for the reference year in question) so that data for all indicators foreseen in euro terms are denominated in the same currency. Technically data that are presented in euro terms prior to 1999 should be denominated in ECU. However, as the conversion rate was ECU 1 = EUR 1, for practical purposes the terms may be used interchangeably and this publication denotes all such monetary series in euro (EUR). While the conversion to a common currency unit facilitates comparisons of data between countries, fluctuations in currency markets are partially responsible for movements identified when looking at the evolution of a series for an indicator that is denominated in euro. A table is provided with information on the annual average exchange rates between the euro and the currencies of the candidate and potential candidate countries (please refer to Chapter 6 – Table 6.7).

Geographical coverage

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

Non-availability

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

Abbreviations and units

CO₂	Carbon dioxide
COICOP	Classification of individual consumption according to purpose
CPI	Consumer price index
ECU	European currency unit
ESA95	European system of accounts (1995)
FAO	Food and Agriculture Organization
FDI	Foreign direct investment
GDP	Gross domestic product
GFS	Government finance statistics
GHG	Greenhouse gases
GWh	Gigawatt hour(s) = 1 000 MWh (megawatt hour(s)) = 10 ⁶ kWh (a kilowatt hour is a unit of energy equivalent to one kilowatt of power expended for one hour of time)
HBS	Household budget survey
Heads	Unit of measure for counting the number of animals
hectare	Unit of area equal to 100 ares or 10 000 square metres
HICP	Harmonised Consumer Price Index
ILO	International Labour Organisation
IMF	International Monetary Fund
IPI	Industrial production index
ISCED	International standard classification of education (UN classification)
kg	Kilogram (1 000 grams), a unit of mass
km	Kilometre (1 000 metres), a unit of distance
km²	Square kilometre, a unit of area
LFS	Labour force survey
LSMS	Living standards measurement study
M1	Narrowest category of the money supply, includes physical money (coins & currency); used as a measurement to quantify the amount of money in circulation
M2	A broader measure of money supply that includes M1, time-related deposits, savings deposits, and noninstitutional money-market funds
NACE	Statistical classification of economic activities in the European Community
n.e.c.	Not elsewhere classified
NPISH	Non-profit institutions serving households
OECD	Organisation for Economic Co-operation and Development
PPI	Producer price index (output price index)
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

Tonne-km/GDP	See above for definition of tonne-km; this indicator adjusts tonne-km by GDP and provides a measure of transport intensity
UAA	Utilised agricultural area

Countries

EU-27	27 Member States of the European Union
HR	Croatia
MK ⁽²⁾	the former Yugoslav Republic of Macedonia
TR	Turkey
AL	Albania
BA	Bosnia and Herzegovina
ME	Montenegro
RS	Serbia
XK ⁽³⁾	Kosovo/ <i>UNSCR 1244</i>

Currency

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

Symbols

%	percentage
:	not available
~	not applicable

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

Chapter 1 - Demography

1

The population of the EU-27 was close to 493 million persons at the beginning of 2006. Candidate and potential candidate countries had together a population representing nearly a fifth of the EU-27 population. Turkey was the largest candidate country in terms of inhabitants, with a population of more than 72 million inhabitants in 2006, which represents 14.7% of the total EU-27 population. Among the potential candidate countries, Serbia shows the highest number of inhabitants (almost 7.5 million in 2006).

Population density is generally higher in the EU-27 than in the candidate countries or in the potential candidate countries (although 2006 figures are not available for EU-27, population density in 2005 clearly surpasses the figures of 2006 for candidate and potential candidate countries). Among these, Albania registers the higher population density, with 109.8 inhabitants per km². Data for Montenegro and for Kosovo/UNSCR 1244 are not available for 2006, but the population density for Kosovo/UNSCR 1244 in 2005 was more than 1.5 times the EU-27 average. Note that these figures do not provide any information on how concentrated the population in urban areas is, or whether it is widely spread across more rural land.

Within Europe, a somewhat higher proportion of newborn babies tend to be boys compared with girls. However, women tend to have a higher life expectancy than men. As a result, there are generally more women than men in the population of any given territory. This ratio was the highest in Croatia (almost 108 women per 100 men) followed by Serbia, with a value of 105.7 women per 100 men. The former Yugoslav Republic of Macedonia, Turkey and Kosovo/UNSCR 1244 were exceptions to this general rule. In Bosnia and Herzegovina, Montenegro and Albania there were more women than men, but the ratio was lower than in the EU-27.

Population and Population Density

Figure 1.1: Number of women in the population for each 100 men in the population, 2006 (units)

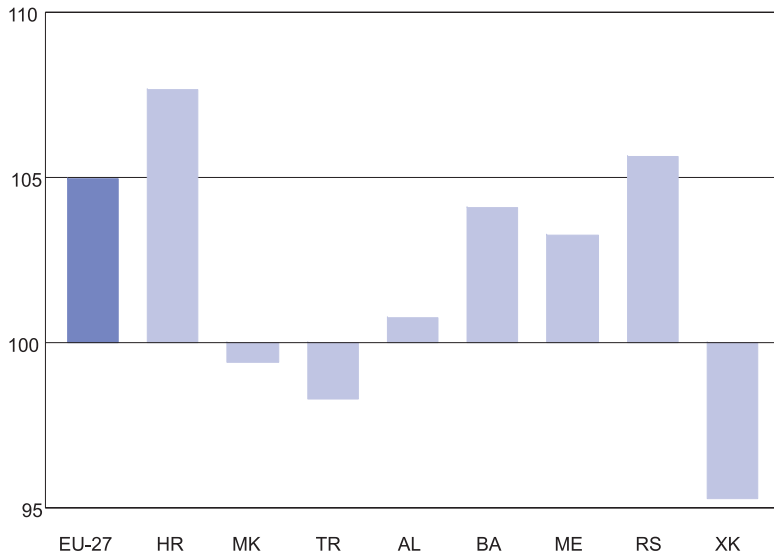


Table 1.1: Population and population density

	Total population (thousands)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	477 333	478 102	480 383	481 076	482 188	482 958	484 541	486 520	488 632	490 898	492 965
Croatia	4 494	4 533	4 537	4 528	4 490	4 437	4 445	4 443	4 442	4 444	4 443
The former Yugoslav Republic of Macedonia ⁽¹⁾	1 972	1 991	2 002	2 013	2 022	2 031	2 039	2 024	2 030	2 035	2 039
Turkey	62 339	63 490	64 644	65 787	66 888	67 895	68 835	69 769	70 695	71 611	72 520
Albania	3 063	3 088	3 061	3 049	3 058	3 063	3 084	3 103	3 120	3 135	3 149
Bosnia and Herzegovina	3 859	3 692	3 696	3 689	3 753	3 790	3 813	3 830	3 837	3 843	3 843
Montenegro	603	606	608	610	612	615	617	619	621	623	624
Serbia	7 625	7 610	7 583	7 553	7 528	7 505	7 502	7 491	7 470	7 456	7 425
Kosovo/UNSCR 1244	2 132	2 169	:	:	:	:	:	1 985	2 016	2 041	2 070
	Population density (inhabitants per km ²)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	110.5	110.9	111.2	111.4	:	:	112.3	112.7	113.3	113.8	:
Croatia	80.1	80.2	80.2	79.7	78.9	78.5	78.6	78.5	78.5	78.5	78.5
The former Yugoslav Republic of Macedonia	77.1	77.7	78.1	78.4	78.8	79.1	79.0	78.8	79.0	79.2	79.3
Turkey	80.3	81.8	83.2	84.7	86.0	87.2	88.4	89.6	90.8	92.0	93.1
Albania	107.0	107.0	106.3	106.2	106.5	106.9	107.6	108.2	108.8	109.3	109.8
Bosnia and Herzegovina	:	72.1	72.1	72.7	73.6	74.2	74.6	74.9	75.0	75.0	75.1
Montenegro	43.7	43.9	44.0	44.2	44.4	44.5	44.7	44.8	45.0	45.1	:
Serbia	98.3	98.1	95.2	94.7	94.4	94.2	94.1	93.9	93.7	93.4	95.7
Kosovo/UNSCR 1244 ⁽²⁾	197.5	199.2	:	:	:	:	:	183.8	186.3	188.8	:

(1) Break in series in 2003. (2) 1997, calculated with population as of 1 January.

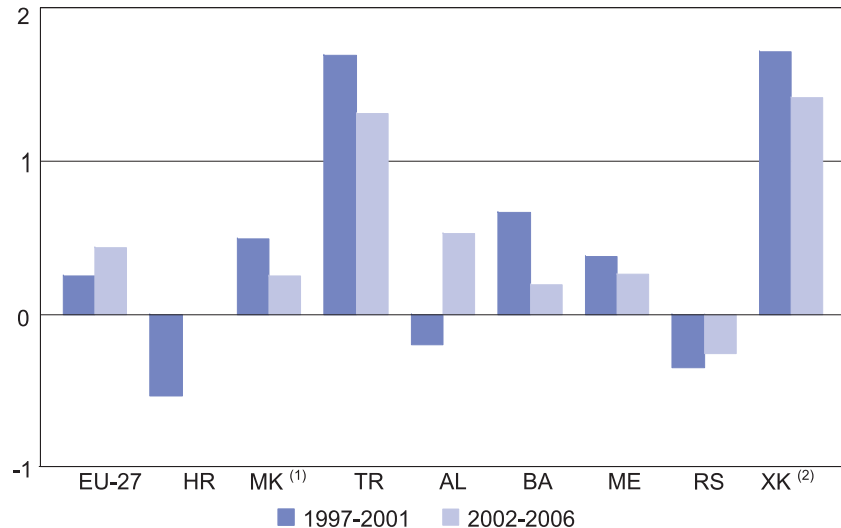
The population in the EU-27, as well as in Turkey, Montenegro and the former Yugoslav Republic of Macedonia was steadily increasing since 1996 and, from 2000, also in Albania. The EU-27 population grew by almost 3.3%, whereas the growth for Turkey was of 16.3%. The growth rate for Montenegro and the former Yugoslav Republic of Macedonia was slightly higher than that for EU-27, while population in Albania increased only 2.8% in this period. The opposite trend is observed in Serbia, where the population has gradually declined since the beginning of the period.

The comparison with the previous year shows that in 2006 the population has grown or remained stable in almost all territories, except for Serbia, where the population declined by 0.4%.

The rate of population growth has slowed down significantly over the last years in Bosnia and Herzegovina. Also Turkey showed a decreasing trend.

There are a number of factors that may explain changes in population levels, including the birth rate, the death rate and the migration rates.

Figure 1.2: Population, average annual growth rates (%)



(1) 2003-2006 instead of 2002-2006. (2) 1996-1997 instead of 1997-2001; 2003-2006 instead of 2002-2006.

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

	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	0.2	0.5	0.1	0.2	0.2	0.3	0.4	0.4	0.5	0.4
Croatia	0.9	0.1	-0.2	-0.8	-1.2	0.2	0.0	0.0	0.0	0.0
The former Yugoslav Republic of Macedonia ⁽¹⁾	1.0	0.5	0.5	0.4	0.5	0.4	:	0.3	0.3	0.2
Turkey	1.8	1.8	1.8	1.7	1.5	1.4	1.4	1.3	1.3	1.3
Albania	0.8	-0.9	-0.4	0.3	0.2	0.7	0.6	0.5	0.5	0.5
Bosnia and Herzegovina	-4.3	0.1	-0.2	1.7	1.0	0.6	0.5	0.2	0.1	0.0
Montenegro	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.3	0.3	0.1
Serbia	-0.2	-0.4	-0.4	-0.3	-0.3	0.0	-0.1	-0.3	-0.2	-0.4
Kosovo/UNSCR 1244	1.7	:	:	:	:	:	:	1.6	1.2	1.4

(1) Break in series in 2003.

Between 1996 and 2006, a decrease of the share of those under the age of 15 years can be seen in all territories apart from Kosovo/UNSCR 1244. Over the same period, the share of those over 65 years of age rose in all territories. The middle group showed a diminishing share in Croatia, Bosnia and Herzegovina, Serbia and Kosovo/UNSCR 1244. Bosnia and Herzegovina, with a reduction of 1.68 percentage points, had the largest decrease over the period 1996-2006. Albania, the former Yugoslav Republic of Macedonia and Turkey are at the other extreme with an increase of the share of this middle group by approximately 2.5 percentage points.

Another factor that may explain the age profile of a particular territory is migration. Economic migration tends to be more concentrated among young, single persons and could result in the departure from the national territory of a relatively high number of persons aged between 15 and 64.

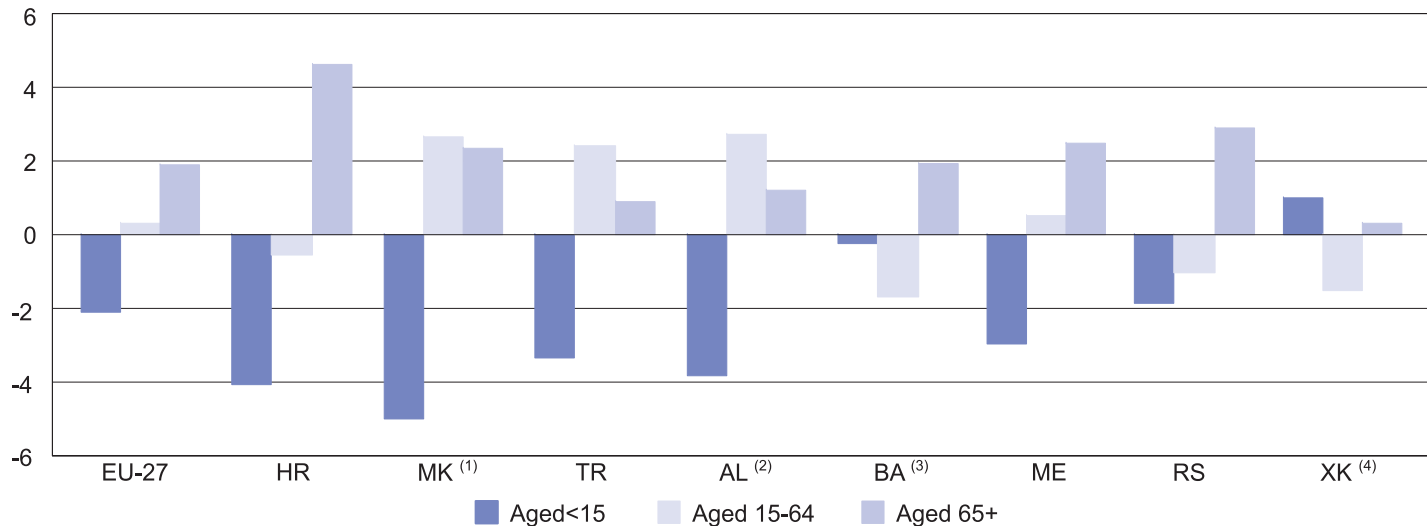
Population Growth and Population Breakdown by Age Group

Figure 1.3: Breakdown of population by age group, 2006 (% of total)



(1) 2005 data; as of 30 June, estimated values. (2) 2003 data; source: *Kosovo Demographic and Health Survey 2003. Preliminary results*; age groups refer to 0-14, 15-59 and 60 or more.

Figure 1.4: Relative change in the population between 1996 and 2006 (percentage points)



(1) Break in series in 2003. (2) Period covered: 2001-2006. (3) Period covered: 2002-2005; as of 30 June; estimated values. (4) Period covered: 1999-2003; source: "Kosovo Demographic and Health Survey 2003. Preliminary results"; age groups refer to 0-14, 15-59 and 60 or more.

It is possible to calculate a crude rate of natural increase by subtracting the crude death rate from the crude birth rate. A positive result shows that the size of the population is growing, if the effects of migration are discounted.

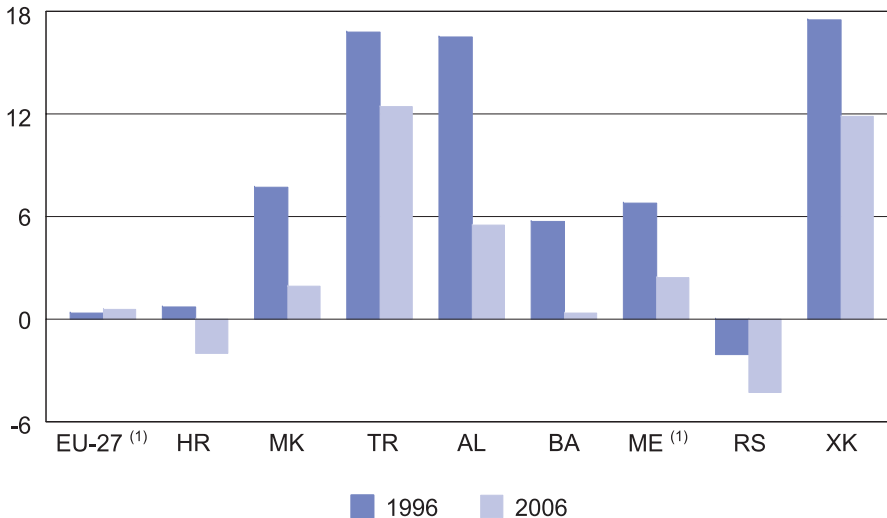
In Serbia (all years), as well as in Croatia (all years except 1996 and 1997), crude death rates were higher than crude birth rates, suggesting a net reduction in population levels. Serbia registered the largest natural decrease of population in 2006 with a value of 4.3 per thousand, whereas the largest crude rate of natural increase was in Turkey (12.4 per thousand). Comparable data for Montenegro in 2006 were not available.

All territories showed a lower natural growth rate in 2006 compared to 1996.

Compared to 1996, the fertility rate has decreased in all candidate and potential candidate countries in 2006, and it remains at a low level (less than 2 children per woman, which is considered as the necessary rate in order to maintain population level on the long-term). Only Turkey shows fertility rates of above 2 children per women for the period 1996-2006, as well as Albania up to 2001 and again in 2003. However, fertility fell sharply in Albania, from 2.54 births per woman in 1996 to 1.37 in 2006.

Crude Birth, Death and Natural Increase Rates

Figure 1.5: Crude rate of natural increase (per thousand inhabitants)



(1) 2005 instead of 2006.

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

	Birth rates										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	10.7	10.7	10.6	10.5	10.6	10.4	10.3	10.3	10.4	10.4	:
Croatia	12.0	12.1	10.4	10.0	9.8	9.2	9.0	8.9	9.1	9.6	9.3
The former Yugoslav Republic of Macedonia	15.8	14.8	14.6	13.5	14.5	13.3	13.7	13.3	11.5	11.0	11.1
Turkey (1)	23.4	23.1	22.6	21.9	20.2	19.9	19.7	19.4	19.1	18.9	18.7
Albania	22.2	20.1	19.7	19.0	16.7	17.7	14.7	15.1	13.8	12.6	10.8
Bosnia and Herzegovina	12.3	13.1	12.2	11.4	10.5	9.9	9.5	9.4	9.1	9.0	8.8
Montenegro	15.0	14.4	15.1	14.4	15.0	14.4	13.7	13.5	12.6	11.8	:
Serbia	10.8	10.5	10.4	9.8	10.1	10.7	10.7	10.9	10.8	10.0	9.6
Kosovo/UNSCR 1244	21.4	:	:	:	:	:	:	16.0	17.3	18.1	15.4
	Death rates										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	10.4	10.2	10.2	10.2	10.0	9.9	10.0	10.1	9.7	9.8	:
Croatia	11.3	11.4	11.5	11.5	11.3	11.2	11.4	11.8	11.2	11.7	11.3
The former Yugoslav Republic of Macedonia	8.1	8.3	8.4	8.3	8.5	8.3	8.8	8.9	8.8	9.0	9.1
Turkey (1)	6.7	6.6	6.5	6.4	6.2	6.2	6.2	6.2	6.2	6.2	6.2
Albania	5.7	5.9	6.0	5.5	5.4	5.1	5.3	5.8	5.7	5.4	5.4
Bosnia and Herzegovina	6.7	7.5	7.8	7.7	8.1	8.0	8.1	8.5	9.3	8.9	8.4
Montenegro	8.2	8.5	8.7	8.8	8.8	8.8	8.9	9.2	9.2	9.4	:
Serbia	12.9	12.9	13.5	13.8	14.2	13.6	14.1	14.3	14.4	14.8	13.9
Kosovo/UNSCR 1244	3.9	:	:	:	:	:	:	3.2	3.2	3.5	3.6

(1) Break in series in 2000.

The infant mortality rate in both candidate and potential candidate countries was above EU-27 values over the period 1995-2003 (from 2004 onwards, the EU-27 data were not available). The highest rate for 2006 was registered in Turkey, with 22.6 deaths of children under one year of age relative to every thousand live births. Infant mortality rates were also above 10 for 2006 in Kosovo/UNSCR 1244, the former Yugoslav Republic of Macedonia and Montenegro, with rates of 12.00, 11.51 and 11.00 respectively. On the opposite side, Croatia showed infant mortality rates slightly above those of EU-27 (5.20 in 2006). Other countries registering rates below 10 in 2006 were Albania and Serbia with 7.39 and Bosnia and Herzegovina, with 7.50.

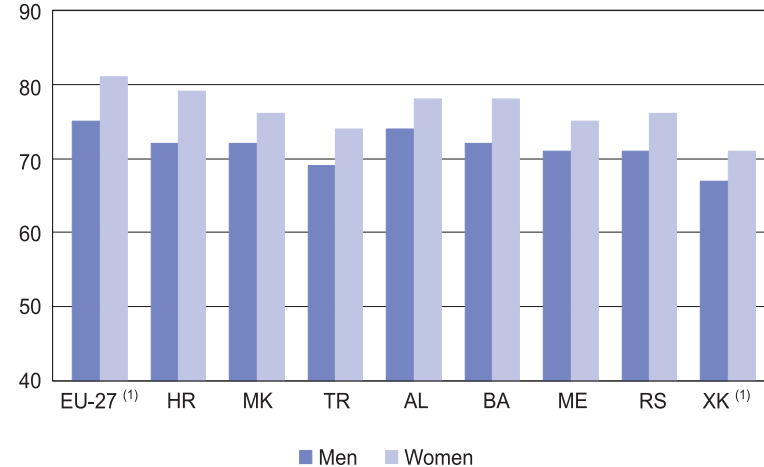
However, this rate has generally declined in most of the territories. The most notable drop in the infant mortality rate was registered in Albania, where it has been progressively decreasing during the last ten years from 25.78 in 1996 to 7.39 in 2006. Also Turkey shows a significant decrease, from 40.90 in 1996 to 22.60 in 2006 (although in this country there was a break of the series in 2000).

As in case of the EU-27 life expectancy at birth is higher for women than for men in all candidate and potential candidate countries. Croatia shows the highest difference (7 years).

Life expectancy at birth is lower in all candidate and potential candidate countries than in the EU-27 for both sexes, although not very different in some cases: for example it is only one year lower for men and three years lower for women in Albania in 2006 than in the EU-27 (data from 2003), and three years lower for men and only two years lower for women in Croatia. But the following two cases showed rather larger differences with the EU-27: Kosovo/UNSCR 1244, where life expectancy in 2006 was eight years lower for men and ten years lower for women, and Turkey, where life expectancy was six years lower for men and seven years lower for women.

Fertility, Infant Mortality and Life Expectancy

Figure 1.6: Life expectancy at birth, 2006 (years)



(1) 2003 instead of 2006.

Table 1.4 : Fertility and infant mortality rates

	Fertility rates (children per woman)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	:	:	:	:	:	:	:	:	:	:
Croatia	1.64	1.69	1.45	1.38	1.39	1.38	1.34	1.33	1.35	1.42	1.38
The former Yugoslav Republic of Macedonia	1.90	1.70	1.70	1.60	1.70	1.50	1.60	1.50	1.50	1.46	1.41
Turkey	2.69	2.63	2.56	2.48	2.27	2.25	2.24	2.22	2.21	2.19	2.18
Albania	2.54	2.22	2.18	2.10	2.00	2.30	1.90	2.00	1.80	1.78	1.37
Bosnia and Herzegovina	1.65	1.68	1.56	1.36	1.30	1.40	1.20	1.22	1.22	1.20	1.18
Montenegro	1.86	1.74	1.87	1.77	1.85	1.79	1.89	1.83	1.71	1.60	1.64
Serbia	1.60	1.50	1.68	1.62	1.46	1.57	1.57	1.59	1.57	1.45	1.43
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	3.21	:	:	:
	Infant mortality rates (deaths of children under one year of age relative to every thousand live births)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	7.30	6.80	6.50	6.10	5.90	5.80	5.50	5.30	:	:	:
Croatia	8.00	8.20	8.20	7.70	7.40	7.70	7.00	6.30	6.10	5.70	5.20
The former Yugoslav Republic of Macedonia	16.40	15.71	16.28	14.79	11.81	11.88	10.19	11.29	13.18	12.80	11.51
Turkey (1)	40.90	38.80	36.50	33.90	28.90	27.80	26.70	25.60	24.60	23.60	22.60
Albania	25.78	22.16	15.02	12.22	11.87	10.78	10.24	8.40	7.81	7.65	7.39
Bosnia and Herzegovina	14.01	12.42	10.98	10.15	9.68	7.61	9.15	7.40	7.20	6.73	7.50
Montenegro	13.97	14.84	13.90	13.37	11.11	14.60	10.80	11.00	7.80	9.50	11.00
Serbia	10.00	12.00	11.85	11.13	11.04	10.80	10.33	9.09	8.09	7.75	7.39
Kosovo/UNSCR 1244	15.90	18.20	:	:	:	:	11.20	15.10	11.80	9.60	12.00

(1) Break in series in 2000.

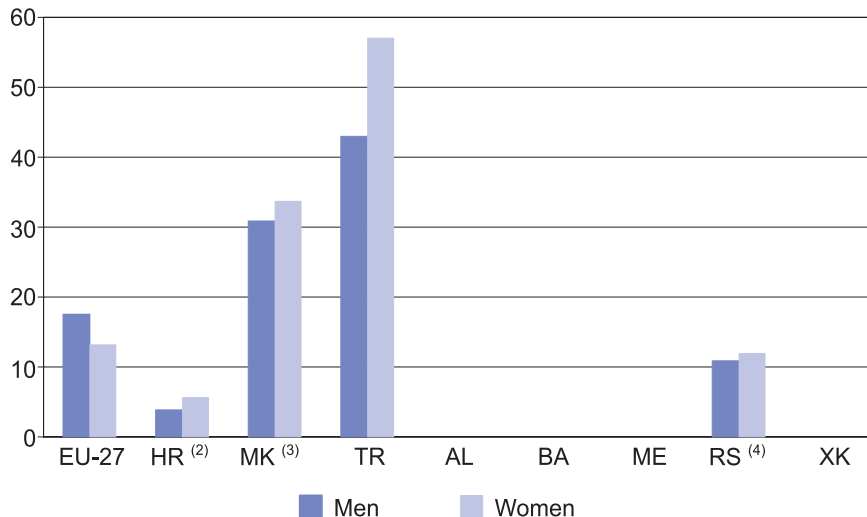
Chapter 2 - Education

2

Education and training policies are central to the Lisbon objectives of creating a dynamic and competitive, knowledge-based economy. As part of its objectives for 2010, the EU has made tackling the problem of early school leavers one of its priorities. While the number of early school leavers in the EU-27 has been reduced, in 2006 there remained 15.3% of young persons aged between 18 and 24 who had not completed upper secondary education and who were not engaged in any education or training. Within the candidate and potential candidate countries the highest share of young persons who had not completed upper secondary education and who were not engaged in any education or training was accounted for by Turkey (47.9%) followed by the former Yugoslav Republic of Macedonia (32% in 2002, the only information available), Serbia (11.4% in 2005) and Croatia (4.8% in 2006).

It is to be noted that the proportion of men who had not completed upper secondary education was higher than that for women in EU-27. The opposite applied in all candidate and potential candidate countries for which data is available.

Figure 2.1: Proportion of the population aged 18-24 having not completed upper secondary education and who are currently not in any education or training, 2006 (%) (1)



(1) Albania, Bosnia and Herzegovina, Montenegro and Kosovo/UNSCR 1244, not available. (2) Provisional values. (3) 2002 data; source: 2002 census. (4) 2005 data.

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

	2000	2001	2002	2003	2004	2005	2006
EU-27	17.6	17.3	17.1	16.5	16.0	15.6	15.3
Croatia ⁽¹⁾	:	:	8.3	8.4	6.2	4.8	5.1
The former Yugoslav Republic of Macedonia ⁽²⁾	:	:	32.2	:	:	:	:
Turkey ⁽³⁾	58.1	58.1	55.1	52.9	54.4	51.5	47.9
Albania	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:
Serbia	:	:	:	:	11.5	11.4	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:

(1) Provisional values. (2) Source: 2002 census. (3) 2004, break in series.

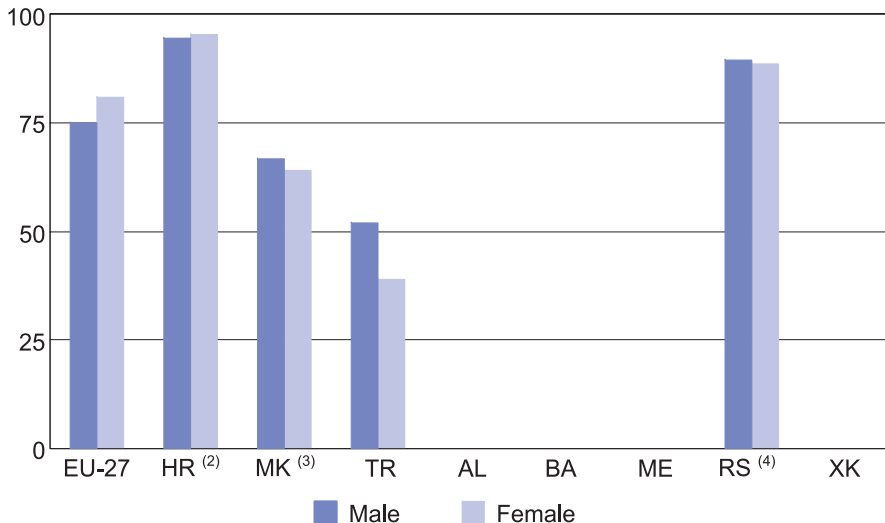
Another Lisbon objective for 2010 is to increase to 85% the proportion of the population aged 20 to 24 that have completed at least an upper secondary education.

In 2006, more than three quarters of the population aged 20-24 had completed at least upper secondary education in the EU-27. This was the case for Croatia and Serbia in 2005 (93.8% and 89.0% respectively). The same proportion in Turkey accounted for 44.2% reflecting the lowest percentage among the countries for which data was available.

The proportion of population aged 20-24 having completed at least upper secondary education differs depending on the gender of the population considered. In 2006, this share was higher for women than for men in the EU-27 (respectively 80.7% and 74.8%) and in Croatia (respectively 95.2% and 94.4%, data refers to the second half of 2006). The opposite phenomenon occurs in every other country for which data is available, namely Serbia (88.5% - 89.5%, data for 2005), the former Yugoslav Republic of Macedonia (64.1% - 66.6%, 2002 data) and Turkey (38.8% - 51.8%) reporting the largest difference between genders with 13 percentage points.

Completion of Upper Secondary Education

Figure 2.2: Proportion of the population aged 20-24 having completed at least upper secondary education, 2006 (%)⁽¹⁾



(1) Albania, Bosnia and Herzegovina, Montenegro and Kosovo/UNSCR 1244, not available. (2) Second half of the year. (3) 2002 data; source: 2002 census. (4) 2005 data.

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

	2000	2001	2002	2003	2004	2005	2006
EU-27	76.6	76.6	76.7	76.9	77.1	77.4	77.8
Croatia ⁽¹⁾	:	:	90.6	91.0	93.5	93.8	94.7
The former Yugoslav Republic of Macedonia ⁽²⁾	:	:	65.4	:	:	:	:
Turkey ⁽³⁾	39.7	39.7	42.7	44.3	42.2	44.2	44.7
Albania	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:
Serbia	:	:	:	:	88.1	89.0	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:

(1) Provisional values. (2) Source: 2002 census. (3) 2004, break in series.

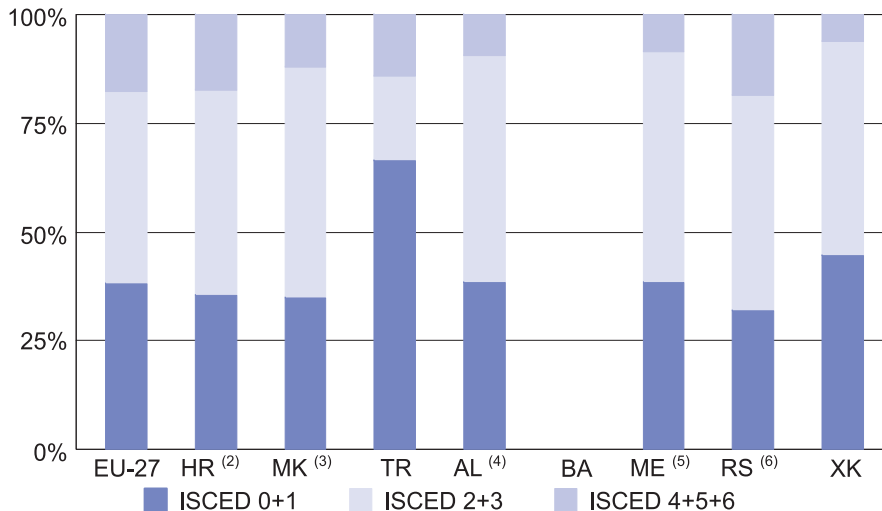
Education stages are defined in the ISCED, as follows:

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

Between 2001 and 2006 there was an increase in the number of students that attended first and second stages of tertiary education in the EU-27, and in candidate and potential candidate countries (for which data are available). Note that ISCED levels 1 to 3 are compulsory in many education systems.

Number of Pupils/Students by ISCED Level of Education

Figure 2.3: Proportion of the pupils/student population at different levels of education, 2006 (%) ⁽¹⁾



(1) Bosnia and Herzegovina, not available. (2) 2005 data; ISCED 5: estimated value; ISCED 6: refers to the academic year 2005/2006. (3) ISCED 5: Excluding enrolled students on ISCED 5A-second degree and masters. Data refer to the academic year 2005/2006. (4) ISCED 0-1-2-3-5: Public education only. (5) 2004 data; enrolment on post-graduate education (masters degree) included. (6) 2005 data.

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

	2001						
	ISCED 0	ISCED 1	ISCED 2	ISCED 3	ISCED 4	ISCED 5	ISCED 6
EU-27	13 673	29 963	23 386	24 712	1 285	16 088	429
Croatia ⁽¹⁾	86	193	207	198	:	113	:
The former Yugoslav Republic of Macedonia ^{(1) (2)}	35	124	128	94	1	40	:
Turkey	254	10 478	:	2 580	:	1 642	23
Albania ⁽³⁾	84	274	261	112	:	41	:
Bosnia and Herzegovina ⁽⁴⁾	:	169	192	167	5	65	:
Montenegro ⁽⁵⁾	13	37	37	31	:	8	:
Serbia	90	342	365	316	:	183	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:
	2006						
	ISCED 0	ISCED 1	ISCED 2	ISCED 3	ISCED 4	ISCED 5	ISCED 6
EU-27	13 765	28 845	23 397	26 037	1 423	18 007	523
Croatia	91	191	192	188	:	:	:
The former Yugoslav Republic of Macedonia ⁽²⁾	34	105	116	96	0	48	:
Turkey	641	10 847	:	3 387	:	2 401	34
Albania ⁽³⁾	78	222	244	165	:	74	:
Bosnia and Herzegovina	:	:	:	:	:	:	:
Montenegro ⁽⁵⁾	11	39	36	32	:	:	:
Serbia	77	311	328	287	:	:	:
Kosovo/UNSCR 1244	26	177	149	75	:	29	:

(1) ISCED 5: number of students refers to academic years (i.e. 2001 = 2001/2002, etc.). (2) ISCED 5: excluding enrolled students on ISCED 5A-second degree and masters. (3) ISCED 0-1-2-3-5: public education only. (4) ISCED 1 to 3: data refer to the beginning of the school years; ISCED 4: for 2001 data refer to post secondary education that consists of two school years; ISCED 5: for 2001 data refer to tertiary education that consists of four school years (faculties, academies, universities, etc.). (5) ISCED 0-1-2-3-5: data relate to school years; ISCED 5: for 2001, enrolment on post-graduate education (masters degree) included.

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

Enrolment rates in science and technology at tertiary level for women are nearly half the men's rate in the EU-27 (data from 2005), Turkey (data from 2004) and slightly over one half in Croatia (data from 2005) and Montenegro (data from 2004). The female participation rate is more than half the male rate in Serbia and the former Yugoslav Republic of Macedonia. Male rate of the EU-27 is significantly higher than in the candidate and potential candidate countries. To a lesser extent, this is also true for female rates.

Tertiary Graduates in Science and Technology

Table 2.4 : Tertiary graduates in science and technology

	Male (per 1 000 population aged 20-29)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	:	:	12.9	13.9	14.7	15.4	16.5	16.8	17.6	:
Croatia	:	:	:	7.6	7.4	7.0	7.8	6.4	7.0	7.5	:
The former Yugoslav Republic of Macedonia ⁽¹⁾	3.9	4.7	4.1	4.2	3.5	3.3	3.7	3.5	3.7	3.9	3.6
Turkey	4.4	4.6	5.2	5.6	6.9	5.9	6.3	7.0	7.6	:	:
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro ⁽²⁾	:	:	:	:	:	:	:	3.1	4.6	:	:
Serbia	7.6	6.7	7.2	7.2	7.2	7.3	7.5	7.4	8.3	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:
	Female (per 1 000 population aged 20-29)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	:	:	5.6	6.4	6.7	7.2	7.9	7.9	8.2	:
Croatia	:	:	:	3.7	4.8	4.1	3.4	3.5	3.6	3.8	:
The former Yugoslav Republic of Macedonia ⁽¹⁾	2.7	2.8	3.1	3.1	2.6	2.6	2.7	2.6	3.1	3.4	3.2
Turkey	1.7	1.9	2.3	2.8	2.9	2.8	2.8	3.3	3.5	:	:
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro ⁽²⁾	:	:	:	:	:	:	:	1.8	2.3	:	:
Serbia	4.8	4.5	4.8	4.5	4.9	5.4	5.4	5.4	6.2	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:

(1) Data refer to calendar years. (2) Estimated values.

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	:	:	:	:	5.0	5.1	5.2	5.1	:	:
Croatia	:	:	:	4.2	4.5	4.2	4.3	4.5	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	3.4	3.4	:	:	:
Turkey	2.6	2.9	3.3	3.1	3.5	3.7	3.6	3.7	3.8	:	:
Albania	3.7	3.3	3.2	3.3	3.1	3.3	3.0	3.1	3.2	3.2	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia (1)	:	4.0	3.3	2.7	2.5	2.5	3.0	3.8	3.5	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:

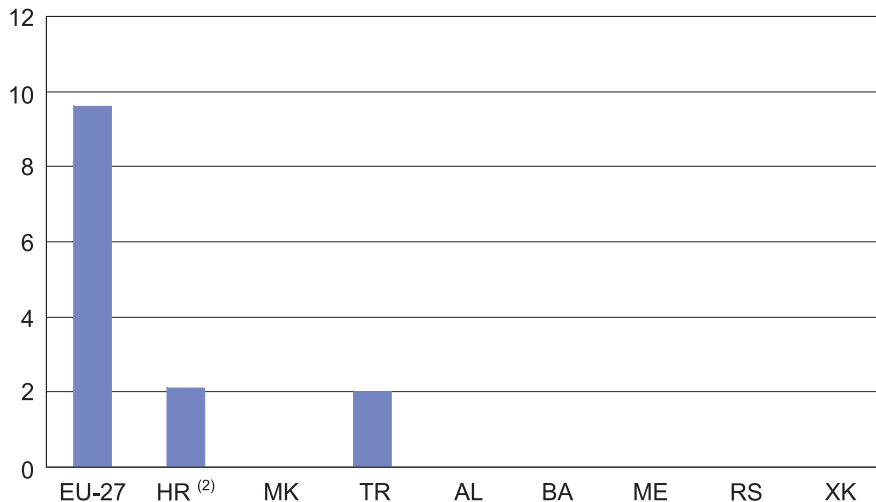
(1) 2004, estimated value.

The Lisbon European Council called for a substantial annual increase in the per capita investment in human resources. In 2004, EU-27 public sector investment in education was equal to 5.1% of GDP, a figure that was higher than in any of the candidate or the potential candidate countries for the last few years, where it was within a range of 3.2% in Albania (data from 2005) to 4.5% in Croatia (data from 2003) of GDP.

It is to be noted that the proportion of the population aged 25-64 participating in education and training in 2006 was much higher (more than 4 times higher) in the EU-27 than in the candidate countries (for which data is available).

Expenditure on Education and Participation in Training

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), 2006 (%) ⁽¹⁾



⁽¹⁾ The former Yugoslav Republic of Macedonia, Albania, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo/UNSCR 1244, not available. ⁽²⁾ 2005 data.

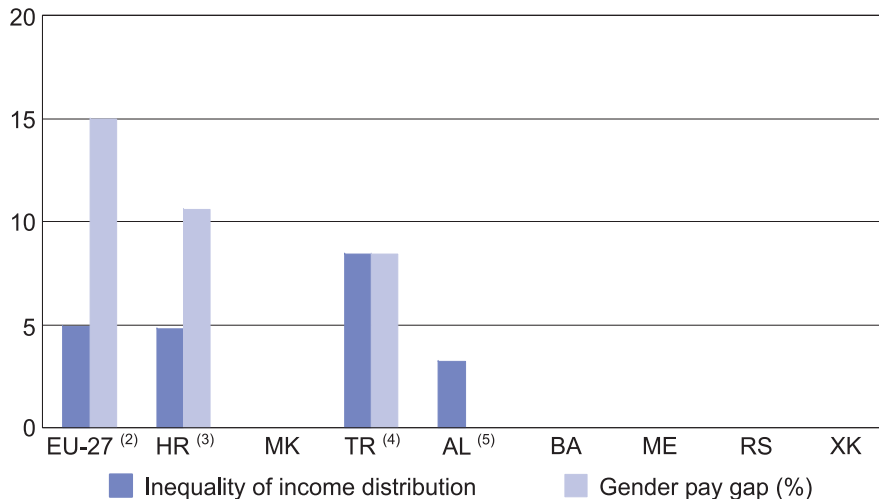
Chapter 3 - Social Indicators



The evolution of wages and salaries over time can be measured by average nominal wages and salaries that include all incomes and remuneration received by employees for their work. To measure the real value of remuneration, wages and salaries are deflated using the consumer price index so that the effects of changes in price levels are also considered.

The gender pay gap is expressed as a percentage of average gross hourly earnings of male paid employees and relates to all paid employees (who work at least 15 hours per week) between the ages of 16 and 64. Note that average hourly earnings are found to be particularly low in sectors that have a high propensity to employ on a part-time basis (for example, retail trade, hotels and restaurants, certain business services, such as cleaning services). These sectors often are also characterised by a relatively high proportion of female employment. This is one of the factors that explains the gender gap. The gender pay gap will also arise from a number of other factors, including sectoral and occupational segregation, education and training, job classifications and pay systems. The inequality of income distribution is defined by the ratio of total income received by the 20% of the population with the highest income (top quintile) to that received by the 20% of the population with the lowest income (lowest quintile). The EU-27 average is 4.9 in 2005, which means that the wealthiest quintile had 4.9 times more income than the poorest. It is noticeable that due to the relative narrowness of the income distribution, the candidate and potential candidate countries (with the exception of Turkey) have a ratio that is close or even lower to the EU-27 mean.

Figure 3.1: Income distribution, 2006 ⁽¹⁾



(1) The former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, Montenegro, Serbia and Kosovo/UNSCR 1244, not available; inequality of income distribution: ratio of top quintile to lowest quintile; Gender pay gap: as a percentage of average gross hourly earnings of male paid employees. (2) 2005 data; Inequality of income distribution: EU-25 data, Eurostat estimate. (3) Inequality of income distribution: 2004 data calculated according to Eurostat document "Methodology of calculation of common cross-sectional EU indicators"; Gender pay gap: 2005 data. (4) Data based on Household Budget Surveys; Inequality of income distribution: 2005 data; Gender pay gap: 2004 data. (5) 2002 data calculated on the basis of consumption per capita.

Table 3.1 : Wages and salaries

	Average nominal monthly wages and salaries (EUR)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	:	:	:	:	:	:	:	:	:	:
Croatia ⁽¹⁾	467.4	527.0	578.6	600.4	637.0	676.4	723.9	742.9	798.4	844.2	905.7
The former Yugoslav Republic of Macedonia	176.1	161.3	153.8	159.4	167.9	173.2	185.0	193.0	200.4	205.5	220.9
Turkey	:	:	:	:	:	:	258.5	290.3	297.9	355.0	:
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina ⁽²⁾	:	:	150.3	175.4	190.2	208.6	228.0	247.5	258.2	275.1	:
Montenegro	:	:	:	:	:	:	76.2	88.9	99.9	109.0	125.8
Serbia	:	:	:	169.7	252.6	146.2	218.5	255.3	283.2	307.7	378.3
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:
	Index of real wages and salaries (2000=100)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	87.2	90.4	92.8	96.0	100.0	104.7	108.9	112.8	116.7	120.2	123.8
Croatia ⁽¹⁾	80.3	87.3	92.4	98.4	100.0	99.2	103.2	106.1	112.2	113.4	116.6
The former Yugoslav Republic of Macedonia	93.1	93.3	96.8	100.3	100.0	98.1	103.0	106.7	111.4	113.6	118.1
Turkey	:	:	:	:	:	:	:	:	:	:	:
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	79.9	103.5	109.7	103.1	100.0	106.0	108.5	109.9	120.6	128.7	144.1
Serbia	116.1	116.7	115.5	94.2	100.0	118.4	154.9	176.5	196.1	209.5	233.3
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:

(1) For the period 1996-2003, the persons employed in crafts, trades and as free-lances, as well as in the police and defence-related activities are excluded; from 2004 onwards the number of persons employed in the police and defence-related activities are included. (2) For 1998-2004: net salary; for 2005, data from Brcko District are included.

Proportion of the population living in jobless households showed that a significant 29.4% of children of the former Yugoslav Republic of Macedonia live in households with no persons in employment as well as almost one quarter of persons aged 18-59 year in 2006 (with an increase of 0.9 percentage points compared to 2003). Moreover, the situation in Serbia between 2004 and 2006 (according to data availability) is deteriorating in both age groups although the quoting shares, with those of Croatia, are more in line with those of the EU-27.

Total household consumption expenditure can be broken down according to COICOP. At its first level, COICOP identifies 12 categories of consumption expenditure. The make-up of household expenditure in the EU-27 has shifted gradually from basic to less basic needs, for example, from products such as food, clothing and housing, towards the consumption of items for transport, leisure, recreation and health.

There was a marked difference between the proportion of total expenditure accounted for by food and non-alcoholic beverages in the EU-27 (12.8%) and the corresponding figures for the candidate and the potential candidate countries, where expenditure on these items ranged between 24.9% in Turkey and 56.4% in Albania of total expenditure (2005 data each). Note that part of this difference may, to some extent, be explained by the relatively low cost of housing in some candidate and potential candidate countries.

Table 3.2 : Proportion of the population living in jobless households (%)

	Children aged 0-17 (as a proportion of all children aged 0-17)		Persons aged 18-59 (as a proportion of all persons aged 18-59)	
	2002	2006	2002	2006
EU-27	10.0	9.7	10.3	9.9
Croatia (1)	10.3	8.7	14.0	12.5
The former Yugoslav Republic of Macedonia (2)	29.4	29.4	23.8	24.7
Turkey	:	:	:	:
Albania	:	:	:	:
Bosnia and Herzegovina	:	:	:	:
Montenegro	:	:	:	:
Serbia (3)	9.3	11.4	10.9	14.4
Kosovo/UNSCR 1244	:	:	:	:

(1) Provisional values. (2) Children aged 0-17: 2004 instead of 2002; persons aged 18-59: 2003 instead of 2002. (3) 2004 instead of 2002.

Table 3.3 : Breakdown of household expenditure, 2006 (%)

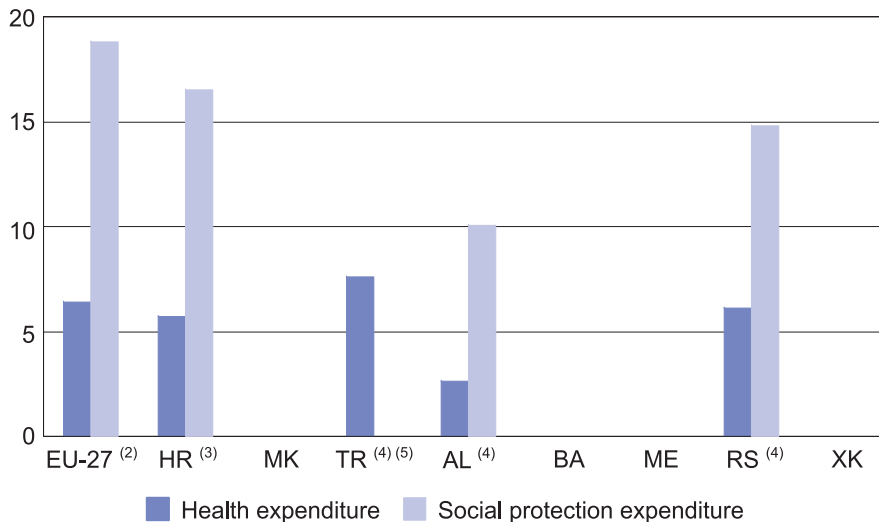
	EU-27 ⁽¹⁾	HR	MK ⁽¹⁾	TR ⁽²⁾	AL ⁽³⁾	BA ⁽⁴⁾	ME	RS	XK ⁽⁵⁾
Total household expenditure (EUR billion)	:	16.8	3.1	:	0.4	8.5	1.0	12.3	:
Food and non-alcoholic beverages (COICOP 01)	12.8	26.6	43.5	24.9	56.4	31.3	42.5	39.0	33.4
Alcoholic beverages, tobacco (COICOP 02)	3.6	3.0	4.2	4.1	4.9	3.6	4.0	4.4	4.2
Clothing and footwear (COICOP 03)	5.8	6.5	7.8	6.2	4.6	5.1	7.9	6.4	6.2
Housing, water, electricity, gas and other fuels (COICOP 04)	21.7	29.6	11.7	25.9	7.9	23.5	12.5	16.1	33.4
Furnishing, household equipment and routine maintenance of the house (COICOP 05)	6.3	4.2	4.9	6.8	2.1	6.9	4.9	4.9	4.3
Health (COICOP 06)	3.5	2.0	3.2	2.2	2.6	3.7	3.1	4.1	2.2
Transport (COICOP 07)	13.5	9.3	6.8	12.6	4.5	9.9	8.7	10.6	6.5
Communication (COICOP 08)	2.8	4.2	4.6	4.3	4.1	2.5	5.7	3.2	2.3
Recreation and culture (COICOP 09)	9.5	5.1	3.8	2.5	1.2	3.8	3.0	4.8	1.2
Education (COICOP 10)	1.0	0.6	0.8	1.9	3.1	1.0	1.2	1.1	0.8
Restaurants and hotels (COICOP 11)	8.9	2.7	4.6	4.4	:	2.6	1.9	1.4	1.3
Personal care (COICOP 12.1)	2.3	3.0	4.0	4.1	6.8	3.5	3.6	2.4	2.1
Other expenditure	8.3	3.3	0.0	0.0	:	2.6	0.9	1.6	2.1

(1) 2005 data. (2) 2005 data based on Household Budget Surveys. (3) 2005 data based on LSMS for all COICOP except for COICOP 06: 2000 data, which includes personal care items - total household expenditures per month (without rent and health); COICOP 04: household expenditures share for utilities without rent. (4) 2004 data; Total household expenditure: source, Household Budget Survey in B&H, 2004. The estimation of number of total population that comes from HBS is less than official data on population used in the demography domain. (5) 1997 data.

Social protection expenditure as a proportion of GDP registered a rate of 18.8% in the EU-27 for 2004, which was 2.3 percentage points higher than the Croatian social expenditure ratio for 2003 and a little less than double the share accounted for Albania in 2005. In any case, it was higher than the rate in any other candidate and potential candidate country (according to data availability). On the other hand, the part of social expenditure attributed to health expenditure relative to GDP amounted to 6.4% in the EU-27 for 2004 and showed a more equal pattern between EU-27 and the other territories where information is available, with shares ranging from 2.6 % for Albania to 7.6% for Turkey for 2005.

Household Consumption Expenditure and Social Expenditure

Figure 3.2: Health and social protection expenditure as a proportion of GDP, 2006 (%) ⁽¹⁾



(1) The former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, Montenegro, and Kosovo/UNSCR 1244, not available. (2) 2004 data. (3) 2003 data. (4) 2005 data. (5) For health, including investment.

Chapter 4 - Labour Force

4

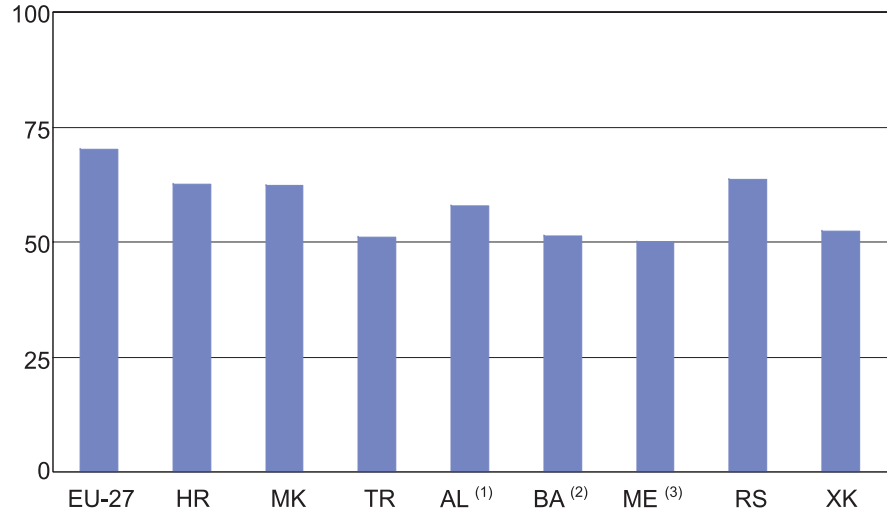
The labour force is made up of employed and unemployed persons, with the economic activity rate being calculated as the ratio of the number of persons that are part of the labour force (either working or seeking work) to the total population aged 15–64. Employment rates measure the proportion of those in work in a certain age group compared with the total population of the same age group.

There are three specific employment guidelines that have been set as benchmark targets for the EU-27 in order to help achieve the Lisbon objectives of making the EU the most competitive and dynamic knowledge-based economy in the world by 2010, while at the same time promoting full employment, quality and productivity at work, social cohesion and inclusion. The targets relate to employment rates, with the goal of achieving an overall employment rate of at least 70%, one of at least 60% among women, and at least 50% for older people (aged 55-64).

Between 1996 and 2006, the employment rate in the EU-27 followed an upward trend with a period of stagnation over the period 2001-2003 (reaching a value of 64.4% in 2006). The candidate and potential candidate countries all registered lower employment rates in comparison to EU-27, ranging from 55.6% in Croatia to 28.7% in Kosovo/UNSCR 1244 for 2006.

Employment Rates and Activity Rates

Table 4.1 : Employment rate - proportion of the population aged 15-64 that is in employment (%)



(1) 2005 data. (2) Source: Labour Force Survey. (3) 2005 data; age group refers to '15+'.

Table 4.1 : Employment rate - proportion of the population aged 15-64 that is in employment (%)

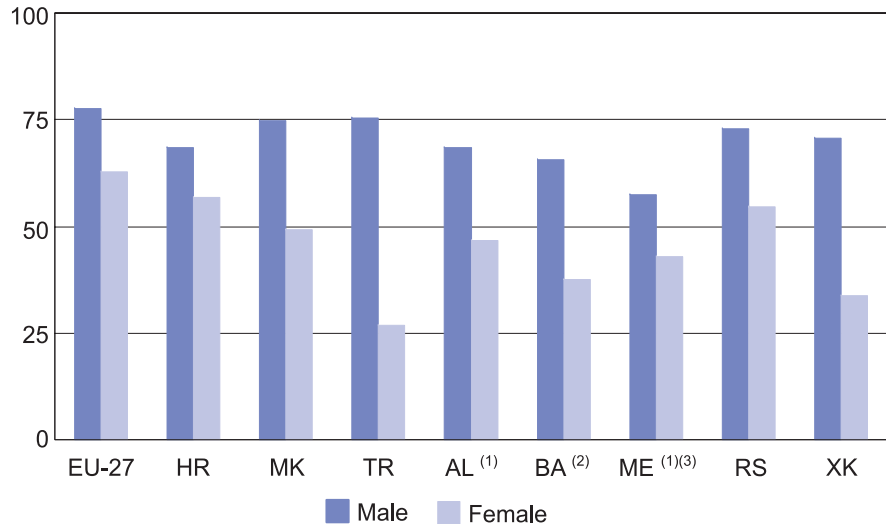
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	60.7	61.2	61.8	62.2	62.5	62.3	62.5	62.9	63.4	64.4
Croatia ⁽¹⁾	58.7	57.1	55.3	53.2	51.3	51.8	53.4	53.4	54.7	55.0	55.6
The former Yugoslav Republic of Macedonia	:	:	39.6	40.2	40.3	42.6	40.4	38.5	36.8	37.9	39.6
Turkey	52.5	51.3	51.4	50.8	48.9	47.8	46.7	45.5	46.1	45.9	45.9
Albania ⁽²⁾	:	:	:	55.7	55.0	52.1	52.1	51.1	50.3	49.7	:
Bosnia and Herzegovina ⁽³⁾	:	:	:	:	:	:	:	:	:	:	35.0
Montenegro ⁽⁴⁾	39.0	38.2	38.8	39.2	38.5	37.1	37.7	36.2	37.4	34.8	:
Serbia	59.0	57.8	58.2	58.3	59.2	59.7	58.5	57.9	53.4	51.0	49.9
Kosovo/UNSCR 1244	:	:	:	:	:	19.6	23.8	25.3	27.7	28.5	28.7

(1) 1996 to 2001: second half of the year. (2) Break in series starting with 2001 due to the change of data source. (3) Source for 2006: Labour Force Survey. (4) Age group refers to '15+'.

Male activity rates are higher than female activity rates, as men have traditionally worked while women have been more likely to stay at home taking care of the house, children and other dependants. There has been an increase in female employment rates in the EU-27 in recent years, a rise of nearly 6 percentage points compared to 1997 whilst the male employment rate rose by 1.6 percentage points only. In several candidate and potential candidate countries (Turkey, Albania, Montenegro and Serbia) female employment rates tend to show a decreasing trend in the last years, often falling from what were already relatively low levels.

Employment Rates and Activity Rates by Gender

Figure 4.2: Economic activity rates - proportion of the population aged 15-64 that is economically active, 2006 (%)



(1) 2005 data. (2) Source for 2006: Labour Force Survey. (3) Age group refers to '15+'.

Table 4.2 : Employment rates by gender

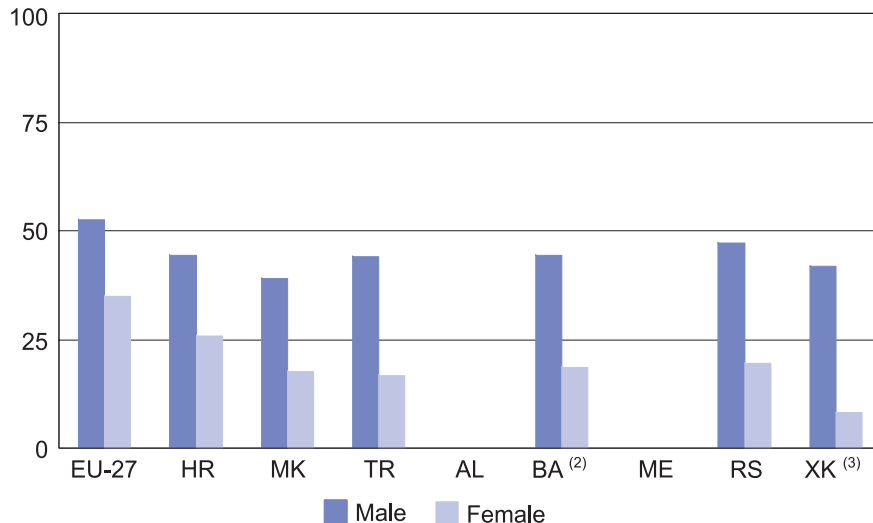
Male employment rate: proportion of the male population aged 15-64 that is in employment (%)											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	70.0	70.3	70.7	70.8	70.9	70.3	70.3	70.3	70.8	71.6
Croatia ⁽¹⁾	65.8	63.6	61.7	59.0	57.4	59.0	60.5	60.3	61.8	61.7	62.0
The former Yugoslav Republic of Macedonia	:	:	49.8	49.4	49.7	50.6	48.6	45.6	44.4	45.4	48.3
Turkey	74.9	74.8	74.3	72.7	71.7	69.3	66.9	65.9	67.9	68.2	68.0
Albania ⁽²⁾	:	:	:	69.0	66.0	64.0	63.9	62.6	61.2	60.0	:
Bosnia and Herzegovina ⁽³⁾	:	:	:	:	:	:	:	:	:	:	46.1
Montenegro ⁽⁴⁾	48.0	47.4	48.8	47.3	46.2	45.6	46.6	44.5	46.5	42.4	:
Serbia	67.4	66.8	66.3	67.1	68.2	68.6	67.1	67.0	63.1	61.2	59.2
Kosovo/UNSCR 1244	:	:	:	:	:	31.1	39.4	42.8	46.4	45.8	46.1
Female employment rate: proportion of the female population aged 15-64 that is in employment (%)											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	51.4	52.0	53.0	53.7	54.3	54.4	54.8	55.4	56.2	57.2
Croatia ⁽¹⁾	51.9	50.9	49.4	47.8	45.5	44.9	46.7	46.7	47.8	48.6	49.4
The former Yugoslav Republic of Macedonia	:	:	29.3	30.9	30.9	34.5	32.0	31.3	28.9	30.1	30.7
Turkey	30.3	28.0	28.5	28.9	26.2	26.3	26.6	25.2	24.3	23.7	23.8
Albania ⁽²⁾	:	:	:	42.3	44.1	39.6	39.7	39.1	38.9	38.8	:
Bosnia and Herzegovina ⁽³⁾	:	:	:	:	:	:	:	:	:	:	24.0
Montenegro ⁽⁴⁾	31.0	29.3	29.1	31.4	30.6	29.0	29.0	28.1	28.8	27.6	:
Serbia	50.7	49.1	50.3	49.8	50.4	50.8	50.0	48.7	44.0	40.8	40.6
Kosovo/UNSCR 1244	:	:	:	:	:	8.1	8.8	8.3	9.9	11.7	11.8

(1) 1996 to 2001 : second half of the year. (2) Break in series starting with 2001 due to the change of data source. (3) Source for 2006: Labour Force Survey. (4) Age group refers to '15+'.

Employment rates among older workers in the EU-27 rose to 43.5% in 2006, which was above the levels found in the candidate and potential candidate countries (where data is available), varying from 34.3% in Croatia to 27.9% in the former Yugoslav Republic of Macedonia. In all territories, the employment rate among older workers rose in 2006 with the exception of Turkey and Serbia, the latter showing a fall of 2.8 percentage points compared to 2005. It is notable that the EU-27 registered a relevant upward trend over the period 1997-2006 whereas Turkey and Serbia were the most significant countries to have a pronounced downward trend during the same period.

Employment Rates for Older Workers (aged 55-64)

Figure 4.3: Employment rates of older workers - proportion of the population aged 55-64 that is economically active, 2006 (%)⁽¹⁾



(1) Albania and Montenegro, not available. (2) Source: Labour Force Survey with population aged 50-64. (3) 2005 data; Source: "Labour Market Statistics 2005".

Table 4.3 : Employment rate of older workers - proportion of the population aged 55-64 that is in employment (%)

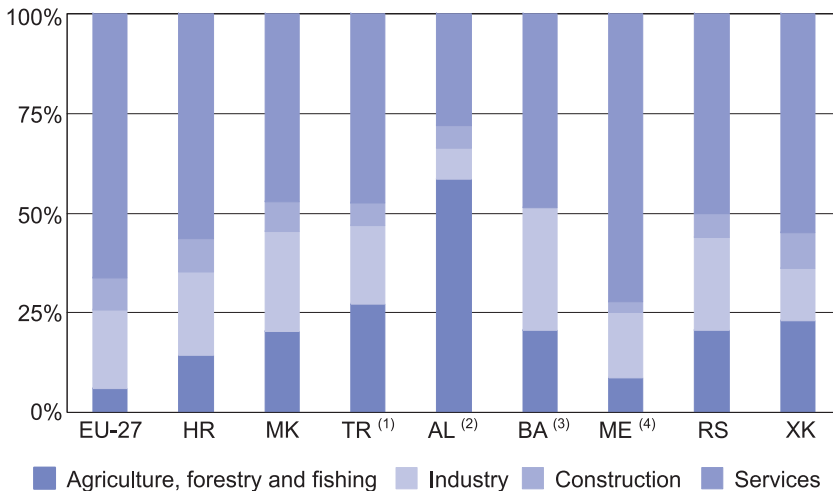
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	36.2	36.2	36.5	36.9	37.7	38.5	40.0	40.7	42.3	43.5
Croatia ⁽¹⁾	31.1	29.1	25.6	25.9	24.2	23.7	24.8	28.4	30.1	32.6	34.3
The former Yugoslav Republic of Macedonia	:	:	26.0	26.3	26.2	27.7	25.8	28.5	24.5	26.2	27.9
Turkey	41.6	40.5	41.1	39.3	36.4	35.9	35.3	32.7	33.1	30.8	30.1
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina ⁽²⁾	:	:	:	:	:	:	:	:	:	:	30.6
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	42.4	39.6	40.5	42.3	43.3	42.1	42.0	44.3	37.3	35.4	32.6
Kosovo/UNSCR 1244 ⁽³⁾	:	:	:	:	:	:	18.4	20.1	23.9	25.2	:

(1) 1996 to 2001: second half of the year. (2) 2006, source: "Labour Force Survey" with population aged 50-64. (3) Source from 2002 to 2005: "Labour Market Statistics".

The information presented on the level of total employment provides a sum of the number of persons in employment (employees and the self-employed). Over the period 2000-2006, the annual average growth rate in the EU-27 was 0.97 %, and lower rates were observed from 2002 to 2004, whereas it was just above the average in 2001. Nevertheless, in 2005 and 2006 the growth rate of employed people produced relevant values of 1.86% and 2.06% respectively, the highest growth rates of the period. In the candidate and potential candidate countries, the largest contraction in the workforce between 1996 and 2006 was recorded in Serbia (reaching an annual average growth rate of -2.2%), and Albania with -2% (for the period 1996-2005), while Turkey and Croatia were the only territories to report a net increase in employment levels (with annual average growth rates of 0.52% and 0.3% respectively).

The breakdown of employment between different economic sectors shows great disparity between the EU-27 and the majority of the other territories. The services sector employed a higher proportion of persons in the EU-27 and in Montenegro for 2005, while agriculture, forestry and fishing employed a considerably higher proportion of persons in the candidate and potential candidate countries. Services employed almost two thirds of the workforce in the EU-27 and nearly three quarters in Montenegro, while in Albania the corresponding proportion was just over one quarter. On the other hand, 5.9% of those employed in the EU-27 worked in agriculture, forestry and fishing, compared with 58.48% in Albania.

Figure 4.4: Breakdown of employment, 2006 (% of total)



(1) Weighted annual Labour Force Survey (LFS) results; services defined as NACE Sections G to Q. (2) 2005 data. (3) Source: Labour Force Survey; industry: including construction. (4) 2005 data.

Table 4.4: Total number of persons in employment (thousands)

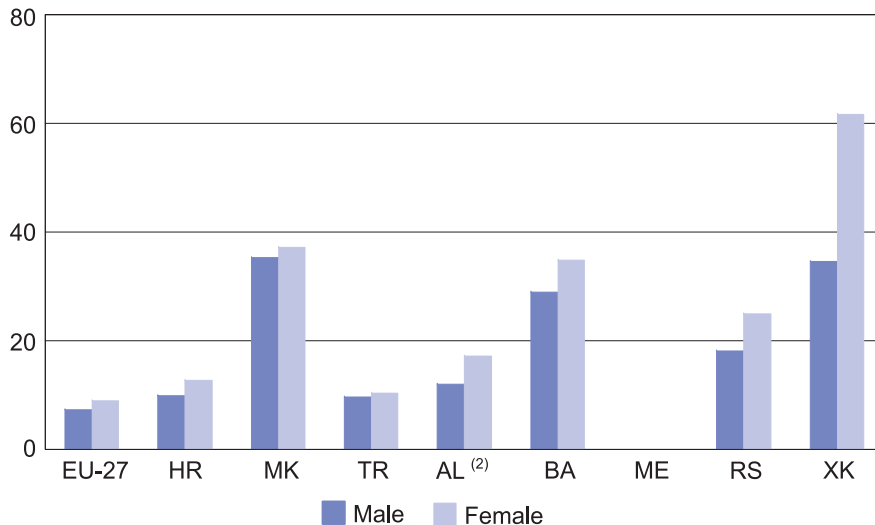
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	:	:	:	201 843	204 112	204 166	205 135	205 664	209 917	213 824
Croatia ⁽¹⁾	1 539	1 587	1 547	1 478	1 570	1 478	1 521	1 538	1 583	1 573	1 586
The former Yugoslav Republic of Macedonia ⁽²⁾	:	:	:	:	:	599	561	545	523	545	570
Turkey ⁽³⁾	21 195	21 204	21 779	22 050	21 582	21 525	21 354	21 146	21 790	22 046	22 330
Albania ⁽⁴⁾	1 116	1 107	1 085	1 065	1 068	920	920	926	931	932	:
Bosnia and Herzegovina ⁽⁵⁾	:	:	:	:	:	:	:	:	:	640	811
Montenegro ⁽⁶⁾	183	179	180	185	182	177	178	168	187	179	:
Serbia	3 273	3 137	3 139	3 103	3 094	3 106	3 000	2 919	2 931	2 733	2 631
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:

(1) 1996 to 2001: number of employed persons during the second half of the year. (2) Total employment includes NACE Sections A to Q. (3) 2000 to 2004: estimates. (4) Break in series starting with 2001 due to the change of data source. (5) Source for 2006: Labour Force Survey; for 2005: yearly average; Monthly survey (RAD-1). (6) From 2004 a new methodology is used, which is harmonised with the EU requirements.

Unemployment rates measure those persons aged 15 to 74 who are not in employment but are actively seeking work. In other words, the unemployment rate is the proportion of unemployed persons relative to all the persons who are in the labour force (employed or seeking employment). While unemployment rates give an overall picture of the failure to match supply and demand in the labour market, labour market policies are increasingly focusing on indicators such as ratios of those moving from long-term unemployment or inactivity into employment, or those moving from temporary into permanent employment, and those moving from low paid into higher paid employment.

The EU-27's unemployment rate was 7.9% in 2006. After rising from 2001 to 2003, this level is now the lowest since 2000. In the candidate and potential candidate countries, unemployment rates were relatively high, with values of 44.9% in Kosovo/UNSCR 1244, 36% in the former Yugoslav Republic of Macedonia and 31.1% in Bosnia and Herzegovina in 2006. Montenegro was just below this level in 2005 (30.3%) with Serbia in 2006 (21%), followed by Croatia and Turkey with unemployment rates of 11.1% and 9.9% respectively.

Figure 4.5: Unemployment rates, 2006 (%) ⁽¹⁾



(1) Montenegro, not available. (2) 2005 data; Administrative data; unemployment refers to registered unemployment.

Table 4.5 : Unemployment rate - proportion of the labour force aged 15-74 that is in unemployment (%)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	:	:	:	8.6	8.4	8.8	9.0	9.0	8.7	7.9
Croatia ⁽¹⁾	10.0	10.0	11.7	14.5	17.0	16.3	14.7	14.1	13.6	12.6	11.1
The former Yugoslav Republic of Macedonia	:	:	34.5	32.4	32.2	30.5	31.9	36.7	37.2	37.3	36.0
Turkey	6.6	6.8	6.9	7.7	6.5	8.4	10.3	10.5	10.3	10.3	9.9
Albania ⁽²⁾	:	:	:	18.4	16.8	16.4	15.8	15.0	14.4	14.1	:
Bosnia and Herzegovina ⁽³⁾	:	:	:	39.4	39.7	40.0	41.1	41.6	41.8	43.9	31.1
Montenegro	21.3	21.8	18.5	19.3	19.3	21.2	20.7	22.7	27.7	30.3	:
Serbia	13.1	13.3	14.0	14.5	13.3	13.3	14.5	16.0	18.7	21.1	21.0
Kosovo/UNSCR 1244	:	:	:	:	:	57.1	55.0	49.7	39.7	41.4	44.9

(1) 1996 to 2001: second half of the year. (2) Administrative data; unemployment refers to registered unemployment. (3) Source for 2006: Labour Force Survey; from 1999 to 2005, the unemployment rate is not calculated using the ILO methodology. The number of unemployed people is taken from the Bureau for Employment; from 2005 onwards, the figure includes data from Brcko District.

The youth unemployment rate is defined as the proportion of young persons aged 15 to 24 who are unemployed. In the EU-27, the youth unemployment rate (17.3%) in 2006 was more than double the unemployment rate. A similar picture was observed in the candidate and potential candidates countries, as youth unemployment ranged from 1.7 times higher than the general unemployment rate in the former Yugoslav Republic of Macedonia and in Kosovo/UNSCR 1244 to 2.6 times higher in Croatia.

Long-term unemployment is defined as the proportion of the labour force that has been unemployed for 12 months or more. It is one of the most persistent social issues facing industrialised economies. About 45% of the unemployed in the EU-27 were unemployed for a year or more in 2006.

Two groups in the workforce are disproportionately prone to long-term unemployment. The most significant group is that of older workers (particularly those who lose their jobs in traditional industrial sectors), whose share in long-term unemployment would be even greater if there were not high rates of withdrawal from the labour force due to factors such as early retirement. Also, female long-term unemployment rates tend to be higher than male rates both in EU-27 and in all candidate and potential candidate countries where data is available, the proportion being almost 1.8 in Kosovo/UNSCR 1244.

Youth and Long-term Unemployment Rates

Table 4.6: Long-term unemployment rate - proportion of the labour force aged 15-74 that has been unemployed for more than 12 months, 2006 (%)

	Total	Male	Female
EU-27	3.6	3.3	4.0
Croatia	6.7	5.8	7.7
The former Yugoslav Republic of Macedonia	31.1	30.5	32.1
Turkey	3.5	3.2	4.6
Albania	:	:	:
Bosnia and Herzegovina ⁽¹⁾	28.4	26.7	30.8
Montenegro	:	:	:
Serbia	17.0	13.9	21.0
Kosovo/UNSCR 1244	41.1	31.5	56.5

(1) Source: Labour Force Survey 2006; data refers to unemployed for 24-59 months.

Table 4.7 : Youth unemployment rate - proportion of the labour force aged less than 25 that is in unemployment (%)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	:	:	:	17.6	18.0	18.6	18.8	18.9	18.4	17.3
Croatia ⁽¹⁾	26.7	28.5	31.0	39.2	43.1	41.7	34.4	35.8	33.8	32.0	28.8
The former Yugoslav Republic of Macedonia	:	:	70.9	62.9	59.9	56.1	58.4	65.7	64.8	62.6	59.8
Turkey	13.5	14.3	14.2	15.0	13.1	16.2	19.2	20.5	19.7	19.3	18.7
Albania ⁽²⁾	:	:	:	:	:	:	26.8	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	52.2	46.7	50.6	53.2	50.2	46.4	45.3	44.8	48.1	47.7	47.8
Kosovo/UNSCR 1244	:	:	:	:	:	80.0	77.7	74.9	66.5	70.5	75.5

(1) Second half of the year. (2) Based on the Living Conditions Survey of 1998 and the Living Standards Measurement Study of 2002.

Chapter 5 - National Accounts

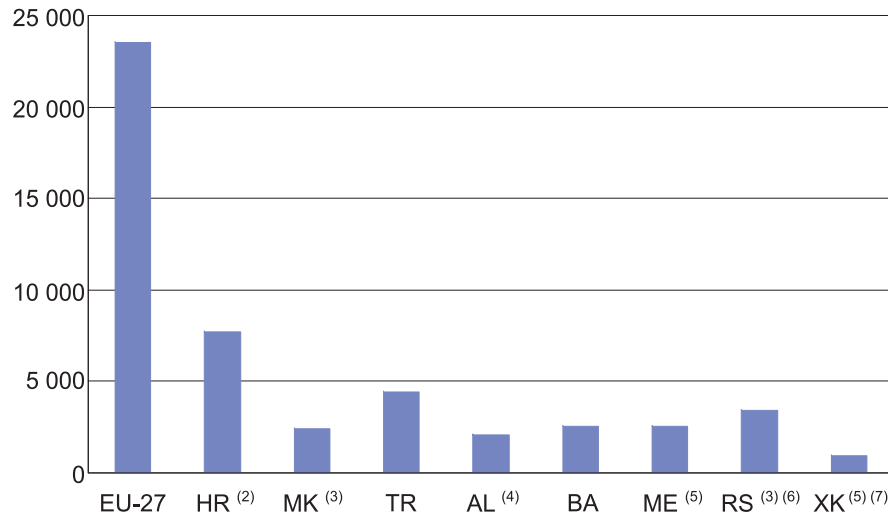
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Gross domestic product (GDP) is the central aggregate of national accounts (as defined in ESA95). The candidate and potential candidate countries together accounted for the equivalent of 3.5% of EU-27 in 2006 (data for 2005 or 2004 is included for Albania, Montenegro and Kosovo/UNSCR 1244 where applicable).

GDP growth in constant prices was considerably higher in most of the candidate and potential candidate countries when compared with data for the EU-27 during the period 2000 to 2006. On average, EU-27 growth was 2.2% over this seven-year period, less than half the growth in Croatia. GDP growth in Bosnia and Herzegovina (for the period 2004-2006), Serbia and Turkey reached an average of over 5% during this period, whereas Albania recorded, for the period 2000 to 2005, an average growth slightly above 6%.

Croatia had the highest GDP per capita amongst the candidate and potential candidate countries in 2006, with 7700 euro per inhabitant, which was just below 33% of the EU-27 level. The next country in the ranking was Turkey, with about 4400 euro per inhabitant, corresponding to only 57% of Croatia's value, closely followed by Serbia with about 3400 euro per inhabitant. Except for Kosovo/UNSCR 1244, which displayed the lowest GDP per inhabitant, the remaining countries had comparable values, ranging between 2100 and 2500 euro per inhabitant.

Figure 5.1: GDP per capita, 2006 (EUR) ⁽¹⁾



(1) Except for EU-27, values have been calculated using the GDP in euro and population as of 1st January. (2) Based on quarterly values. (3) Estimated value. (4) 2005 data; provisional value. (5) 2004 data. (6) Excluding Kosovo and Metohia. (7) Sources: IMF

Table 5.1: GDP

	GDP (EUR million)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	7 352 748	7 759 404	8 130 268	8 545 302	9 159 613	9 535 688	9 893 477	10 057 393	10 555 181	10 990 754	11 583 403
Croatia ⁽¹⁾	:	17 789	19 272	18 677	19 955	22 138	24 448	26 216	28 677	31 260	34 212
The former Yugoslav Republic of Macedonia ⁽²⁾	:	3 310	3 193	3 448	3 893	3 839	4 001	4 105	4 325	4 676	4 957
Turkey	:	169 009	178 365	173 097	216 736	161 836	192 803	212 268	242 262	290 503	318 586
Albania ⁽³⁾	:	:	2 419	3 209	3 945	4 541	4 705	5 048	5 883	6 582	:
Bosnia and Herzegovina ⁽⁴⁾	:	:	:	:	5 477	5 930	6 559	7 416	8 071	8 655	9 769
Montenegro ⁽⁵⁾	:	:	:	:	1 022	1 245	1 302	1 392	1 565	:	:
Serbia ^{(2) (3) (6)}	:	:	:	:	:	13 186	16 811	18 007	19 723	21 113	25 499
Kosovo/UNSCR 1244 ^{(7) (8)}	:	:	:	:	:	1 624	1 735	1 797	1 895	:	:
	GDP growth - based on constant price national currency series (%)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	1.8	2.7	2.9	3.0	3.8	2.0	1.2	1.3	2.5	1.8	3.0
Croatia ⁽¹⁾	5.9	6.8	2.5	-0.9	2.9	4.4	5.6	5.3	4.3	4.3	4.8
The former Yugoslav Republic of Macedonia ⁽²⁾	1.2	1.4	3.4	4.3	4.5	-4.5	0.9	2.8	4.1	4.1	3.1
Turkey	7.0	7.5	3.1	-4.7	7.4	-7.5	7.9	5.8	8.9	7.4	6.1
Albania ⁽³⁾	9.1	-10.8	9.0	13.5	6.7	7.9	4.2	5.8	5.7	5.8	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	6.3	4.3	6.2
Montenegro ⁽⁹⁾	:	:	:	:	3.1	-0.2	1.7	2.4	4.2	4.0	:
Serbia ^{(2) (3) (6)}	:	:	:	:	4.5	4.8	4.2	2.5	8.4	6.2	5.7
Kosovo/UNSCR 1244 ⁽⁸⁾	:	:	:	:	:	:	1.2	3.1	3.2	:	:

(1) 2005-2006, data based on quarterly values. (2) 2006, estimated value. (3) 2005, provisional value. (4) 2000-2002, the value of non-observed economic activities is not included. (5) 2000-2001, estimated values. (6) Excluding Kosovo and Metohia. (7) Sources: IMF (8) 2004, forecast; 2002-2003, provisional values. (9) 2000-2003, estimated values.

The proportion of GDP accounted for by final consumption expenditure in the EU-27 remained basically stable during the period 1996 to 2006. The share of final consumption expenditure in GDP tended to be higher than the EU-27 in most candidate and potential candidate countries, with the exception of Croatia, where it remained slightly below EU levels from 2004 onwards.

The breakdown of GDP shows that final consumption expenditure by general government accounted for a higher proportion of GDP in the EU-27 than in all candidate countries. Serbia and, in 2004, Montenegro and Kosovo/UNSCR 1244, show a higher proportion of final consumption expenditure by general government than EU-27, with Kosovo/UNSCR 1244 displaying a share more than twice the EU-27 figure. Final consumption expenditure by households and non-profit institutions serving households (NPISH) usually accounted for a lower share of GDP in the EU-27 (except when compared with Croatia).

Investment, as measured by gross capital formation, accounted for about 21.1% of the EU-27's GDP in 2006. At the same time, the latest information available for the gross capital formation relative to GDP showed that in most candidate and potential candidate countries this share was significantly higher than in the EU-27 (except for the former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, and Montenegro).

Final Consumption Expenditure and Breakdown of GDP

Table 5.2: Breakdown of GDP, 2006 (% share of GDP)

	Final consumption expenditure: households and NPISH	Final consumption expenditure: general government	Gross capital formation	Imports of goods & services	Exports of goods & services
EU-27	57.8	20.8	21.1	39.3	39.6
Croatia (1) (2)	56.0	20.1	32.8	56.8	47.9
The former Yugoslav Republic of Macedonia (3)	77.7	18.8	20.7	62.0	44.7
Turkey	69.4	13.7	24.9	37.5	29.5
Albania (3) (4)	76.2	10.8	37.6	47.3	22.8
Bosnia and Herzegovina	87.4	19.4	20.5	60.8	33.5
Montenegro (5)	73.6	29.0	14.4	62.0	44.8
Serbia (6) (7)	70.1	20.9	28.2	46.3	27.1
Kosovo/UNSCR 1244 (2) (8)	93.5	47.2	27.9	78.6	10.0

(1) Based on quarterly values (2) 'Final consumption expenditure, households and NPISH': without NPISH. (3) 2005 data. (4) Provisional values. (5) 2004 data; the sum of GDP aggregates according to the expenditure approach is not equal to 100 due to rounding problems. (6) Estimated values. (7) Excluding Kosovo and Metohia. (8) Sources: IMF, 2004 forecast.

Table 5.3: Final consumption expenditure, as a proportion of GDP (%)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	78.7	78.2	77.9	78.2	78.4	78.7	78.8	79.2	78.9	79.1	78.6
Croatia ⁽¹⁾	87.5	88.2	85.5	85.4	84.9	82.1	81.9	79.7	78.3	77.4	76.1
The former Yugoslav Republic of Macedonia	90.2	92.6	92.6	90.3	92.6	94.8	99.5	97.0	98.9	96.5	:
Turkey	81.2	80.6	79.9	81.6	83.4	81.8	80.2	80.5	79.9	81.6	83.1
Albania ⁽²⁾	106.7	107.5	102.4	92.7	86.0	80.9	86.0	86.1	89.2	87.0	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	112.0	111.9	:
Montenegro ⁽³⁾	:	:	:	:	93.5	101.6	108.0	102.7	102.7	100.7	:
Serbia ⁽⁴⁾	:	94.8	98.5	96.3	97.3	103.5	103.5	98.9	90.5	88.2	91.0
Kosovo/UNSCR 1244	:	:	:	:	:	163.1	151.6	147.5	140.7	:	:

(1) 2005-2006, based on quarterly values, without NPISH. (2) 2005, provisional value. (3) 2000-2003, estimated values. (4) From 1999 onwards, excluding Kosovo and Metohia; 2006, estimated value.

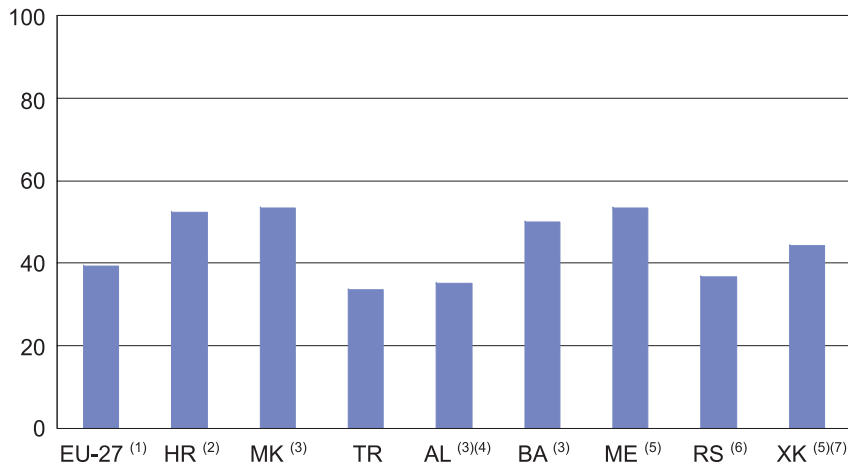
Relatively small territories (in terms of land area and population) will tend to display higher levels of trade integration than larger territories. Imports and exports are essential because small territories produce a limited number of goods and services and because of their close geographical proximity to neighbouring territories.

External trade statistics can be used to show how open each economy is, the extent to which an economy satisfies its own consumption or relies on imports, and the attractiveness of each economy's goods and services for export. The average (simple arithmetic mean) of imports and exports of goods and services as a proportion of GDP is an alternative measure of trade integration: the higher the indicator, the more integrated an economy within the international economy.

During the period 1996 to 2006, each of the candidate and potential candidate countries reported a trade deficit (apart from Turkey in 2001), while in the EU-27 a surplus for goods and services was posted. The former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, Montenegro and Kosovo/UNSCR 1244 were particularly reliant upon imports.

In 2006, the average of imports and exports relative to GDP registered a value of 39.45% for the EU-27 and lower levels were reported in Serbia, Albania in 2005 and Turkey, with differences from 2.6 to 6 percentage points when compared with EU-27. On the other hand, according to the latest data available, higher values were posted for the former Yugoslav Republic of Macedonia (2005) and Montenegro (2004) - both countries registering the highest average, of slightly above 53% - and then for Croatia, Bosnia and Herzegovina (2005) and Kosovo/UNSCR 1244 (2004).

Figure 5.2: Average of exports and imports, relative to GDP, 2006 (%)



(1) Including intra EU trade. (2) Based on quarterly values. (3) 2005 data. (4) Provisional value. (5) 2004 data. (6) Excluding Kosovo and Metohia. (7) Forecast.

Table 5.4: External trade

	Exports of goods and services, relative to GDP (%)											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
EU-27 ⁽¹⁾	30.1	32.0	32.4	32.6	36.1	36.2	35.4	34.7	35.9	37.3	39.6	
Croatia ⁽²⁾	40.2	41.1	39.6	40.9	47.1	48.4	45.3	47.1	47.5	47.1	47.9	
The former Yugoslav Republic of Macedonia	28.2	37.3	41.2	42.2	48.6	42.7	38.0	37.9	40.2	44.7	:	
Turkey	22.2	24.7	23.8	21.7	23.4	32.0	29.2	27.5	29.1	27.8	29.5	
Albania ⁽³⁾	11.2	9.7	10.8	15.8	17.9	18.4	19.6	20.4	22.0	22.8	:	
Bosnia and Herzegovina ⁽⁴⁾	:	:	:	:	:	:	:	:	27.8	30.7	:	
Montenegro ⁽⁵⁾	:	:	:	:	38.4	40.0	37.0	33.2	44.8	:	:	
Serbia ^{(6) (7)}	:	17.3	21.2	11.1	10.5	21.7	19.9	20.6	22.2	26.0	27.1	
Kosovo/UNSCR 1244 ⁽⁸⁾	:	:	:	:	:	16.6	12.5	10.4	10.0	:	:	
	Imports of goods and services, relative to GDP (%)											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
EU-27 ⁽¹⁾	28.4	30.1	30.9	31.7	35.9	35.4	33.9	33.5	34.8	36.7	39.3	
Croatia ⁽²⁾	49.7	56.8	49.2	49.3	52.3	54.5	56.4	57.9	56.4	55.5	56.8	
The former Yugoslav Republic of Macedonia	38.5	50.8	56.1	52.2	63.5	56.6	58.2	54.8	60.5	62.0	:	
Turkey	28.7	30.5	27.2	25.1	30.7	29.7	30.6	30.8	35.0	34.4	37.5	
Albania ⁽³⁾	32.0	34.2	34.6	32.2	38.1	39.0	44.3	45.1	44.4	47.3	:	
Bosnia and Herzegovina ⁽⁴⁾	:	:	:	:	:	:	:	:	66.9	69.6	:	
Montenegro ⁽⁵⁾	:	:	:	:	53.3	64.5	62.6	51.0	62.0	:	:	
Serbia ^{(6) (7)}	:	24.3	29.9	17.8	16.3	41.3	40.7	42.2	50.6	47.6	46.3	
Kosovo/UNSCR 1244 ⁽⁸⁾	:	:	:	:	:	120.4	98.6	87.1	78.6	:	:	

(1) Including intra EU trade. (2) 2005-2006, based on quarterly values. (3) 2005, provisional value. (4) 2004-2005, estimated values. (5) 2000-2003, estimated values. (6) From 1999 onwards, excluding Kosovo and Metohia; 2006, estimated value. (7) 1997-2004: delivery to the other republic data included. (8) 2004, forecast; 2002-2003, provisional values. (9) 1997-2004: purchase from the other republic data included.

Table 5.5: Breakdown of gross value added (% of total)

	Agriculture, forestry and fishing										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	2.9	2.8	2.7	2.5	2.4	2.4	2.3	2.2	2.2	1.9	1.8
Croatia ⁽¹⁾	10.0	9.3	9.4	9.6	8.8	9.0	8.7	7.0	7.5	7.3	7.1
The former Yugoslav Republic of Macedonia	:	12.8	13.2	12.9	12.0	11.8	12.4	13.4	13.2	12.8	:
Turkey	15.9	13.6	16.9	14.6	13.6	11.4	11.4	11.6	11.1	10.1	9.0
Albania ⁽²⁾	36.6	31.6	28.8	25.8	25.5	23.6	23.4	23.5	22.3	20.7	:
Bosnia and Herzegovina	:	:	:	:	11.8	11.5	10.8	9.7	10.5	10.3	10.1
Montenegro ⁽³⁾	:	:	:	:	13.0	12.6	12.9	12.5	11.5	:	:
Serbia ⁽⁴⁾	:	16.0	15.4	18.8	19.8	19.8	14.8	13.1	13.7	11.9	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:
	Industry										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	23.4	23.3	23.1	22.4	22.4	21.7	21.1	20.5	20.3	20.2	20.2
Croatia ⁽¹⁾	25.6	25.9	25.0	24.6	24.7	24.3	23.0	22.8	23.4	23.8	23.5
The former Yugoslav Republic of Macedonia	:	28.4	27.1	26.5	26.9	26.1	24.2	24.4	22.7	23.1	:
Turkey	24.2	24.2	21.4	21.9	22.5	24.2	24.2	23.8	23.8	24.3	24.6
Albania ⁽²⁾	9.9	8.8	7.4	7.3	7.8	7.3	6.9	8.7	10.0	9.7	:
Bosnia and Herzegovina	:	:	:	:	20.3	20.0	18.7	19.2	19.4	19.3	19.1
Montenegro ⁽³⁾	:	:	:	:	20.0	22.0	21.1	20.8	20.2	:	:
Serbia ⁽⁴⁾	:	22.9	22.6	23.2	25.8	24.4	23.7	22.5	23.5	23.2	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:

(1) 2005-2006, based on quarterly values. (2) 2005, provisional value. (3) 2000-2003, without Financial Intermediation Services Indirectly Measured (FISIM); source for 2004: Statistical Yearbook 2006; 2000-2003, estimated values. (4) From 1999 onwards, excluding Kosovo and Metohia.

Table 5.5: Breakdown of gross value added (% of total) (continued)

	Construction											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
EU-27	5.8	5.6	5.5	5.6	5.6	5.6	5.7	5.7	5.8	5.9	6.0	6.2
Croatia ⁽¹⁾	6.6	7.1	6.6	5.3	4.6	4.9	5.3	6.3	6.6	6.5	6.8	
The former Yugoslav Republic of Macedonia	:	6.2	6.7	6.1	6.8	6.0	6.0	6.3	6.5	6.6	:	
Turkey	5.6	5.8	5.6	5.4	5.1	4.8	3.9	3.3	3.4	4.2	5.1	
Albania ⁽²⁾	5.1	6.1	5.0	6.0	8.3	10.4	12.0	13.7	13.9	14.3	:	
Bosnia and Herzegovina	:	:	:	:	5.2	4.7	4.6	5.2	4.9	5.0	4.8	
Montenegro ⁽³⁾	:	:	:	:	4.5	4.1	4.3	3.6	3.6	:	:	
Serbia ⁽⁴⁾	:	4.0	4.3	3.6	3.6	3.2	3.4	4.2	4.8	4.5	:	
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:	
	Services											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
EU-27	68.0	68.3	68.8	69.4	69.7	70.2	71.0	71.6	71.7	71.9	71.9	71.7
Croatia ⁽¹⁾	57.8	57.8	59.0	60.4	61.9	61.8	63.1	63.9	62.5	62.4	62.6	
The former Yugoslav Republic of Macedonia	:	52.7	52.9	54.5	54.2	56.1	57.5	56.0	57.7	57.6	:	
Turkey	54.3	56.4	56.1	58.1	58.8	59.6	60.5	61.3	61.7	61.4	61.3	
Albania ⁽²⁾	48.5	53.5	58.8	60.9	58.5	58.6	57.6	54.0	53.8	55.3	:	
Bosnia and Herzegovina	:	:	:	:	62.8	63.8	65.9	65.9	65.2	65.4	66.0	
Montenegro ⁽³⁾	:	:	:	:	62.6	61.4	61.7	63.2	64.8	:	:	
Serbia ⁽⁴⁾	:	57.1	57.7	54.4	50.8	52.6	58.1	60.2	58.0	60.4	:	
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:	

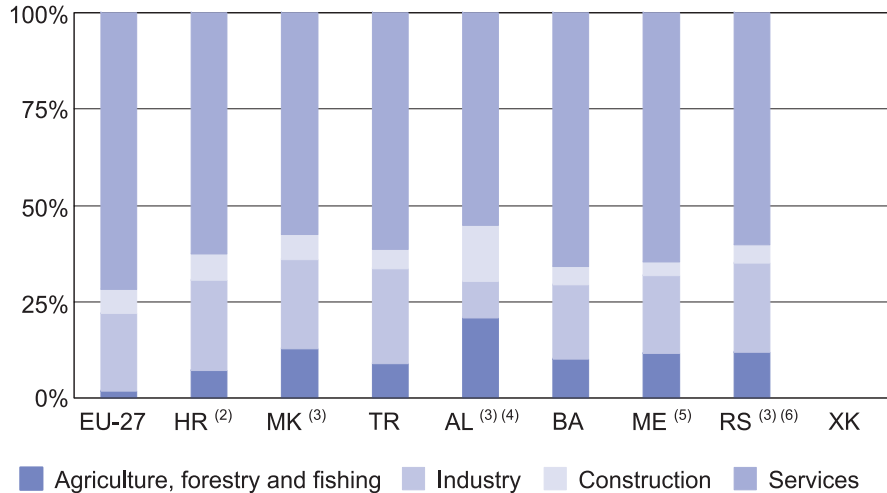
(1) 2005-2006, based on quarterly values. (2) 2005, provisional value. (3) 2000-2003, without Financial Intermediation Services Indirectly Measured (FISIM); source for 2004: Statistical Yearbook 2006; 2000-2003, estimated values. (4) From 1999 onwards, excluding Kosovo and Metohia.

Compared to the EU-27, the economies of the candidate and potential candidate countries generate a considerably higher proportion of total value added within the agriculture, forestry and fishing sector. However, the relative importance of these activities fell at a rapid pace between 2001 and 2006 (except for the former Yugoslav Republic of Macedonia), as activity in the services sector (and to a lesser extent, industry and construction) grew in the majority of these territories (except for Albania). This pattern was particularly pronounced in Turkey, Bosnia and Herzegovina, Montenegro (between 2001 and 2004) and Serbia (2002-2005).

This information on the breakdown of gross value added can be compared with that presented in figure 4.4 for employment, where a similar shift away from agriculture, forestry and fishing is observed. The share of agriculture, forestry and fishing in total value added was lower than corresponding shares for employment.

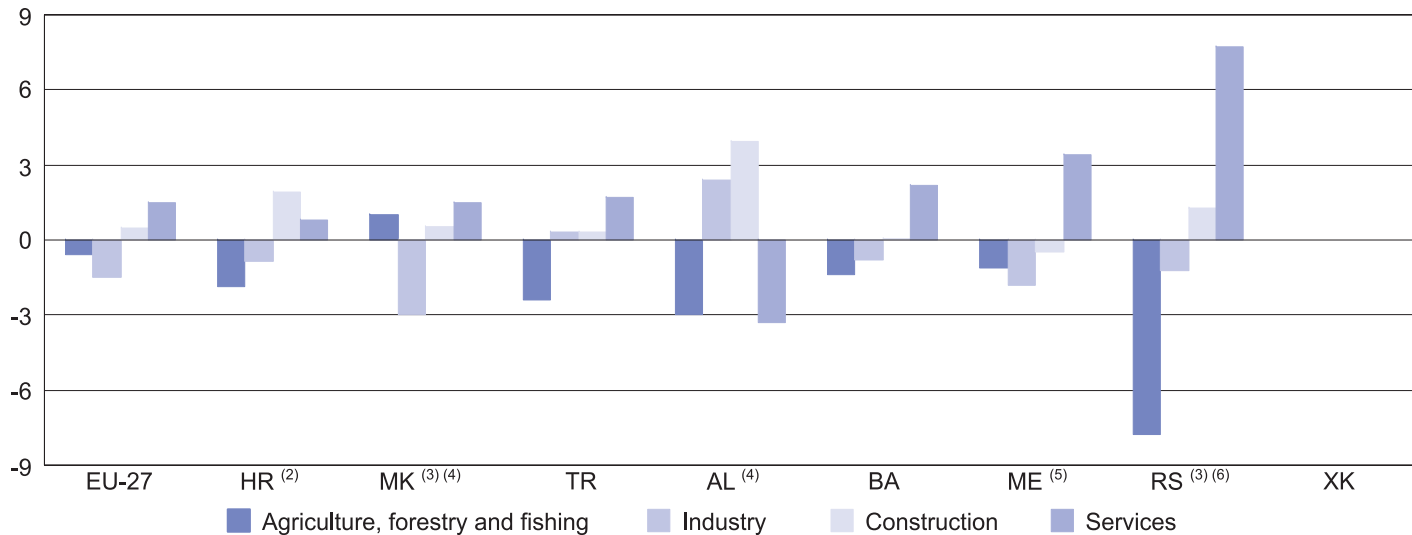
Breakdown of Gross Value Added by Sector

Figure 5.3: Breakdown of gross value added, 2006 (% of total) ⁽¹⁾



(1) Kosovo/UNSCR 1244, not available. (2) Based on quarterly values. (3) 2005 data. (4) Provisional values. (5) 2004 data; source: Statistical Yearbook 2006. (6) Excluding Kosovo and Metohia.

Figure 5.4: Relative change of gross value added, 2001-2006 (change in percentage points) ⁽¹⁾



(1) Kosovo/UNSCR 1244, not available. (2) Based on quarterly values. (3) 2001-2005 instead of 2001-2006. (4) Provisional values. (5) 2001-2004 instead of 2001-2006; source: Statistical Yearbook 2006. (6) Excluding Kosovo and Metohia.

Labour productivity (as measured by GDP per person employed) rose in constant price terms in the EU-27 over the period presented (1.51% on average between 1996 and 2006). Productivity growth in EU-27 slowed down after 2000 but remained positive. Productivity gains were generally higher in the candidate and potential candidate countries, with increases of 5% or more per annum being quite common (subject to data availability). Unit labour cost (defined as the ratio of compensation per employee in current prices divided by GDP in current prices per total employment) fell at a modest pace in the EU-27 during the period 2002 to 2006 (-0.84% on average), while available statistics in candidate and potential candidate countries does not show a clear pattern.

The total number of persons employed in the EU-27 rose by 0.7% on average over the last six years. The total number of persons employed in the former Yugoslav Republic of Macedonia and Serbia fell almost every year from 2001 onwards, whereas in Turkey, after successive decreases from 2001 to 2003, the total number of persons in employment started to grow from 2004 onwards.

These employment losses could partially explain the relatively high productivity gains made in some candidate and potential candidate countries. It should be noted that the data presented refers to national accounts concepts and that results may differ somewhat if compared with those derived from labour force or other social statistics.

Labour Productivity and Employment Change

Table 5.6: Total number of persons in employment (% change compared with the previous year)

	2001	2002	2003	2004	2005	2006
EU-27	0.9	-0.3	0.4	0.7	0.9	1.6
Croatia	-5.4	4.2	0.6	:	:	:
The former Yugoslav Republic of Macedonia	-2.0	-1.0	-2.0	-2.0	2.1	:
Turkey (1)	-1.0	-1.8	-1.0	3.0	1.4	1.6
Albania	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:
Serbia (2)	-0.2	-0.5	-4.3	1.3	-2.1	:
Kosovo/UNSCR 1244	:	:	:	:	:	:

(1) 2001-2006, forecast. (2) Excluding Kosovo and Metohia.

Table 5.7: Labour productivity

	GDP in constant prices per person employed (% change compared with the previous year)											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
EU-27	1.3	2.1	1.6	2.2	2.0	1.0	1.5	1.0	1.7	0.8	1.4	
Croatia	:	3.2	5.8	2.6	-1.2	10.4	1.6	4.7	:	:	:	
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:	:	
Turkey ⁽¹⁾	:	:	:	:	:	-6.5	8.8	6.1	:	:	:	
Albania	:	:	:	:	:	:	:	:	:	:	:	
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:	
Montenegro	:	:	:	:	:	:	:	:	:	:	:	
Serbia ⁽²⁾	:	:	:	:	:	5.1	4.7	7.1	7.0	8.5	:	
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:	
	Unit labour cost (% change compared with the previous year)											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
EU-27	-0.8	-1.0	-0.6	0.0	0.1	0.2	-1.0	-0.5	-1.2	-0.5	-1.0	
Croatia	13.8	-3.0	0.9	4.2	-3.3	-5.3	1.5	2.4	:	:	:	
The former Yugoslav Republic of Macedonia	:	:	0.3	2.0	-8.6	0.7	-4.5	0.6	-7.3	-2.5	:	
Turkey ⁽³⁾	:	:	:	:	:	-4.6	:	:	:	:	:	
Albania	:	:	:	:	:	:	:	:	:	:	:	
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:	
Montenegro	:	:	:	:	:	:	:	:	:	:	:	
Serbia	:	:	:	:	:	:	:	:	:	:	:	
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:	

(1) Labour productivity growth is partially harmonised according to national accounts concept. (2) Excluding Kosovo and Metohia. (3) Unit labour cost growth is partially harmonised according to national accounts concept.

Chapter 6 - Finance

6

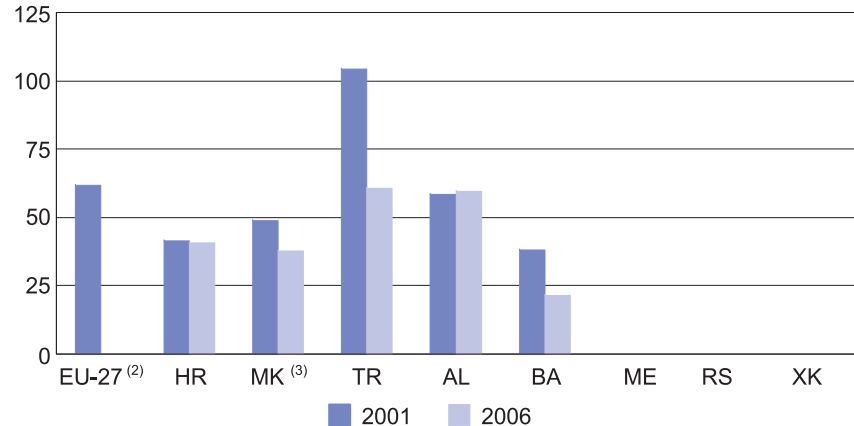
One of the Maastricht criteria for assessing economic conditions for joining the Euro-zone is that the general government deficit relative to the GDP of the country should not exceed 3%, and general government debt relative to GDP should not exceed 60%.

The EU-27's deficit relative to GDP stood at 1.7% in 2006, and has been decreasing progressively since 2003. Moreover in candidate countries the general government budget balance has improved gradually in the most recent years for which information is available. For most potential candidate countries no information was available, with the exception of Albania, with a deficit of 3.3% of GDP, and Bosnia and Herzegovina, with a surplus of 2.9%.

In 2003, general government debt relative to GDP exceeded the Maastricht threshold (60%) for the EU-27 by 1.7 percentage points. Amongst candidate countries, latest available figures show that the general government debt as a percentage of GDP was lower than the 60% threshold in Croatia (40.9%) and in the former Yugoslav Republic of Macedonia (37.6%, 2004 data). Regarding Turkey, this indicator was just over the 60% threshold in 2006. In fact, following the financial and economic crisis that affected Turkey in 2001 (depreciation of the Turkish lira and drop of 7.5% of the GDP), the general government debt in this country expressed as a percentage of GDP has been dramatically reduced during the period from a peak of 104.4% observed in 2001 to 60.7% in 2006. Of the potential candidate countries, this information is available only for Albania, with a government debt slightly below the Maastricht threshold, and for Bosnia and Herzegovina, where the deficit recorded was well below the threshold.

General Government Deficit and Debt

Figure 6.1: General government debt relative to GDP (%) ⁽¹⁾



(1) Montenegro, Serbia and Kosovo/UNSCR 1244, not available. (2) 2003 instead of 2001. (3) 2004 instead of 2006.

General Government Debt and Gross Foreign Debt

Table 6.1: General government deficit /surplus

	General government deficit /surplus (EUR million)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	:	:	:	:	:	:	-308 012	-288 214	-262 028	-193 187
Croatia	:	:	:	-1 333	-1 496	-1 508	-1 199	-1 626	-1 368	-1 260	-1 013
The former Yugoslav Republic of Macedonia ⁽¹⁾	:	:	:	12	89	-98	-20	4	:	:	:
Turkey	:	:	:	:	-31 380	-53 910	-24 854	-24 012	-13 939	-978	1 327
Albania	-271	-261	-285	-289	-302	-315	-287	-247	-298	-227	-239
Bosnia and Herzegovina	:	:	:	:	:	:	:	52	130	207	285
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	:	:	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	107	40	52	:	:
	General government deficit /surplus relative to GDP (%)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	:	:	:	:	:	:	-3.1	-2.7	-2.4	-1.7
Croatia ⁽²⁾	:	:	:	-7.1	-7.5	-6.8	-4.9	-6.2	-4.8	-4.0	-3.0
The former Yugoslav Republic of Macedonia	:	:	:	0.3	2.3	-2.5	-0.5	0.1	:	:	:
Turkey	:	:	:	:	-14.5	-33.0	-12.9	-11.3	-5.8	-0.3	0.4
Albania ⁽³⁾	-10.4	-12.7	-11.8	-9.0	-7.6	-6.9	-6.1	-4.9	-5.1	-3.4	-3.3
Bosnia and Herzegovina	:	:	:	:	:	:	:	0.7	1.6	2.4	2.9
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	:	:	:	:
Kosovo/UNSCR 1244 ⁽⁴⁾	:	:	:	:	:	:	8.4	2.2	2.7	:	:

(1) Estimated values. (2) GFS 1986 basis. Privatisation revenues are excluded and reclassified to the financing of the balance. (3) 2004, estimated value. (4) GDP data from IMF.

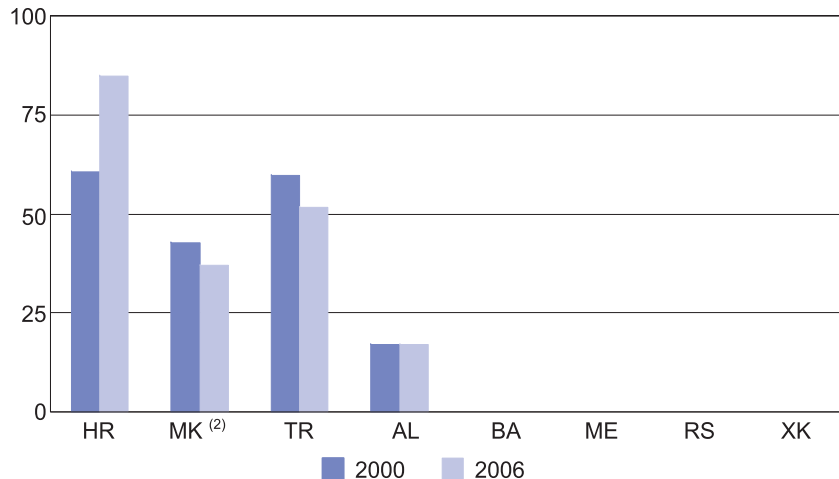
Since general government debt relative to GDP depends on GDP growth in current terms, it has to be borne in mind that, even with a growing debt in absolute terms, the debt ratio could decrease or only increase at a moderate pace.

Between 2003 and 2006, EU-27 general government debt rose by 14.6% overall (or an average of 4.7 % per annum in comparison with 4.8% for GDP). Amongst the candidate countries, an upward trend was seen for Croatia (9.7% per annum in comparison with 9.3% for GDP) during the same period, whilst government debt was reduced in the former Yugoslav Republic of Macedonia during the period 2000-2004 (-4.0% on average in comparison with 2.7% for GDP). Turkey saw a reduction in general government debt in 2006 of -4.6%, changing the upward trend followed by this country since 2000: an increase of debt of 48.8% in 2001, followed by an average growth of 3.5% over the 2001-2005 period, whereas GDP growth was 6.6% on average from 2000 to 2006. Of the potential candidate countries, this information is available only for Albania with average growth rates of 9.4% per annum between 2000 and 2006, and for Bosnia and Herzegovina, in which a substantial reduction of a -6.1% took place in 2006.

Gross foreign debt of the whole economy covers both short- and long-term debt but excludes equity investment and money market instruments. Albania reported by far the lowest ratio of foreign debt to GDP among the candidate and potential candidate countries for which information is available. Other countries reporting a gross foreign debt relative to GDP lower than general government debt ratio were Turkey and the former Yugoslav Republic of Macedonia.

General Government Debt and Gross Foreign Debt (continued)

Figure 6.2: Gross foreign debt of the whole economy relative to GDP, 2006 (%) ⁽¹⁾



⁽¹⁾ Bosnia and Herzegovina, Montenegro, Serbia and Kosovo/UNSCR 1244, not available. ⁽²⁾ Gross foreign debt data do not include short term trade credits.

Table 6.2: General government debt (EUR million)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	:	:	:	:	:	:	6 228 686	6 573 046	6 917 168	7 139 968
Croatia	:	:	:	6 156	8 018	9 156	9 732	10 588	12 116	13 752	13 980
The former Yugoslav Republic of Macedonia	:	:	:	1 105	1 866	1 873	1 716	1 599	1 583	:	:
Turkey	:	:	:	:	114 530	170 468	179 491	181 328	186 148	202 551	193 203
Albania	1 116	1 157	1 452	1 723	2 374	2 656	3 007	3 106	3 431	3 636	4 069
Bosnia and Herzegovina ⁽¹⁾	:	:	:	:	2 074	2 260	2 193	2 052	2 061	2 218	2 082
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	:	:	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:

(1) Covers only the external government debt.

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

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

The current account balance for the EU-27 and each candidate and potential candidate country was in deficit in 2006, but the magnitude of those deficits is not comparable. The EU-27's deficit relative to GDP experienced a slight contraction of 0.11 percentage points from 0.77% in 2001 to 0.66% in 2006, whereas current account deficits as a percentage of GDP in candidate and potential candidate countries were included within a 10%-49% range in 2006 and increased in many of them over the 2001-2006 period (Albania, Bosnia and Herzegovina and Kosovo/UNSCR 1244 were exceptions, but the current account deficit still represented more than 20% of the GDP in 2006 in these three countries).

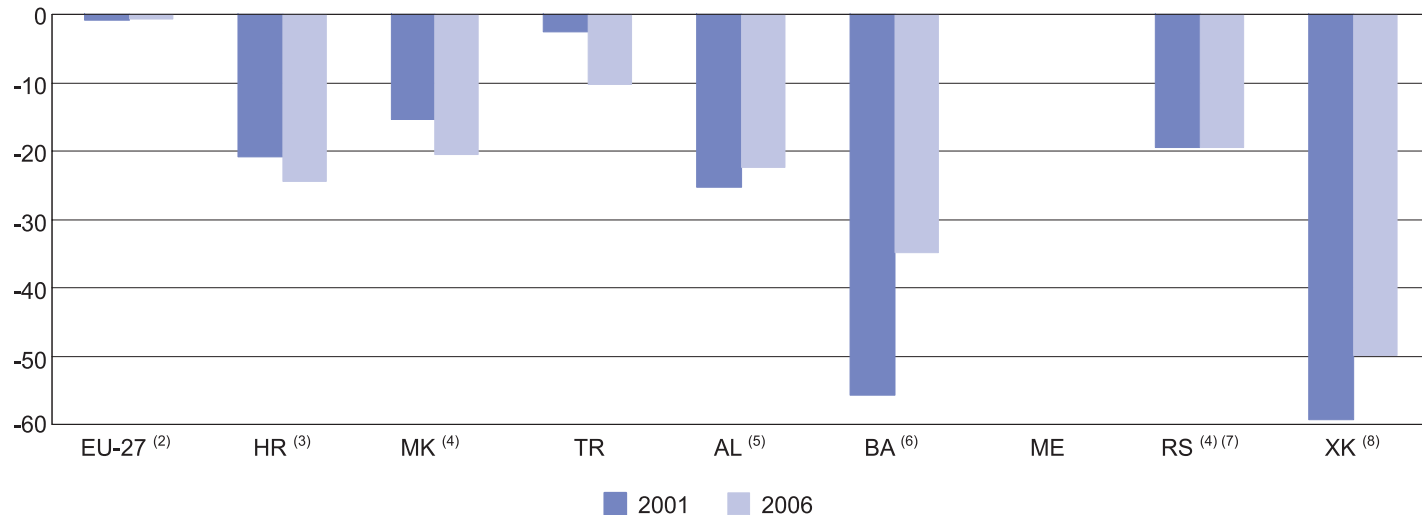
Balance of Payments and the Current Account

Table 6.3: Balance of payments, 2006 (EUR million)

	Current account	Capital account	Financial account	Net errors and omissions
EU-27	-96 250	-13 072	:	:
Croatia	-2 671	-134	3 834	-1 030
The former Yugoslav Republic of Macedonia	-19	-1	11	9
Turkey	-26 102	0	28 010	-1 907
Albania ⁽¹⁾	-535	143	202	189
Bosnia and Herzegovina	-1 044	272	366	406
Montenegro	:	:	:	:
Serbia	-2 912	671	2 466	-225
Kosovo/UNSCR 1244 ⁽²⁾	-415	:	256	159

(1) Financial account includes the 'Use of Loans and Credit of IMF'. (2) 2005 data.

Figure 6.3: Current account balance relative to GDP (EUR million) ⁽¹⁾



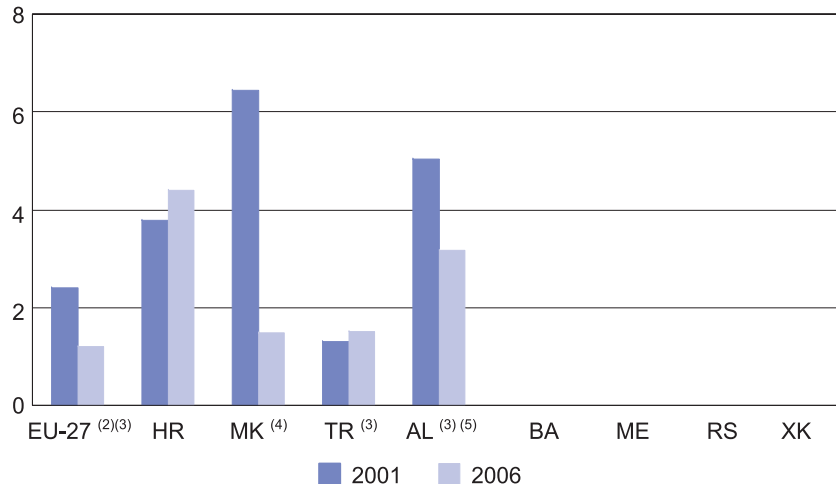
(1) Montenegro, not available. (2) EU-25 data. (3) 2006, based on quarterly values. (4) 2006, estimated value; for 2001, the values in Euro are calculated using the annual average exchange rate whereas for 2006 the values in Euro are calculated on the basis of the current exchange rate. (5) 2005 instead of 2006. (6) For 2001, the value of non-observed economic activities is not included in the GDP. (7) Excluding Kosovo and Metohia. (8) 2004 instead of 2006; GDP, IMF estimate.

Inward foreign direct investment (FDI) is investment made by foreigners in enterprises resident in the reporting economy. Outward FDI (or FDI abroad) is investment by resident entities in enterprises abroad. Both inward and outward FDI are the net result of investment and disinvestment. For FDI statistics, the Balance of Payments sign convention is not applied. This means that both inward and outward FDI are published with a positive sign. A negative sign for flows indicates disinvestment in both cases.

Whereas EU-27 is a net investor, all candidate and potential candidate countries are structurally net receivers of FDI. Also, levels of outward FDI made by the candidate and potential candidate countries were relatively low in comparison with the levels of inward investment. This variable experienced a drop in most countries in 2002, after which an upward trend can be generally observed until 2006, with an acceleration in 2006 in the former Yugoslav Republic of Macedonia, Turkey and Croatia (with rates of 262%, 103% and 89% respectively). The exception is Bosnia and Herzegovina, where inward investment fell in 2006 to 80% of its value in 2005.

The average of FDI inflows and outflows relative to GDP fell at a rapid pace in the EU-27 between 2001 and 2006 (although the 2001 data refers to EU-25 only), being reduced to one half, mainly as a result of falling FDI flows with the United States. The opposite was true in Croatia and Turkey, with growth rates of 16% and 15% respectively, whereas at the same time this ratio fell by 77% in the former Yugoslav Republic of Macedonia and by 37% in Albania. It should be mentioned that these figures correspond to value, not to volume, and ignore the development of stock prices. On the other hand, the size of the country has an influence on the value of the ratio.

Figure 6.4: Average of FDI inflows and outflows relative to GDP (%) ⁽¹⁾



(1) Bosnia and Herzegovina, Montenegro, Serbia and Kosovo/UNSCR 1244, not available. (2) 2001, EU-25 data. (3) 2005 instead of 2006. (4) 2004 instead of 2006. (5) 2005, forecast.

Table 6.4: Foreign direct investment (EUR million)

	Outward FDI										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27 ⁽¹⁾	:	:	:	:	:	306 140	133 897	135 711	136 388	135 656	183 048
Croatia	:	:	:	63	8	178	608	106	279	192	163
The former Yugoslav Republic of Macedonia ⁽²⁾	0	0	0	0	1	-1	0	0	-1	-2	0
Turkey	87	221	327	605	942	555	185	441	691	866	744
Albania	0	0	0	0	0	0	0	0	0	0	0
Bosnia and Herzegovina	:	:	0	0	0	0	0	0	-1	-1	0
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	:	:	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:
	Inward FDI										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	:	:	:	:	145 867	126 567	123 541	53 072	94 820	134 881
Croatia	:	:	:	1 368	1 140	1 513	1 202	1 789	872	1 427	2 701
The former Yugoslav Republic of Macedonia ⁽²⁾	9	27	114	31	189	493	83	81	127	79	286
Turkey	569	710	838	735	1 063	3 743	1 202	1 549	2 318	7 878	15 984
Albania	72	42	40	39	157	231	141	157	278	224	259
Bosnia and Herzegovina	:	:	60	166	159	133	282	338	534	421	338
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	:	:	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	18	59	:

(1) 2001-2004, EU-25 data. (2) 1996-2002, the values in EUR are calculated using the annual average exchange rate whereas from 2003 the values in Euro are calculated on the basis of the current exchange rate at the time of the transaction.

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

Between 2000 and 2005, the EU-27's M1 aggregate rose by an average of 10.8% per annum. The money supply expanded at a faster pace in the candidate countries, with the exception of the former Yugoslav Republic of Macedonia, where M1 grew only by 7.5% on average between 2000 and 2006. The highest growth rate was seen in Bosnia and Herzegovina (23.9%), more than twice the EU-27's growth rate. In Albania between 2000 and 2006 the money supply expanded at an average rate higher than that for the EU-27, whereas in Serbia the pace was slower than in EU-27, and Kosovo/UNSCR 1244 experienced a negative annual average growth rate over the period 2000-2005. No information was available for Montenegro.

Whilst interest rates were relatively high in most candidate and potential candidate countries (for which information is available) compared to the EU-12, they experienced a marked reduction between 2001 and 2006, particularly in Turkey, where they fell by 83% in this period, a rate slightly below the reduction rate of the consumer price index in the country during this period.

Table 6.5: Interest rates (%)

	Interest rates day-to-day money rate		Lending interest rate (one year)		Deposit interest rate (one year)	
	2001	2006	2001	2006	2001	2006
EUR-12 ⁽¹⁾	3.8	2.7	7.1	7.6	2.0	3.5
Croatia	3.0	2.4	19.5	12.0	6.6	4.0
The former Yugoslav Republic of Macedonia ⁽²⁾	11.9	9.2	23.0	9.5	:	:
Turkey ⁽³⁾	93.2	15.6	78.8	19.0	62.2	21.5
Albania	:	:	11.9	11.2	7.8	5.5
Bosnia and Herzegovina ⁽⁴⁾	:	:	12.6	8.0	1.4	0.5
Montenegro	:	:	:	:	:	:
Serbia	:	:	:	:	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:

(1) Interest rates: 2002 instead of 2001; 2005 instead of 2006. Lending rates and deposit rates: 2003 instead of 2001. Lending rates are for household consumption loan, maturity is less than 1 year. Deposit rates are for non-financial corporations and therefore do not cover households, maturity is less than 1 year. (2) Interest rates: 2005 instead of 2006. Lending rate: end of the year. (3) Interest rates: average of monthly data. Lending interest rate: average of monthly data, lending to enterprises more than one year. Deposit interest rate: average of monthly data, up to one year or longer. (4) 2002 instead of 2001.

Table 6.6: Money supply (EUR million)

	M1										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	1 531 456	1 630 625	1 789 018	1 975 727	2 088 974	2 284 388	2 505 368	2 733 946	2 959 963	3 495 170	:
Croatia	1 656	1 977	1 846	1 805	2 373	3 216	4 148	4 432	4 505	5 263	6 606
The former Yugoslav Republic of Macedonia	237	229	249	325	368	415	432	445	450	485	568
Turkey	6 734	7 029	7 000	8 635	12 205	8 965	9 291	13 188	15 762	26 483	25 517
Albania	681	537	496	701	936	1 113	1 154	1 053	1 354	1 833	2 011
Bosnia and Herzegovina ⁽¹⁾	:	:	159	562	717	1 377	1 538	1 592	1 808	2 098	2 593
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	1 259	1 797	980	1 546	1 526	1 533	1 748	2 384
Kosovo/UNSCR 1244	:	:	:	:	761	971	998	891	713	572	:
	M2										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27 ⁽²⁾	3 562 479	3 687 146	3 920 142	4 142 299	4 299 631	4 684 363	4 981 449	5 295 799	5 632 265	6 152 865	6 728 388
Croatia	:	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	360	372	427	556	690	1 145	1 052	1 240	1 450	1 686	2 100
Turkey	21 961	25 154	31 206	41 325	51 591	37 253	36 326	47 398	59 415	96 487	99 599
Albania	909	950	1 180	1 631	1 995	2 376	2 453	2 542	3 066	3 431	3 882
Bosnia and Herzegovina ⁽¹⁾	:	:	792	1 107	1 262	2 387	2 593	2 810	3 493	4 129	5 150
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	1591	2 187	1 145	1 828	1 920	2 015	2 318	3 374
Kosovo/UNSCR 1244	:	:	:	:	761	1 096	1 126	1 111	1 128	1 092	:

(1) Break in series in 2001. (2) EU-25 data.

Exchange rate fluctuations may play an important role in determining the competitiveness of an economy, particularly with respect to its export performance. The exchange rates for the currencies of Croatia and the former Yugoslav Republic of Macedonia were relatively stable in relation to the Euro during the period 1999 to 2006. The same was true for Bosnia and Herzegovina (where a fixed exchange rate is used). In Montenegro (from 2002 onwards) and Kosovo/UNSCR 1244 (from 1999 onwards) the Euro is used. The Albanian Lek appreciated slightly against the Euro over the period considered, while the national currencies of Turkey and Serbia depreciated markedly against the Euro. The New Turkish Lira depreciated significantly against the Euro, the average exchange rate being almost double in 2001, but has followed a less dramatic, although still downward, trend since.

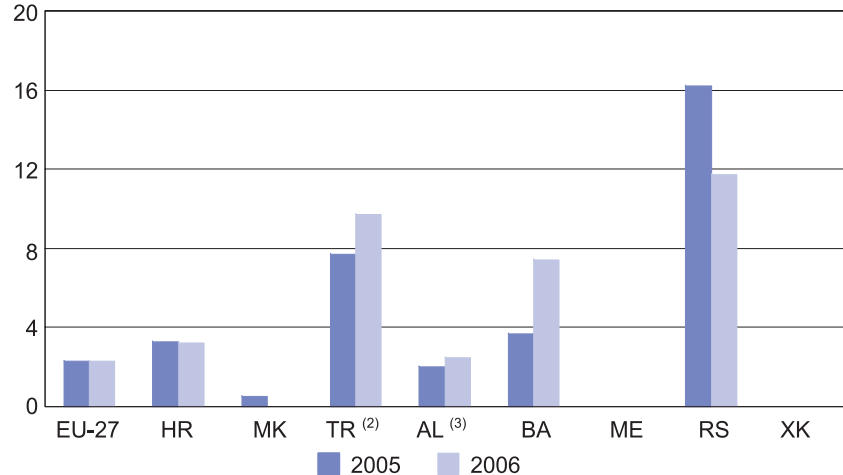
Consumer price indices (CPIs) are economic indicators constructed to measure the changes over time in the price of consumer goods and services that are acquired, used or paid for by households. Price inflation in the EU-27 remained within the relatively narrow range of 2.1% to 3.5% between 2000 and 2006.

In those candidate and potential candidate countries that reported relatively high price inflation in 2000 there was a rapid reduction in the pace at which prices were rising through to 2006, with rates of reduction of 88% since 1997 in Turkey, and 87% since 1996 in Serbia.

In contrast, Croatia, the former Yugoslav Republic of Macedonia and Albania all reported relatively low price inflation throughout the period considered, 1996 to 2006, constantly within a range of 17.4 to -1.0, except Albania in 1996. It can also be seen that in Bosnia and Herzegovina a significant rise in the consumer price index took place in 2006.

Exchange Rates and Consumer Price Indices

Figure 6.5: Consumer price indices (% change compared with the previous year) ⁽¹⁾



(1) Montenegro and Kosovo/UNSCR 1244, not available. (2) National consumer price index (not strictly comparable with interim HICPs). (3) Variation between December of one year compared with December of the previous year.

Table 6.7: Exchange rates and consumer price indices

Average exchange rates (1 euro =...national currency)											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Croatia (HRK) ⁽¹⁾	6.80	6.96	7.14	7.58	7.64	7.48	7.41	7.57	7.50	7.40	7.32
The former Yugoslav Republic of Macedonia (MKD)	50.08	56.20	61.07	60.62	60.73	60.91	60.98	61.26	61.34	61.30	61.19
Turkey (TRY) ⁽¹⁾	0.1020	0.1706	0.2928	0.4472	0.5748	1.1024	1.4397	1.6949	1.7771	1.6771	1.8090
Albania (ALL)	:	:	169.16	146.96	132.58	128.47	132.36	137.51	127.67	124.19	123.08
Bosnia and Herzegovina (BAM)	:	:	1.9690								
Montenegro	:	:	:	:	:	:	1.0000	1.0000	1.0000	1.0000	1.0000
Serbia	:	:	:	11.74	15.04	59.45	60.68	65.06	72.57	82.91	83.92
Kosovo/UNSCR 1244 (EUR)	:	:	:	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000	1.0000
Consumer price indices (% change compared with the previous year)											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27 ⁽²⁾	:	7.3	4.6	3.0	3.5	3.2	2.5	2.1	2.3	2.3	2.3
Croatia	:	:	:	4.0	4.6	3.8	1.7	1.8	2.1	3.3	3.2
The former Yugoslav Republic of Macedonia	2.3	2.6	-0.1	-0.7	5.8	5.5	1.8	1.2	-0.4	0.5	:
Turkey ⁽³⁾	79.8	99.1	69.7	68.8	39.0	68.5	29.7	18.4	9.3	7.7	9.7
Albania ⁽⁴⁾	17.4	:	8.7	-1.0	4.2	3.5	1.7	3.3	2.2	2.0	2.5
Bosnia and Herzegovina	:	:	:	:	4.8	3.1	0.4	0.6	0.4	3.7	7.4
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	92.4	21.5	29.9	43.5	79.6	93.3	16.6	9.9	11.4	16.2	11.7
Kosovo/UNSCR 1244	:	:	:	:	:	:	2.1	1.6	-3.4	:	:

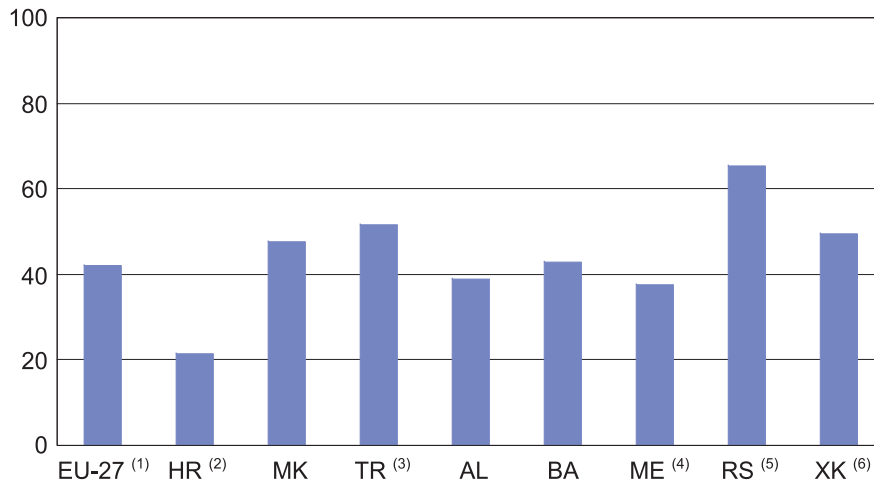
(1) 1999-2006, source: Eurostat. (2) 1997-1999, estimated values. (3) National consumer price index (not strictly comparable with interim HICPs). (4) Variation between December of one year compared with December of the previous year.

Chapter 7 - Agriculture



The utilised agricultural area (UAA) consists of arable land, permanent grassland, area with permanent crops, area with crops under glass and kitchen gardens. Land area may be broken down into utilised agricultural area, wooded area and other land. Changes in this breakdown indicate the extent to which man modifies the basic land resource of a territory for agriculture, industry and commercial establishments, human settlements, transport, recreation and other uses. The availability of land for agricultural purposes depends to a large extent on the geography of a country; for example, mountainous countries and countries with cold climates are less suitable for agriculture than flat and more temperate countries.

Figure 7.1: Total utilised agricultural area as a proportion of total area, 2006 (%)



(1) Estimated value. (2) Total area of the country refers to land area. (3) Total area of the country includes the lake surface area. (4) 2005 data: provisional value. (5) Provisional value. (6) 2001 data.

Table 7.1: Total utilised agricultural area (thousand hectares)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27 ⁽¹⁾	197 625	197 313	194 163	190 902	189 990	188 600	183 155	184 202	183 358	183 641	182 129
Croatia ⁽²⁾	1 935	1 941	2 048	2 032	2 064	2 084	2 081	2 074	1 991	1 202	1 216
The former Yugoslav Republic of Macedonia	1 291	1 285	1 293	1 284	1 236	1 244	1 316	1 303	1 265	1 229	1 225
Turkey ⁽³⁾	39 364	39 242	39 344	39 180	38 757	40 967	41 196	40 645	41 210	41 223	40 459
Albania	1 147	1 145	1 144	1 144	1 144	1 139	1 140	1 121	1 122	1 077	1 120
Bosnia and Herzegovina	:	:	:	:	:	2 126	2 122	2 192	2 196	2 187	2 194
Montenegro ⁽⁴⁾	518	520	519	518	518	518	518	518	518	517	:
Serbia ⁽⁵⁾	5 097	5 091	5 086	5 086	5 074	5 077	5 071	5 079	5 075	5 075	5 066
Kosovo/UNSCR 1244	578	:	:	:	:	539	:	:	:	:	:

(1) 1996-2002, 2004-2006: estimated values. (2) Break in series in 1998: before 1998 areas inflicted by the war or under the control of UNTAES were not included; break in series in 2005: household survey has replaced former methods of estimation.

(3) 2006, provisional value. (4) 1996-2005: provisional values. (5) 1996-1999, 2001 and 2003-2006: provisional values.

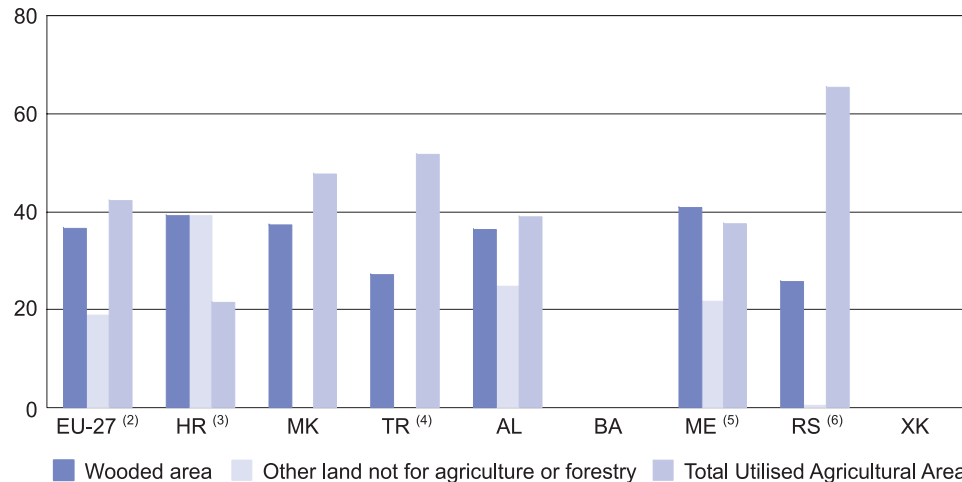
The EU's agricultural sector is extremely diverse, ranging from large, highly intensive farms to subsistence farming. The latter is often commonly found in the candidate and potential candidate countries, where traditional working practices are still widespread. Land abandonment, under-grazing and a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

Permanent grassland accounted for around 31% of the EU-27's utilised agricultural area in 2006, whilst it was usually relatively more significant, between 36% and 56% of utilised agricultural area, in the candidate and potential candidate countries. Exceptions to this range included Serbia, Croatia and Kosovo/UNSCR 1244 (28.6% and 22.5% in 2006, and 20.8% in 2001 respectively) and Montenegro (87.6% in 2005).

The natural terrain plays an important role in determining land use. In Montenegro (2005) and Albania (2006), respectively 62.6% and 61.0% of land was not used for agriculture, with more than one third of the country being wooded. The other country (among those for which data is available) to report that the majority of land was used for non-agricultural purposes was Croatia (78.5%), where wooded areas also covered almost 40% of total land area.

Utilised Agricultural Area, Wooded Area and other Land

Figure 7.2: Proportion of wooded area, other land not for agriculture or forestry and Utilised Agricultural Area, 2006 (% of the total area) ⁽¹⁾



(1) Bosnia and Herzegovina and Kosovo/UNSCR 1244, not available. (2) Estimated values; for wooded area and other land: excluding Cyprus and the United Kingdom. (3) Total area of the country refers to land area. (4) Total area of the country includes the lakes surface area. (5) 2005 data; provisional values; total area of the country includes agricultural area, forests and non-agricultural land; wooded area refers only to forests; other land refers only to non-arable land. (6) Total area, provisional value; wooded land assumes wooded areas larger than 5 acres; data represent state on December the 31st; estimated value.

Table 7.2: Breakdown of utilised agricultural area

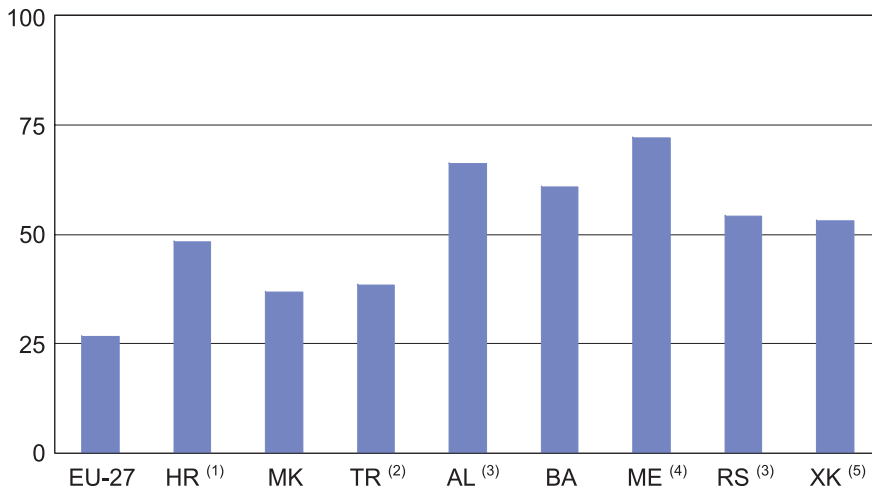
	Total utilised agricultural area (UAA) (thousand hectares)		of which (% of total UAA)					
	2001	2006	Arable land		Permanent grassland		Land under permanent crops	
			2001	2006	2001	2006	2001	2006
EU-27 ⁽¹⁾	188 600	182 129	60.2	59.3	33.9	30.9	6.7	6.7
Croatia	:	1 216	:	71.2	:	22.5	:	6.3
The former Yugoslav Republic of Macedonia ⁽²⁾	1 244	1 225	41.2	35.8	50.6	56.1	3.6	3.1
Turkey ⁽³⁾	40 967	40 459	58.1	56.8	35.7	36.1	6.2	7.0
Albania	1 139	1 120	50.7	52.1	38.6	37.1	10.6	10.8
Bosnia and Herzegovina ⁽⁴⁾	2 122	2 194	47.4	46.9	48.1	48.6	4.5	4.5
Montenegro ⁽⁵⁾	518	517	36.7	36.6	87.8	87.6	27.5	27.6
Serbia ⁽⁶⁾	5 077	5 066	83.8	83.5	27.8	28.6	17.7	18.0
Kosovo/UNSCR 1244 ⁽⁷⁾	539	:	53.5	:	20.8	:	0.9	:

(1) Estimated values; permanent grassland excluding Malta. (2) Excluding meadows. (3) 2006, provisional values except for permanent grassland. (4) 2002 instead of 2001. (5) Provisional values; 2005 instead of 2006. (6) Provisional values. (7) 2001, permanent grassland refers only to harvested area.

Within the EU-27, the total number of cattle has decreased by 1.35% since 2001, while the number of pigs has increased by 16.7%. In the candidate and potential candidate countries the situation varies considerably. With regard to cattle, the largest increases between 2001 and 2006 are seen in Croatia (+10.3%), whereas Albania is at the other extreme (-10.5%). For pigs, the variations are even larger, with Albania showing the largest growth (+43.4%) and Montenegro (-11.8%) registering the most significant decline. Turkey recorded a decrease of 49.6%, but this percentage should be considered in relation to absolute values.

Dairy cows accounted for 26.8% of the total number of cattle in the EU-27 in 2006, and over 50% in potential candidate countries. Among the candidate countries, this share ranged between 36.8% for the former Yugoslav Republic of Macedonia and 48.2% for Croatia. In Turkey, dairy cows, excluding buffaloes, made up 38.5% of total cattle herd.

Figure 7.3: Dairy cows as a proportion of the total number of cattle at the end of the year 2006 (%)



(1) For 2006, data as on 1 December for both legal entities and private family farms. (2) Excludes the number of buffaloes. (3) Estimated value. (4) 2004 data; estimated value; for cattle, including enterprises and cooperatives and households. (5) 2005 data.

Table 7.3: Livestock as of end of period (thousand heads)

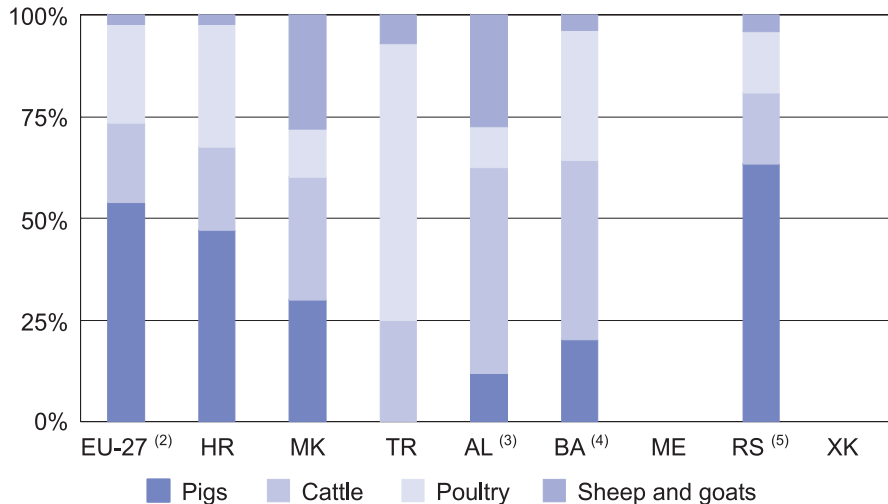
	Cattle										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	:	:	:	:	93 780	92 336	91 122	90 003	89 345	92 515
Croatia ⁽¹⁾	461	451	443	438	427	438	417	444	466	471	483
The former Yugoslav Republic of Macedonia	295	289	268	270	265	265	259	260	255	248	255
Turkey ⁽²⁾	11 886	11 185	11 031	11 054	10 761	10 548	9 803	9 788	10 069	10 526	10 871
Albania ⁽³⁾	806	771	705	720	728	708	690	684	654	655	634
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	453	460	515
Montenegro ⁽⁴⁾	180	176	178	180	179	178	183	175	169	:	:
Serbia ⁽⁵⁾	1 318	1 280	1 283	1 246	1 162	1 128	1 112	1 102	1 079	1 096	1 106
Kosovo/UNSCR 1244	410	:	:	:	289	347	319	:	335	352	:
	Pigs										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	160 161	159 771	167 666	:	:	158 138	160 411	158 970	158 562	159 115	184 605
Croatia ⁽¹⁾	1 197	1 176	1 166	1 362	1 234	1 234	1 286	1 347	1 489	1 205	1 489
The former Yugoslav Republic of Macedonia	192	184	197	226	204	189	196	179	158	158	167
Turkey	5	5	5	3	3	3	4	7	4	2	1
Albania ⁽³⁾	98	97	83	99	103	106	114	132	143	147	152
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	596	654	712
Montenegro ⁽⁴⁾	22	24	23	22	19	21	22	24	27	:	:
Serbia ⁽⁵⁾	4 119	4 057	4 293	4 066	3 615	3 587	3 634	3 439	3 165	3 212	3 999
Kosovo/UNSCR 1244	80	:	:	:	59	75	110	:	55	47	:

(1) For 2006, data as on 1 December for both legal entities and private family farms; until 2005, data as on 31 December for legal entities and 15 January for private family farms. (2) Excludes number of buffaloes; 2002, provisional value. (3) 2006, estimated value. (4) 1997-2006, estimated values; for cattle, including enterprises and cooperatives and households. (5) 1997-2006, estimated values.

The information presented in this Pocketbook on the slaughter of livestock relates to bovine, porcine, equine, ovine and caprine species, as well as farmyard poultry. By 2006, the EU-27's livestock sector had recovered from the extreme market conditions caused by BSE and the foot-and-mouth outbreaks in 2001, although a slight decrease of less than 1% was registered in comparison to the 2002 level. The Directorate General for Agriculture states that pig meat, with a share of more than 50% of the total meat market, is by far the most preferred meat of EU-27 consumers. Poultry, which overtook beef and veal in 1996, accounts for almost a quarter of the EU-27 meat market.

With the exception of Serbia, pigs made up less than 50% of total meat slaughter weight in the candidate and potential candidate countries. In Albania and the former Yugoslav Republic of Macedonia, sheep and goats accounted for a relatively high proportion, whilst Turkey, Croatia and Bosnia and Herzegovina were relatively specialised in the poultry sector.

Figure 7.4: Breakdown of animals for slaughter, 2006 (based on thousand tonnes of slaughter weight) ⁽¹⁾



(1) Montenegro and Kosovo/UNSCR 1244, not available. (2) Estimated values; poultry, excluding Bulgaria, Cyprus, Estonia, Hungary, Latvia, Romania, Slovakia and Slovenia; sheep and goats, excluding Bulgaria, Estonia and Romania. (3) Estimated values except for sheep and goats. (4) Sheep and goats, excludes goats. (5) Provisional values; net weights; sheep and goats, excludes goats.

Table 7.4: Animals for slaughter (thousand tonnes of slaughter weight)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27 (1)	40 314	40 125	41 523	42 257	41 093	41 059	41 632	41 479	41 413	41 222	41 288
Croatia	:	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	56	52	53	57	58	50	53	57	55	53	50
Turkey	836	983	1 015	1 116	1 150	1 063	1 146	1 270	1 360	1 387	1 371
Albania (2)	67	63	58	64	64	65	68	71	73	74	75
Bosnia and Herzegovina (3)	:	:	:	:	:	:	:	:	45	49	50
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia (4)	588	577	607	580	578	531	547	512	521	516	494
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:

(1) Estimated values. (2) 2006, estimated value. (3) Excluding goats. (4) Provisional values; data represents sum of slaughtered pigs, poultry, cattle and sheep; net weight.

The output of cereals is affected by, among other factors, climatic conditions, subsidies relating to particular crops or set-aside land, and demand from other sectors (for example, increased white meat consumption has led to higher demand for cereals as feedstuffs).

The EU-27 registered record cereal yields in 2004, as the harvest was characterised by favourable weather conditions; this pattern was reproduced in many of the candidate and potential candidate countries. In 2006, the EU-27 cereal harvest fell by 17.1% compared to 2004. At the same time, the harvest of cereals decreased markedly in Croatia (-18.2% compared to 2002) and Montenegro (-45.7% from 2002 to 2005). Nevertheless, the candidate and potential candidate countries together (except Montenegro and Kosovo/UNSCR 1244 for which data is not available) recorded a cereal decrease of 6.2% in 2006 in relation with the production of 2005, mainly due to the significant decreases in Serbia (13.1%), the former Yugoslav Republic of Macedonia (7.7%) and Turkey (5.2%).

With a harvested production of 135.5 million tonnes in 2005, sugar beet production increased by 2.4% in the EU-27 compared to 2004. In the candidate and potential candidate countries where data is available, sugar beet production in 2006 grew for Croatia and Serbia, and decreased in the other territories relative to 2005.

Between 2001 and 2006, oil seed production in the EU-27 and in the candidate and potential candidate countries improved, with significant growth experienced in Croatia (75.9%). Albania, with a decrease of 25.7% was the exception to this rule. On the other hand, EU-27 potato production fell by 20.6% in comparison to 2002, while increases occurred in many other territories. Croatia is the most significant exception to this pattern with a 71.7% decrease in potato production between 2001 and 2006.

Table 7.5: Crop production (thousand tonnes of harvested production)

	Oil seeds		Potatoes		Fruit		Vegetables	
	2001	2006	2001	2006	2001	2006	2001	2006
EU-27 (1)	19 282	24 803	71 441	56 702	:	:	62 872	64 042
Croatia	158	278	670	190	137	165	511	274
The former Yugoslav Republic of Macedonia	6	7	176	194	:	:	696	:
Turkey	2 171	2 789	5 000	4 397	13 078	16 112	21 930	24 018
Albania (2)	4	3	164	163	64	110	677	688
Bosnia and Herzegovina (3)	4	13	398	410	164	269	190	297
Montenegro (4)	0	2	70	133	:	:	:	:
Serbia (5)	580	722	1 015	930	790	1 218	1 283	1 348
Kosovo/UNSCR 1244 (6)	2	:	49	87	36	30	135	289

(1) Estimated values; Oil seeds, excluding Malta; Potatoes, 2002 instead of 2001. (2) Fruit, only production of fruit trees (olive, citrus and grape are excluded); Vegetables include melons. (3) Fruit in 2001, mandarins, lemon, fig and olives were not included. (4) Provisional values; 2005 instead of 2006; Oil seeds refer to yields of olives; Potatoes includes households, enterprises and cooperatives. (5) Provisional values; Oil seeds refer only to sunflowers, soya bean and turnip rape; for fruit in 2006, data on production of blackberries are recorded. (6) 2002 instead of 2001; 2005 instead of 2006.

Table 7.6: Crop production (thousand tonnes of harvested production)

	Cereals (including rice)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	292 144	289 590	277 209	:	:	288 762	251 685	324 764	287 143	269 240
Croatia	2761	3 177	3 209	2 881	2 776	3 400	3 724	2 356	:	3 039	3 048
The former Yugoslav Republic of Macedonia	545	610	660	637	565	476	556	466	677	645	595
Turkey	29 231	29 650	33 060	28 749	32 108	29 426	30 686	30 658	33 863	36 231	34 365
Albania	504	602	603	498	566	503	519	489	499	511	508
Bosnia and Herzegovina	838	1 242	1 184	1 369	930	1 139	1 309	793	1 439	1 350	1 341
Montenegro ⁽¹⁾	6	7	5	4	3	4	5	4	3	3	:
Serbia ⁽²⁾	6 916	9 709	8 104	8 584	5 213	9 001	8 298	5 453	9 867	9 510	8 268
Kosovo/UNSCR 1244	343	:	:	:	:	459	396	:	408	441	:
	Sugar beet										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	145 999	150 813	142 299	145 544	:	:	141 946	122 115	132 292	135 527	:
Croatia	906	931	1 233	1 114	482	965	1 183	678	:	1 338	1 560
The former Yugoslav Republic of Macedonia	78	72	58	67	56	38	44	40	47	58	0
Turkey	14 543	18 400	22 283	17 102	18 821	12 633	16 523	12 623	13 517	15 181	14 452
Albania ⁽³⁾	74	51	56	40	42	39	39	50	40	40	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia ⁽⁴⁾	2 418	2 043	1 972	2 428	1 070	1 806	2 098	1 738	2 814	3 101	3 189
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:

(1) Includes households, enterprises and cooperatives; provisional values. (2) Without areas under triticale, buckwheat and millet, which are minor. (3) 2004-2005, FAO estimations. (4) 1997-2006, provisional values.

Chapter 8 - Energy

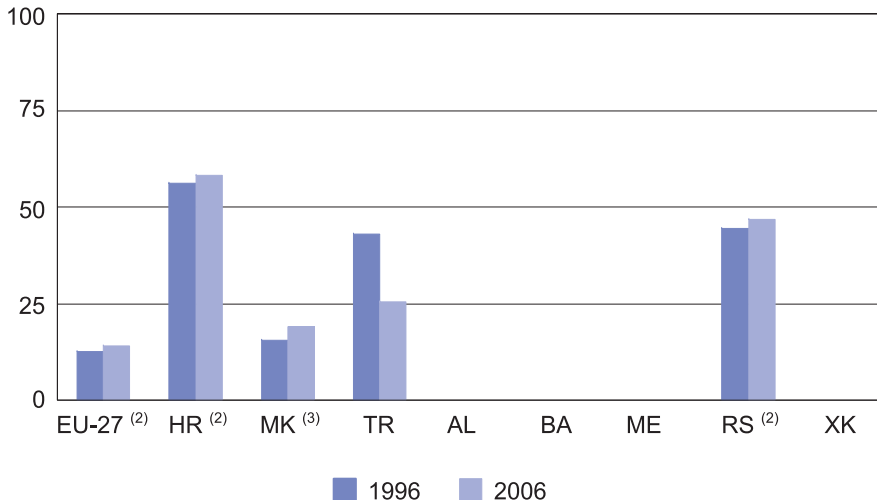


The energy intensity of an economy is defined as the ratio of gross inland energy consumption to GDP at constant prices. The lower the ratio, the higher the energy efficiency. Over the 1998-2005 period, this indicator has followed a downward trend in the EU-27 (-1.3% in average per year) as well as in the candidate and potential candidate countries (from -0.5% in Turkey to -4.6% in Albania). It can also be seen that, with the exception of Turkey, the difference in terms of energy efficiency between the EU-27 and the candidate and potential candidate countries has been reduced from 1998 onwards.

Renewable energy sources include wind, solar, geothermal, hydro-electricity and biomass/waste. The share of renewable energy in electricity consumption measures the contribution of electricity from renewable energy sources to the total national electricity consumption. This share can vary greatly and depends, to a large extent, on the geographic characteristics of the territory concerned, particularly with regard to geothermal and hydroelectric generation.

Energy Intensity, Electricity Generation and Renewable Energy

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



(1) Albania, Bosnia and Herzegovina, Montenegro and Kosovo/UNSCR 1244, not available. (2) 2005 instead of 2006. (3) 1998 instead of 1996; 2004 instead of 2006.

Table 8.1: Energy intensity and electricity generation

	Energy intensity of the economy (kg of oil equivalent per thousand euros 2000)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27 (1)	210.9	203.6	199.8	192.6	187.0	187.6	184.7	186.6	184.3	181.3	:
Croatia (2)	405.9	408.2	410.7	410.4	391.8	382.0	392.0	381.1	366.0	353.2	:
The former Yugoslav Republic of Macedonia (2)	:	:	813.2	761.7	710.3	720.2	770.9	710.6	684.7	687.3	:
Turkey (2)	365.7	359.2	352.8	368.1	371.4	376.1	362.1	366.3	352.4	341.2	324.9
Albania (2)	:	:	604.9	506.7	467.7	454.2	419.4	437.7	455.0	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	:	:	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:
	Electricity generation (thousand GWh)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	2 829.8	2 840.9	2 910.1	2 939.3	3 021.7	3 108.4	3 117.2	3 216.0	3 288.5	3 310.4	:
Croatia	10.5	9.7	10.9	12.2	10.7	12.2	12.3	12.7	13.3	13.1	:
The former Yugoslav Republic of Macedonia (3)	6.6	6.7	7.0	6.9	6.8	6.4	6.1	6.7	6.7	6.9	:
Turkey (4)	94.9	103.3	111	116.4	124.9	122.7	129.4	140.6	150.7	162.0	173.0
Albania	5.8	5.2	5.1	5.4	4.7	3.7	3.2	4.9	5.5	5.5	5.6
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia (4)	35.0	38.0	38.0	31.0	32.0	31.0	31.0	32.0	34.0	36.0	36.0
Kosovo/UNSCR 1244	:	:	:	:	:	:	3.2	3.2	3.5	4.0	:

(1) Values computed using GDP in chain-linked volumes, reference year 2000 ; 2001, 2002, 2004 and 2005, provisional values. (2) Eurostat estimates. (3) 1997, provisional value. (4) 2006, provisional value.

To allow for aggregation of different types of energy, data on primary energy production (coal, oil, gas, nuclear heat, hydro-electricity) is converted to a common unit, 'tonne of oil equivalent (toe)'. In recent years there has generally been a decrease in primary energy production in the EU-27 and the candidate and potential candidate countries.

The energy mix is determined to a large extent by the natural resource endowment of a territory, policy decisions, for example, concerning nuclear energy (considered as a primary source of energy) and the development of renewable energy. Natural gas was the main primary source for energy production in Croatia (2005 data) with almost half the total primary production. In Turkey (2006 data) and the former Yugoslav Republic of Macedonia (2005 data), this role was assumed by hard coal and lignite with 82% and 49%, respectively, whereas in the EU-27, other sources of primary energy had the highest share (43% of the total primary production).

Table 8.2: Breakdown of primary production of energy, 2005 (1 000 toe)

	Crude oil	Hard coal and lignite	Natural gas	Other
EU-27 ⁽¹⁾	127 483	195 132	188 021	379 394
Croatia ⁽¹⁾	1 017	0	1 854	910
The former Yugoslav Republic of Macedonia ⁽¹⁾	0	1 288	0	290
Turkey ⁽²⁾	2 504	13 038	743	10 351
Albania ⁽³⁾	443	0	11	:
Bosnia and Herzegovina ⁽¹⁾ ⁽⁴⁾	:	:	:	:
Montenegro	:	:	:	:
Serbia	:	:	:	:
Kosovo/UNSCR 1244 ⁽¹⁾	:	6391	:	:

(1) 2005 data. (2) Provisional values. (3) Crude oil: 2004 data. (4) Hard coal and lignite: estimated value.

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

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	970 201	961 142	938 887	941 369	932 086	932 740	933 059	924 581	921 024	890 030	:
Croatia	4 207	4 077	3 983	3 570	3 562	3 730	3 689	3 727	3 852	3 781	:
The former Yugoslav Republic of Macedonia ⁽¹⁾	1 680	1 727	1 744	1 698	1 595	1 642	1 577	1 666	1 598	1 578	:
Turkey ⁽²⁾	27 386	28 209	29 324	27 659	26 047	24 576	24 281	23 783	24 332	24 549	26 636
Albania	:	:	1 345	1 113	987	933	896	1 012	1 178	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	:	:	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:

(1) 1997, provisional value. (2) 2006, provisional value.

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

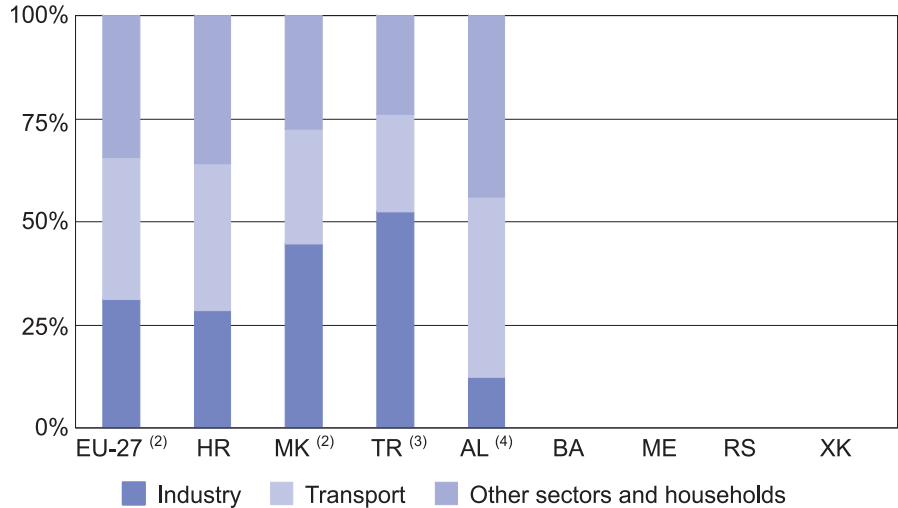
Gross inland consumption = primary production + net imports ± changes in stocks – marine bunkers

In the EU-27 and candidate and potential candidate countries (subject to data availability) there was a relatively high reliance on energy imports in order to meet demand. More than half of the EU-27's energy consumption in 2006 was accounted for by net imports. Turkey's dependencies mostly rely on imports, which accounted for 71% of gross inland consumption in 2006. The share of the net imports in the total gross inland consumption ranges from 43% to 59% in all other countries.

Regarding import dependency evolution between 1996 and 2006, in every country for which data is available, the share of net imports for gross inland consumption tended to increase. In Albania, Croatia and Turkey, the growth of import dependency exceeded 10 percentage points: 16 between 1998 and 2004, 14 between 1996 and 2005, and 11 between 1996 and 2006, respectively. While the EU-27 saw an increase of its dependency (almost 9 percentage points between 1996 and 2005), the former Yugoslav Republic of Macedonia's dependency remained approximately at the same level.

Energy Balance Sheet and Energy Consumption

Figure 8.2: Breakdown of final energy consumption, 2006 (% of total) ⁽¹⁾



(1) Bosnia and Herzegovina, Montenegro, Serbia and Kosovo/UNSCR 1244, not available. (2) 2005 data. (3) Provisional values. (4) 2004 data.

Table 8.4: Energy supply and consumption (1 000 toe)

	Primary production of energy			Net imports of energy			Gross inland energy consumption		
	1996	2001	2006	1996	2001	2006	1996	2001	2006
EU-27 ⁽¹⁾	970 201	932 740	890 030	767 134	849 392	974 701	1 708 960	1 752 360	1 811 323
Croatia ⁽¹⁾	4 207	3 730	3 781	3 231	4 166	5 234	7 256	7 959	8 902
The former Yugoslav Republic of Macedonia ^{(1) (2)}	1 680	1 642	1 578	1 247	1 011	1 256	2 904	2 677	2 872
Turkey ⁽³⁾	27 386	24 576	26 636	41 994	49 536	65 626	69 862	75 402	92 261
Albania ⁽⁴⁾	1 345	933	1 178	626	1 001	1 080	1 971	1 934	2 258
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:

(1) 2005 instead of 2006. (2) 'Net imports of energy' and 'Gross inland energy consumption': 1998 instead of 1996. (3) 2006, provisional value. (4) 1998 instead of 1996; 2004 instead of 2006.

Final use of energy can be broken down by sector: the industrial sector, with the exception of the energy sector (which is not included in industrial consumption but transformation input), the transport sector (private and public transport, passenger and freight transport) and 'other sectors' which include agriculture, fishing, services, administrative bodies and households.

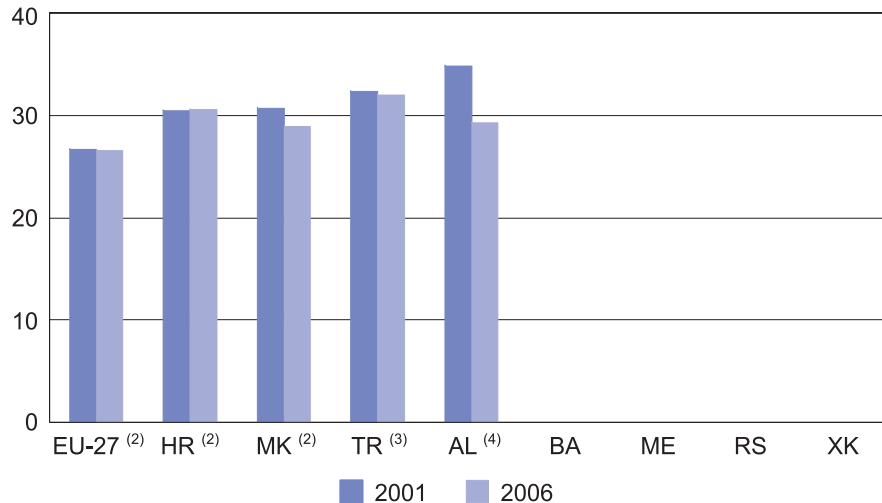
The structure of final energy demand differs somewhat between the EU-27, and the candidate and potential candidate countries (subject to data availability) and reflects, to a large extent, some structural aspects of the economy (type of manufacturing activities, rate of motorisation, mode of transport, energy efficiency, etc).

Between 1996 and 2005, industry's share in final energy consumption decreased in the EU-27 and the same trend is noticeable for number of countries, namely Croatia, the former Yugoslav Republic of Macedonia (1998-2005) and Albania (2002-2004). On the other hand, in Turkey, this share saw an increase of 3.8 percentage points between 1996 and 2006.

A similar analysis for transport shows that the share of final energy consumption in this field tended to grow in the EU-27, Croatia and Albania (2002-2004), whereas it reduced in the former Yugoslav Republic of Macedonia (1998-2005) and Turkey (1996-2006).

Breakdown of Final Energy Consumption

Figure 8.3: Households - proportion of final energy consumption, 2006 (% of total) ⁽¹⁾



(1) Bosnia and Herzegovina, Montenegro, Serbia and Kosovo/UNSCR 1244, not available. (2) 2005 instead of 2006. (3) Provisional values. (4) 2002 instead of 2001; 2004 instead of 2006.

Table 8.5: Breakdown of final energy consumption (% of total)

	Industry										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	29.6	29.9	29.1	28.3	29.2	28.7	28.7	28.4	28.4	27.9	:
Croatia	27.2	28.2	27.7	25.6	26.0	26.4	24.9	24.2	25.4	24.2	:
The former Yugoslav Republic of Macedonia	:	:	38.9	29.8	33.5	32.9	25.1	30.0	30.4	33.6	:
Turkey (1)	39.7	41.0	42.0	39.5	42.9	41.0	44.7	46.0	44.9	44.0	43.5
Albania	:	:	:	:	:	:	15.4	13.2	12.1	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	:	:	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:
	Transport										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	27.9	28.8	29.7	30.6	30.6	30.2	30.8	30.4	30.7	31.0	:
Croatia	26.8	27.2	28.1	28.7	28.7	28.3	29.4	29.7	29.7	30.6	:
The former Yugoslav Republic of Macedonia	:	:	22.0	24.6	22.9	24.2	21.0	21.8	21.6	20.8	:
Turkey (1)	21.6	19.7	19.0	20.6	19.5	21.4	19.2	19.1	20.0	19.3	19.7
Albania	:	:	:	:	:	:	35.2	39.4	43.7	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	:	:	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:

(1) 2006, provisional value.

Chapter 9 - Industry, Construction and Services



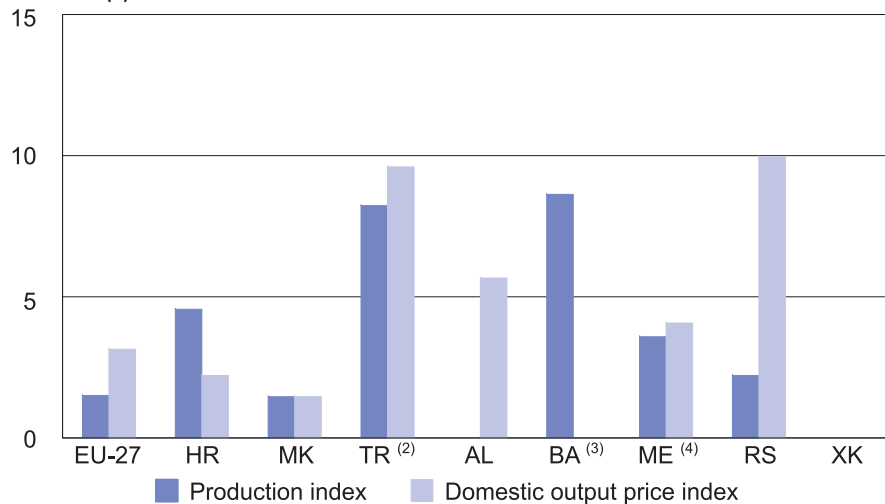
Relatively rapid growth is reported for the industrial production (excluding construction) in the majority of the candidate and potential candidate countries. In fact, between 2001 and 2006, industrial output expanded at a faster rate than in the EU-27 in each territory for which data is available, except for the former Yugoslav Republic of Macedonia.

Inflation, measured by the domestic output price index, was at a level of 5.9% in the EU-27 in 2006 compared to the previous year, whereas Croatia and the former Yugoslav Republic of Macedonia saw an inflation rate of respectively 2.9% and 4.5%. Turkey reported a value of 7.1% for the period 2004-2005 (latest data available). Among the potential candidate countries for which data is available, Serbia recorded the highest inflation rate in 2006, compared to the previous year, of 13.3%. In Montenegro, inflation, at 3.6%, was below the EU-27. In Albania the domestic output price remained stable, displaying a change of less than 0.1%.

The former Yugoslav Republic of Macedonia, Croatia, Montenegro and the EU-27 had the lowest annual average inflation rate over the period 2003-2005. Serbia was at the other extreme with an annual average inflation rate of 11.6% followed by Turkey and Albania with 9.6% and 7.9% respectively.

Production and Output Price Indices

Figure 9.1: Annual average growth rates of production and prices in the industry (excluding construction), 2001-2006 (%) ⁽¹⁾



(1) Kosovo/UNSCR 1244, not available. (2) Domestic output price index: 2003-2005 growth rate. (3) Production index: estimated value. (4) Production index: 2001-2005 growth rate.

Table 9.1: Production and output indices for total industry excluding construction (2000=100)

	Production index											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
EU-27	87.4	90.7	93.6	95.2	100.0	100.2	99.8	100.4	102.8	104.0	108.0	
Croatia	90.0	96.2	99.8	98.3	100.0	106.0	111.8	116.3	120.6	126.7	132.4	
The former Yugoslav Republic of Macedonia	93.4	94.9	99.2	96.6	100.0	96.9	91.8	96.1	94.0	100.6	104.2	
Turkey	:	:	:	:	100.0	91.3	99.9	108.7	119.3	124.8	135.7	
Albania	:	:	:	:	:	:	:	:	:	:	:	
Bosnia and Herzegovina ⁽¹⁾	:	:	:	:	100.0	105.3	112.4	118.0	132.8	144.7	159.3	
Montenegro	105.0	105.0	105.0	96.0	100.0	99.0	100.0	102.0	116.0	114.0	:	
Serbia	105.5	116.1	120.7	89.8	100.0	100.1	101.9	98.8	105.9	106.7	111.7	
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:	
	Domestic output price index											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
EU-27	95.1	95.9	95.3	95.2	100.0	102.1	102.1	103.8	106.9	112.6	119.2	
Croatia	88.0	90.0	88.9	91.2	100.0	103.6	103.2	105.2	108.9	112.2	115.5	
The former Yugoslav Republic of Macedonia	84.8	88.4	91.9	91.8	100.0	102.0	101.1	100.8	101.7	104.9	109.6	
Turkey	:	:	:	:	:	:	:	100.0	112.2	120.1	:	
Albania	:	:	:	95.3	100.0	94.6	100.6	106.9	118.4	124.4	124.5	
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:	
Montenegro	:	:	:	85.9	100.0	114.5	119.6	125.0	132.2	135.0	139.9	
Serbia ⁽²⁾	23.1	27.5	34.5	49.4	100.0	187.7	204.2	213.6	233.1	266.1	301.5	
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:	

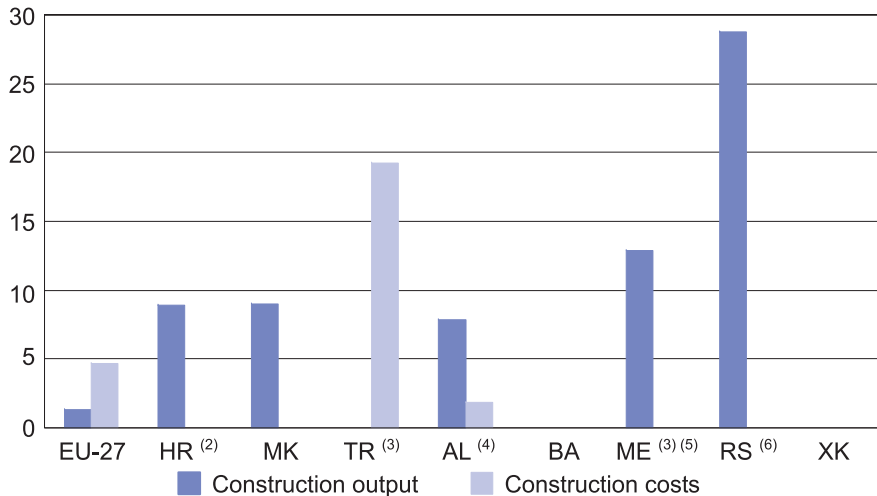
(1) 2001-2006, estimated values. (2) 1996-2000, National classification has been used; from 2001 onwards, NACE classification has been used.

Production in the construction sector of the candidate and potential candidate countries grew at a faster pace than the EU-27 average between 2001 and 2006 (as far as data was available). Construction output rose on average at a rate of 1.3% per annum in the EU-27 over this period, while in the other territories the corresponding rates were around 9.0% per annum in the former Yugoslav Republic of Macedonia and Croatia, and 28.8% per annum in Serbia.

Construction costs also rose at a more rapid pace between 2001 and 2006 for Turkey (with an annual average growth of 19.2%) compared with the EU-27 (4.7%). On the other hand, construction costs in Albania increased by less than in the EU-27 over the same period, with a growth, on average, of 1.8% per annum (information for the other territories was not available).

Construction Output and Construction Costs

Figure 9.2: Annual average growth rates of construction output and of construction costs, 2001-2006 (%)⁽¹⁾



(1) Bosnia and Herzegovina and Kosovo/UNSCR 1244, not available. (2) Construction output: 2001-2005, Eurostat estimate. (3) 2006, estimated value. (4) Construction output: 2001-2004 growth rate. (5) Construction output: 2001-2005 growth rate. (6) Construction output: estimated values.

Table 9.2: Construction output and construction costs (2000=100)

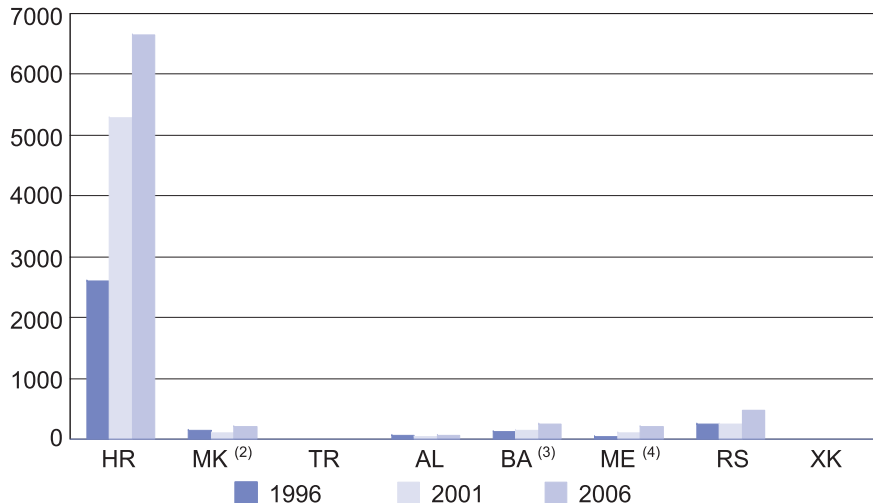
	Construction output											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
EU-27	93.6	92.7	94.4	97.7	100.0	100.4	101.2	102.1	102.6	103.0	107.2	
Croatia ⁽¹⁾	101.4	118.3	119.2	110.0	100.0	103.6	116.9	143.6	146.5	145.4	159.0	
The former Yugoslav Republic of Macedonia	77.7	68.6	67.1	87.8	100.0	77.3	80.2	94.4	113.1	99.7	119.0	
Turkey	:	:	:	:	:	:	:	:	:	:	:	
Albania	:	:	:	96.7	100.0	95.8	102.1	108.4	120.1	:	:	
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:	
Montenegro	:	:	:	:	100.0	110.9	124.2	108.2	128.2	179.9	:	
Serbia ⁽²⁾	115.3	117.4	117.4	98.7	100.0	86.9	153.7	183.9	241.4	274.5	307.8	
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:	
	Construction costs											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
EU-27	87.7	90.2	92.5	96.1	100.0	104.0	108.7	114.0	120.8	125.3	130.5	
Croatia	:	:	:	:	:	:	:	:	:	:	:	
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:	:	
Turkey ⁽³⁾	13.6	25.8	44.9	70.0	100.0	156.5	212.7	258.1	295.8	325.3	377.3	
Albania	63.8	73.6	83.8	91.1	100.0	106.3	107.3	110.2	113.5	115.1	116.4	
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:	
Montenegro	:	:	:	:	:	:	:	:	:	:	:	
Serbia	:	:	:	:	:	:	:	:	:	:	:	
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:	

(1) 1998-2005, Eurostat estimates. (2) 2006, estimated value. (3) 1997-1999 and 2006: estimated values.

The index of the volume of retail sales provides a deflated measure of turnover. Between 2001 and 2006, this index grew on average by 3.2% per annum in the EU-27. This figure was well below the rates recorded in the candidate and potential candidate countries (as far as data was available). Among these countries, the volume of retail sales rose by between 6.9% per annum in Croatia, 8.7% per annum in Albania and 18.9% per annum in Serbia.

Tourism is relatively underdeveloped in the majority of the candidate and potential candidate countries, with the notable exception of Croatia (where there were more than 6.6 million non-resident arrivals in 2006). Although starting from relatively low levels, there was rapid growth in the number of tourist arrivals in the majority of these countries, with tourism in Montenegro, the former Yugoslav Republic of Macedonia and Serbia developing at particularly fast rates between 2001 and 2006 (2001-2005 for Montenegro). Moreover, figures for accommodation showed significant per annum increases in the number of bed places for Bosnia and Herzegovina (6.0%) between 2001 and 2006, and for Turkey (7.0%) between 2001 and 2005. In spite of the increasing demand of tourist arrivals in Montenegro and Serbia, the number of bed places in these two countries fell by slightly more than 1% on average during the same period. In Croatia, tourist arrivals grew on average by 4.7% a year between 2001 and 2006. The number of bed places followed the same trend, however with less intensity, increasing by 1.5% per annum over the same period.

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



(1) Turkey and Kosovo/UNSCR 1244, not available. (2) Arrivals of non-resident tourists in all types of accommodation establishments excluding private tourism accommodation. (3) 1997 instead of 1996. (4) 2005 instead of 2006.

Table 9.3: Retail trade and tourism (2000=100)

	Volume of sales index for retail trade											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
EU-27	87.5	89.6	93.0	96.1	100.0	105.0	108.1	111.0	114.8	117.9	122.8	
Croatia (1)	:	:	:	:	100.0	105.6	117.5	129.0	133.4	138.1	147.7	
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:	:	
Turkey	:	:	:	:	:	:	:	:	:	:	:	
Albania	:	:	:	67.6	100.0	95.2	91.2	107.5	127.7	115.7	144.6	
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:	
Montenegro	:	:	:	:	100.0	127.1	161.9	179.5	210.0	:	:	
Serbia (2)	90.7	93.5	100.0	95.6	100.0	102.9	119.2	140.0	167.6	223.2	244.8	
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:	
	Index of the number of bed places in hotels and similar establishments and other collective accommodation establishments											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	
EU-27 (3)	:	:	:	:	:	:	100.0	102.2	104.2	106.3	:	
Croatia (4)	105.2	102.6	106.7	99.6	100.0	97.8	97.0	99.6	102.4	102.9	105.3	
The former Yugoslav Republic of Macedonia	94.4	97.1	100.1	102.9	100.0	102.4	103.4	102.2	103.4	102.9	105.2	
Turkey	92.7	96.3	96.6	98.2	100.0	113.4	121.8	129.4	139.7	148.6	:	
Albania	62.8	57.8	57.4	60.5	100.0	129.7	135.1	135.1	143.6	135.1	135.1	
Bosnia and Herzegovina (5)	:	76.1	79.1	88.4	100.0	104.5	106.0	106.6	107.0	127.4	139.9	
Montenegro	106.4	108.2	108.4	100.2	100.0	99.6	95.2	87.7	89.5	94.7	:	
Serbia	108.0	108.0	107.7	113.1	100.0	100.2	94.4	92.2	92.5	93.9	95.9	
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:	

(1) Gross series; VAT, legal and physical persons are included. (2) 2006, estimated value. (3) 2002=100. (4) Permanent and temporary bed-places in all collective establishments are included. (5) 2001-2006, estimated values.

Chapter 10 - Transport

10

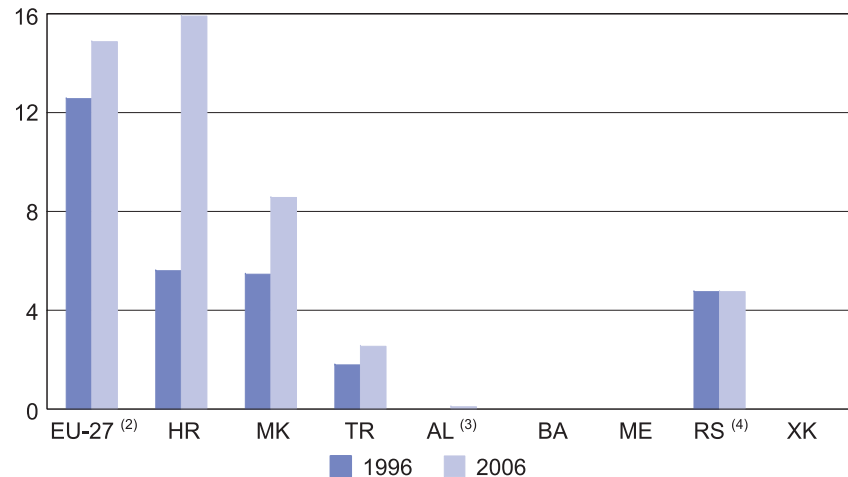
The transport infrastructure of the candidate and potential candidate countries is relatively small, compared to the EU-27 (data on the length of roads refers to the EU-25). Furthermore, most candidate and potential candidate countries show minor changes in their road and rail networks. However, there was a rapid expansion in the road network in Turkey in the years between 1999 and 2003 with a percentage change of 11.5%.

The EU-27 had around 213 500 kilometres of railway track in 2003. For the same year, the cumulative sum of all railway tracks in the candidate and potential candidate countries (excluding Bosnia and Herzegovina and Kosovo/UNSCR 1244) was equal to 7.8% of the EU-27 total. According to the data available, the relative importance of the rail transport network is particularly high in Kosovo/UNSCR 1244 and Albania, whereas the opposite occurs in Turkey.

Note that the absolute number of kilometres of road or rail networks only tells part of the story regarding the performance of transport infrastructures, as network density, quality and frequency of use are also important determinants.

The density of the motorway network remained stable in Serbia between 1996 and 2006, while significantly growing in Turkey, the former Yugoslav Republic of Macedonia and Croatia where it was multiplied by 2.8.

Figure 10.1: Density of the motorway network (kms per thousand km² of land area) ⁽¹⁾



(1) Bosnia and Herzegovina, Montenegro and Kosovo/UNSCR 1244, not available. (2) EU-25 data, excluding Greece; estimated values; 2004 instead of 2006.

(3) 2003 instead of 2006. (4) 2006, provisional value.

Table 10.1: Transport infrastructure (thousand kilometres)

	Length of all roads (excluding motorways)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27 (1)	4 571.1	4 619.3	4 656.3	4 656.9	4 668.1	4 701.5	4 829.4	4 842.3	4 843.5	:	:
Croatia	26.6	26.6	27.5	27.5	27.6	27.7	27.8	27.8	27.6	27.6	27.9
The former Yugoslav Republic of Macedonia	9.6	10.5	11.5	12.2	12.5	12.9	13.0	13.0	13.1	13.3	13.7
Turkey (2)	380.0	380.0	379.0	383.0	416.0	425.0	426.0	427.0	348.0	348.0	348.0
Albania	:	:	:	:	:	:	:	2.5	2.6	2.7	2.7
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	6.9	7.0	7.0	7.1	7.2	7.3	7.3	7.3	7.3	7.4	7.4
Serbia	42.7	43.4	43.5	37.7	37.6	37.7	38.0	37.0	38.6	38.6	38.5
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	1.3	:	:
	Length of railway network (lines in operation)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	:	:	:	:	:	:	:	213.5	:	:	:
Croatia	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
The former Yugoslav Republic of Macedonia	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	0.7	:
Turkey	8.6	8.6	8.6	8.7	8.7	8.7	8.6	8.7	8.7	8.7	8.7
Albania	:	:	:	:	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	1.0	1.0	1.0
Montenegro	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Serbia	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8	3.8
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	0.4	:	:

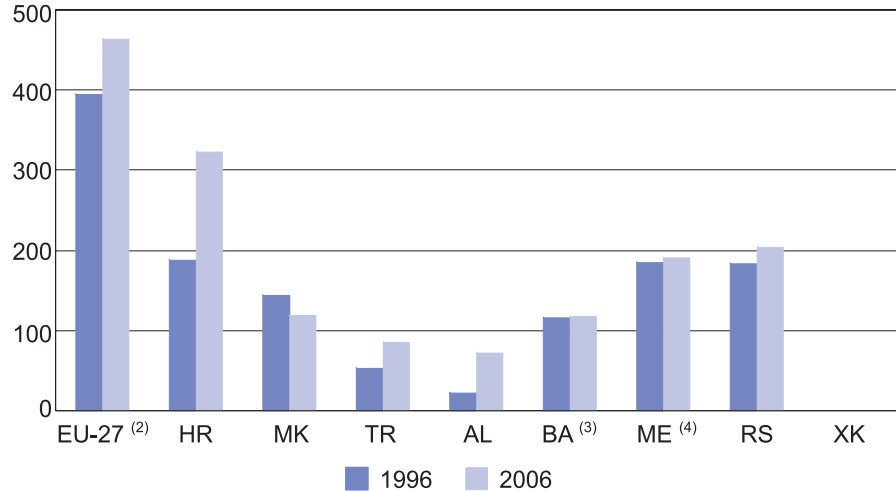
(1) EU-25 data; estimated values. (2) Excluding municipality roads; 2004, break in series.

In relation to the increase of the average household income in the candidate and potential candidate countries, the number of passenger cars increased on average by at least 5% per annum between 2001 and 2006 in Turkey and Albania, with a respective annual average growth of 6.3% and 11.0% (Albania started from a particularly low level). The highest average number of passenger cars per inhabitants in the candidate and potential candidate countries (subject to data availability) was accounted for by Croatia (with nearly one car per three inhabitants in 2006), although this rate was still some way behind the EU-25 average from 2004 (almost one car per two inhabitants).

From 2000 onwards, the share of the EU-27 road freight transport has been progressively growing: it increased from 73.9% in 2000 to 76.5% in 2005, whereas it did not show a clear trend in Croatia and Turkey (for which data was available). The share of road freight transport in Croatia resembled that of the EU-27, while road freight played an even greater role in Turkey, where road is used as transportation means for almost 95% of total freight. But in case of Serbia, road freight represented only about a half the total freight in 1999 (latest data available).

Inland Transport and Number of Cars

Figure 10.2: Average number of passenger cars per 1000 inhabitants (units) ⁽¹⁾



(1) Kosovo/UNSCR 1244, not available. (2) EU-25 data; 1995 instead of 1996; 2004 instead of 2006. (3) 2002 instead of 1996; 2005 instead of 2006; data refers to the Federation of Bosnia and Herzegovina only (official data for the state level are not available). (4) 1999 instead of 1996; 2005 instead of 2006.

Table 10.2: Inland transport

	Number of passenger cars (thousands)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27 ⁽¹⁾	181 399	183 211	189 299	195 042	200 870	205 884	209 895	212 232	214 183	:	:
Croatia	841	939	1 001	1 066	1 144	1 196	1 244	1 293	1 338	1 385	1 436
The former Yugoslav Republic of Macedonia ⁽²⁾	284	289	289	290	299	309	308	300	249	253	242
Turkey	3 274	3 570	3 838	4 072	4 422	4 535	4 600	4 700	5 400	5 773	6 141
Albania	67	77	91	92	115	134	149	175	190	195	225
Bosnia and Herzegovina ⁽³⁾	:	:	:	:	:	:	444	429	446	450	:
Montenegro	:	:	:	113	113	99	103	106	109	119	:
Serbia	1 397	1 584	1 749	1 573	1 274	1 382	1 344	1 388	1 455	1 481	1 512
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:
	Road freight transport as a share of total inland freight transport (%)										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27 ⁽⁴⁾	:	:	:	:	73.9	74.9	75.6	75.8	76.0	76.5	:
Croatia	:	:	:	:	:	75.9	76.4	76.2	76.6	76.0	74.8
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:	:
Turkey	93.8	93.6	94.8	94.8	94.3	95.3	95.5	94.6	95.3	95.5	94.3
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	47.4	42.2	38.8	49.8	:	:	:	:	:	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:

(1) EU-25 data; estimated values except for 1999-2001. (2) 2004, break in series. (3) Data refers to the Federation of Bosnia and Herzegovina only (official data for the state level are not available). (4) Eurostat estimates.

In addition to road, rail is the other important transport mode for inland freight transport in the candidate and potential candidate countries. While road transport is predominant in EU-27, the countries of Montenegro and Serbia reported a relatively high propensity to use rail freight transport. In fact, in Montenegro and Serbia the number of tonne-kilometres transported by rail exceeded that of road freight transport, whereas in Bosnia and Herzegovina the tonne-kilometres performed by rail and road are nearly equivalent. On the other hand, the use of road freight transport dominated the use of rail in Turkey, in the former Yugoslav Republic of Macedonia and, to a lesser extent, in Croatia.

Table 10.3: Breakdown of freight transport, 2006

	Rail (million tonne-km)	Road (million tonne-km)	Inland waterways (million tonne-km)	Pipeline (million tonne-km)	Sea-inward and -outward (million tonne)	Air-loaded and - unloaded (million tonne)
EU-27 (1)	382 624	1 865 861	137 712	:	3 718	12
Croatia (2)	3 305	10 175	116	1 533	26	:
The former Yugoslav Republic of Macedonia	614	6 732	:	:	:	:
Turkey (3)	9 467	177 399	:	2 287	128	:
Albania	36	:	:	6	:	:
Bosnia and Herzegovina	1 096	1 206	:	:	:	:
Montenegro	182	73	:	:	:	:
Serbia (4)	4 232	797	1 640	1 112	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:

(1) Rail, road: estimated values; Sea: 2005 data; Air: EU-25 data. (2) Rail: excluding empty private wagons; Road: data cover the operation of legal entities and natural persons engaged in the transport of goods. (3) 2005 data; Sea: 2001 data. (4) Road: only hire and reward transport.

Table 10.4: Inland transport

Rail freight (million tonne-km)											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27 ⁽¹⁾	:	:	:	:	:	:	:	383 855	383 855	383 415	382 624
Croatia ⁽²⁾	1 717	1 715	1 831	1 685	1 788	2 074	2 206	2 487	2 493	2 835	3 305
The former Yugoslav Republic of Macedonia	271	279	408	380	527	462	334	373	426	530	614
Turkey	9 018	9 717	8 466	8 446	9 895	7 562	7 224	8 669	9 417	9 152	9 467
Albania	42	23	25	27	28	19	21	31	32	26	36
Bosnia and Herzegovina	25	46	84	146	222	281	309	317	625	923	1 096
Montenegro	206	198	208	55	52	51	66	55	93	129	182
Serbia	1 865	2 398	2 537	1 190	1 917	1 989	2 262	2 591	3 164	3 482	4 232
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:
Road freight (million tonne-km)											
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27 ⁽¹⁾	:	:	:	1 574 284	1 614 529	1 639 055	1 672 638	1 671 962	1 759 333	1 787 495	1 865 861
Croatia ⁽³⁾	1 117	1 091	1 151	1 093	1 090	6 783	7 413	8 241	8 819	9 328	10 175
The former Yugoslav Republic of Macedonia ⁽³⁾	796	896	894	839	776	2 311	2 693	4 130	4 004	3 930	6 732
Turkey	123 748	124 340	160 980	150 974	161 552	151 421	150 912	152 163	156 853	166 831	177 399
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	217	323	393	364	334	269	313	326	667	750	1 206
Montenegro	137	95	70	79	66	78	71	71	65	61	73
Serbia ⁽⁴⁾	2 864	2 822	2 621	2 974	582	475	459	452	277	680	797
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:

(1) Estimated values. (2) From 1997 onwards, excluding empty private wagons. (3) 2001, break in series. (4) From 2000 onwards, only hire and reward transport.

Chapter 11 - Communication and Information Society

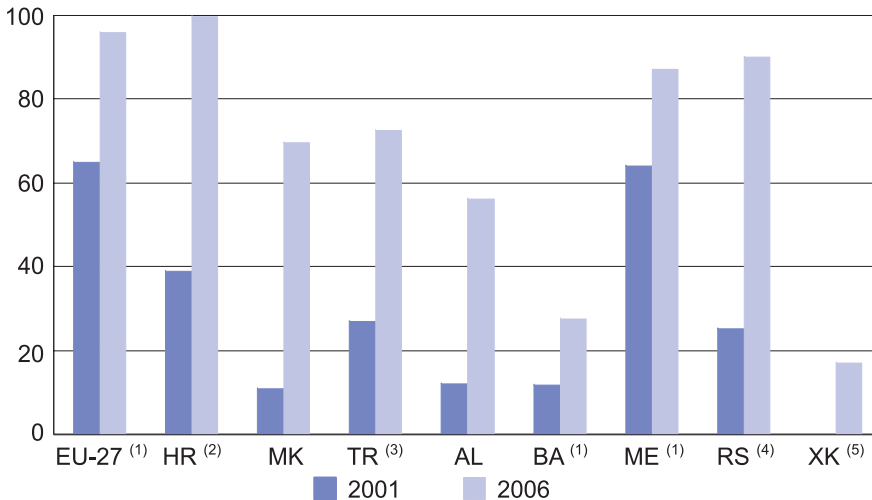
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In the EU-27 there were slightly more than 234 million land telephone lines in 2005, a small increase compared to 2004. The cumulative sum of lines in the candidate and potential candidate countries (excluding Bosnia and Herzegovina) was nearly 25 million lines, equivalent to 10.5% of the EU-27 total.

There were almost 472 million mobile subscribers in the EU-27 in 2005, while the cumulative sum for the candidate and potential candidate countries (excluding Bosnia and Herzegovina and Kosovo/UNSCR 1244) was around 56 million subscribers, or 11.8% of the EU-27 total. The number of mobile subscribers increased in 2006 in all candidate and potential candidate countries for which data is available.

While the markets for mobile telephony in some Member States appear to have reached saturation point (with penetration rates in excess of 100%, as a result, for example, of subscribers having multiple subscriptions), rapid growth was still being reported in most of the candidate and potential candidate countries in 2004 and/or 2005. The highest take-up of mobile subscriptions was recorded in Croatia, where there was an average of 0.996 subscriptions (prepaid and post-paid) per inhabitant, whereas in Serbia the corresponding figure was greater than 0.87 subscriptions per inhabitant, which was also the case for Montenegro in 2005.

Figure 11.1: Average number of subscriptions to cellular mobile telephony per 100 inhabitants (units)



(1) 2005 instead of 2006. (2) Data present the number of prepaid and postpaid users. (3) Source: the Telecommunications Authority. (4) 2006, estimated value. (5) 2004 instead of 2006.

Table 11.1: Fixed and cellular telephony (thousands)

	Number of main telephone lines										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	210 716	218 590	225 241	228 809	233 048	234 530	233 445	230 608	232 824	234 112	:
Croatia	1 389	1 488	1 558	1 641	1 721	1 780	1 685	1 684	1 676	1 675	1 649
The former Yugoslav Republic of Macedonia ⁽¹⁾	368	408	457	784	806	792	793	723	733	670	672
Turkey ⁽²⁾	14 287	15 744	16 960	18 054	18 395	18 904	18 915	18 917	19 125	18 973	18 832
Albania	87	108	116	140	153	198	220	255	231	243	260
Bosnia and Herzegovina	272	303	333	:	:	847	903	938	:	:	:
Montenegro	145	147	159	170	177	183	187	188	178	178	:
Serbia	1 937	2 043	2 153	2 251	2 190	2 234	2 299	2 409	2 457	2 673	2 684
Kosovo/UNSCR 1244	:	:	:	:	81	95	104	101	91	93	:
	Number of subscriptions to cellular mobile telephone services										
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	34 670	55 544	95 536	159 794	257 781	313 867	345 569	379 917	424 287	471 951	:
Croatia ⁽³⁾	60	120	177	361	1 112	1 731	2 340	2 551	2 842	3 650	4 427
The former Yugoslav Republic of Macedonia	1	12	30	48	100	221	366	608	998	1 216	1 417
Turkey ⁽²⁾	806	1 610	3 507	7 684	15 063	18 299	23 323	27 888	34 708	43 631	52 663
Albania	:	:	:	:	:	370	800	1 150	1 259	1 530	1 769
Bosnia and Herzegovina	2	9	25	:	:	445	749	1 050	:	:	:
Montenegro	:	:	:	:	:	393	479	418	484	543	:
Serbia ⁽⁴⁾	:	:	:	:	1 168	1 885	2 420	2 991	4 324	5 222	6 679
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	315	342	:	:

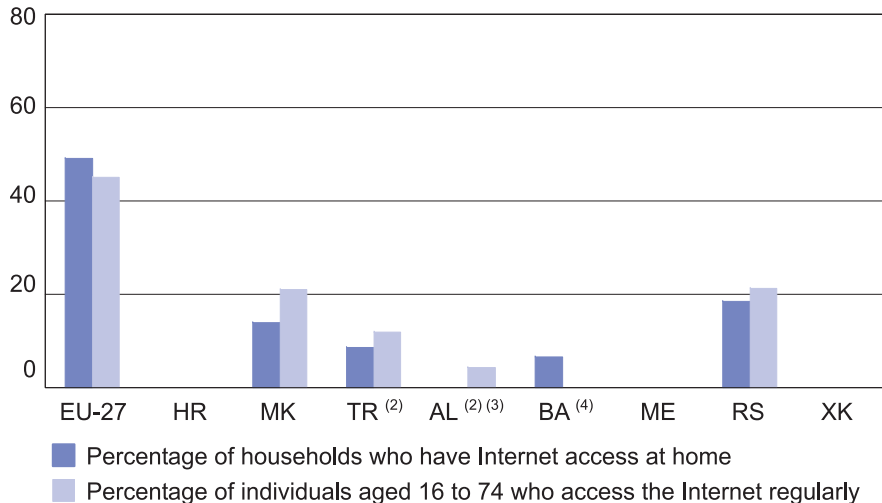
(1) From 1996 to 1998: number of telephone subscribers. (2) Source: the Telecommunications Authority. (3) Break in series: beginning in 1999, data present the number of prepaid and postpaid users. (4) 2006, estimated value.

The average possession of PCs was below 30% in all territories where data was available (58% in EU-27).

The proportion of households who have Internet access at home includes information on all forms of Internet use including e-mail, web browsing, home banking and e-commerce. 'Regular use' of the Internet is defined as the use of Internet, on average, at least once a week. The proportion of households with Internet access at home was much lower for the candidate and potential candidate countries where data was available than in the EU-27, and so was the proportion for regular use of the Internet.

There is a limited set of information available for information technology usage within enterprises (no data was reported for the candidate and potential candidate countries except for Turkey and Serbia). While 92% of the enterprises in the EU-27 had access to the Internet in 2006, this proportion was 90.2% in Serbia and of 81.5% in Turkey for 2005. On the other hand, 63% of the enterprises in the EU-27 used the Internet to interact with public authorities. The corresponding shares for Turkey and Serbia were 63.2% and 48.6% respectively. The proportion of enterprises' turnover from Internet (e-commerce) was 14% in the EU-27.

Figure 11.2: Use of the Internet among individuals, 2006 (%) ⁽¹⁾



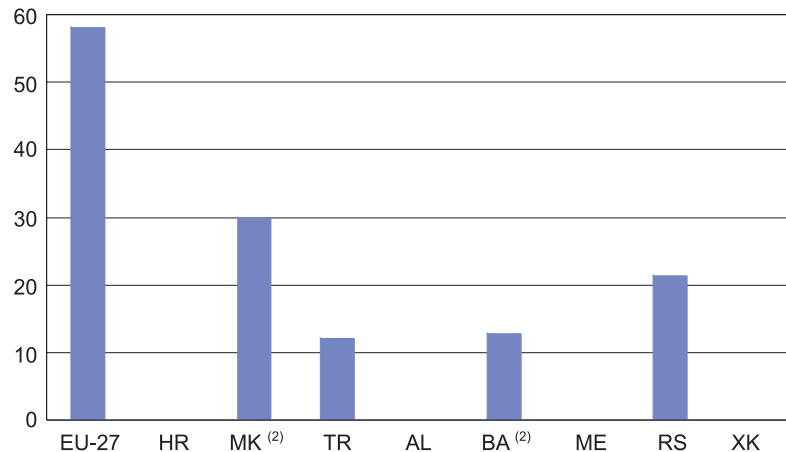
(1) Croatia, Montenegro and Kosovo/UNSCR 1244, not available. (2) 2005 data. (3) Data refers to the percentage of people who have used internet in total population. (4) 2004 data; source: Household Budget Survey.

Table 11.2: Number of personal computers, 2006 (thousands)

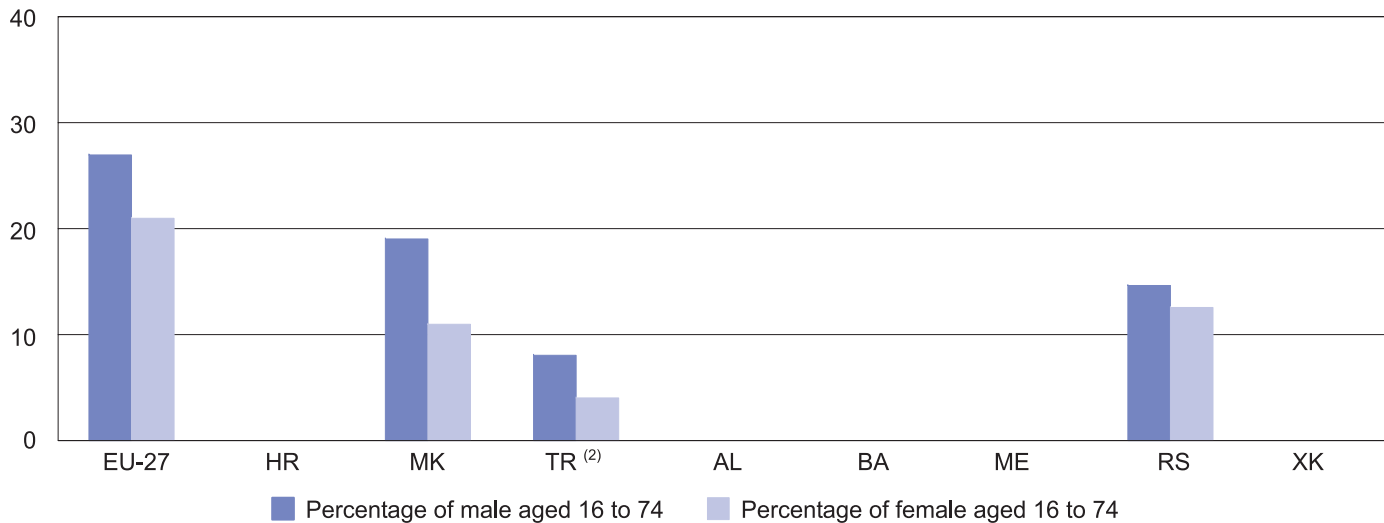
	Proportion of enterprises having access to the Internet	Proportion of enterprises using the Internet to interact with public authorities	Proportion of enterprises' turnover from Internet e-commerce
EU-27	92.0	63.0	14.0
Croatia	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:
Turkey (1)	81.5	63.2	:
Albania	:	:	:
Bosnia and Herzegovina	:	:	:
Montenegro	:	:	:
Serbia	90.2	48.6	:
Kosovo/UNSCR 1244	:	:	:

(1) 2005 data; only NACE 92.1 and NACE 92.2 sectors were covered instead of whole NACE O.

Figure 11.3: Average number of personal computers per 100 inhabitants, 2005 (units) (1)



(1) Croatia, Albania, Montenegro and Kosovo/UNSCR 1244, not available. (2) 2004 data.

Figure 11.4: Proportion of individuals who have used the Internet for interaction with the public authorities, 2006 (%) ⁽¹⁾

(1) Croatia, Albania, Bosnia and Herzegovina, Montenegro and Kosovo/UNSCR 1244, not available. (2) 2005 data.

Chapter 12 - External Trade

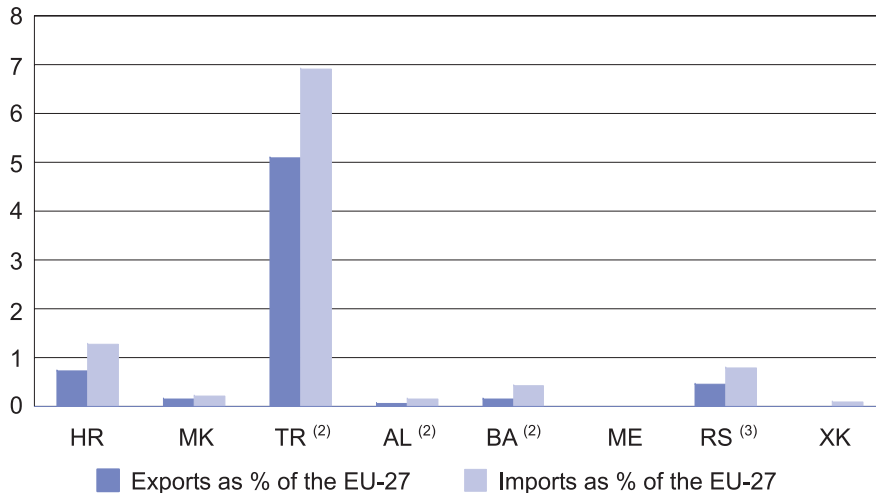
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External trade figures that are presented in this section cover trade in goods only (excluding trade in services). Note that all of the EU-27 data in this section refers to extra-EU trade, in other words, trade of the EU-27 with the rest of the world. The data, therefore, does not cover the considerable amount of intra-community trade, i.e. they exclude all trade between the 27 Member States.

The EU-27 ran a trade deficit for goods that was estimated at slightly more than EUR 192 billion in 2006. This deficit rose by 52% in comparison to 2005. Expressed in a different way, exports from the EU-27 covered 86% of total imports in 2006 against a value of 89% in 2005. This indicator is often referred to as a cover ratio.

The candidate and potential candidate countries (for which data is available) also recorded trade deficits in 2006. They all ran a trade deficit for goods that rose by 9% in Kosovo/UNSCR 1244, and by 11% to 13% in Serbia, Croatia and the former Yugoslav Republic of Macedonia in comparison with 2005. Cover ratios ranged from 6.2% in Kosovo/UNSCR 1244 to 64% in the former Yugoslav Republic of Macedonia.

Figure 12.1: External trade of goods, 2006 (as a % of the EU-27 exports and of the EU-27 imports) ⁽¹⁾



(1) Montenegro, not available. (2) 2005 data. (3) Provisional value.

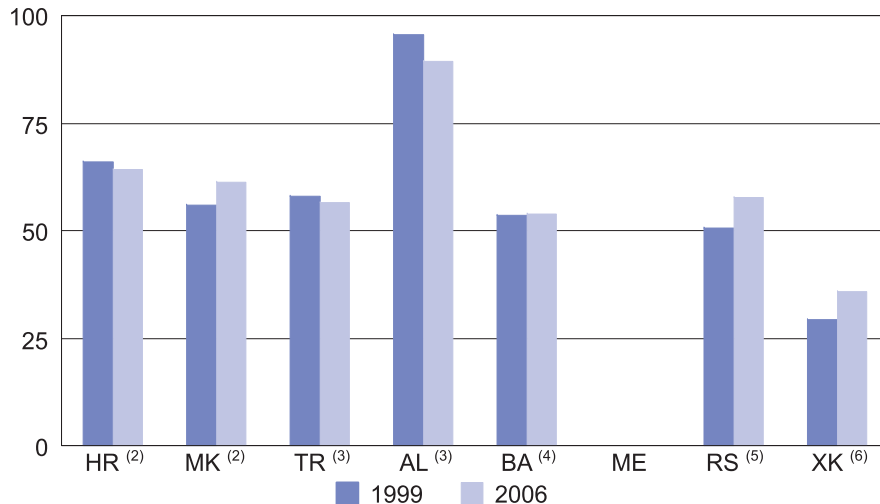
Table 12.1 : External trade of goods (EUR million)

	Total exports							
	1999	2000	2001	2002	2003	2004	2005	2006
EU-27 ⁽¹⁾	683 082	849 739	884 707	891 898	869 236	952 925	1 053 205	1 158 125
Croatia	:	:	:	5 188	5 439	6 454	7 069	8 252
The former Yugoslav Republic of Macedonia	:	:	:	1 178	1 203	1 346	1 644	1 906
Turkey	24 964	30 182	35 062	38 137	41 516	50 891	58 849	:
Albania	329	283	340	331	395	479	532	:
Bosnia and Herzegovina	:	:	:	:	908	1 299	1 920	:
Montenegro	:	:	:	:	:	:	:	:
Serbia ⁽²⁾	1 270	1 680	1 896	2 192	2 442	2 832	3 608	5 102
Kosovo/UNSCR 1244	:	:	:	:	:	57	49	82
	Total imports							
	1999	2000	2001	2002	2003	2004	2005	2006
EU-27 ⁽¹⁾	743 297	992 698	979 145	936 972	935 245	1 027 536	1 179 856	1 350 436
Croatia	:	:	:	11 327	12 510	13 354	14 950	17 105
The former Yugoslav Republic of Macedonia	:	:	:	2 105	2 031	2 354	2 601	2 988
Turkey	38 351	59 444	46 256	54 478	60 136	78 528	93 410	:
Albania	1 083	1 179	1 486	1 590	1 648	1 823	2 118	:
Bosnia and Herzegovina	:	:	:	:	2 928	3 966	5 670	:
Montenegro	:	:	:	:	:	:	:	:
Serbia ⁽²⁾	2 694	3 606	4 758	5 919	6 589	8 623	8 439	10 463
Kosovo/UNSCR 1244	:	:	:	:	:	1 050	1 180	1 315

(1) Trade with partners outside of the EU-27 (extra-EU trade). (2) Break in series: from January 2004 data are based on Uniform Customs Document harmonised with EU regulations; 2006, provisional value.

In 1999 and 2006, the EU-27 was the main trading partner, accounting for the majority of both imports and exports in most candidate and potential candidate countries. In 2006, the main exception to this rule (subject to data availability) was Kosovo/UNSCR 1244 (where the EU-27 accounted for just over 1/3 of its total exports and imports in 2006).

Figure 12.2: Exports of goods destined for the EU-27 (% of total exports) ⁽¹⁾



(1) Montenegro, not available. (2) 2002 instead of 1999. (3) 2005 instead of 2006. (4) 2003 instead of 1999; 2005 instead of 2006. (5) Break in series: from January 2004 data are based on Uniform Customs Document harmonised with EU regulations; 2006, provisional value. (6) 2004 instead of 1999.

For most countries a decrease in the importance of the EU-27 in the international trade during the last three years was recorded. From 1999 onwards the largest decrease in the proportion of exports destined for the EU-27 (subject to data availability) was registered for Albania, from 96% to 89% in 2005 and, to a lesser extent, for Croatia and Turkey.

On the other hand, the proportion of exports to the EU-27 from the former Yugoslav Republic of Macedonia increased from 55.9% to 61.2% between 2002 and 2006. Except for Albania, there was a substantial increase in the proportion of exports from the potential candidate countries to the EU-27, which rose for Kosovo/UNSCR 1244 from 29.3% in 2004 to 35.7% in 2006, and for Serbia from 50.5% in 1999 to 57.7% in 2006 (the rate of exports to the EU-27 slightly decreased in Serbia from 2005 to 2006).

Table 12.2 : External trade of goods with the EU-27

	Exports to the EU-27 (% of total exports)							
	1999	2000	2001	2002	2003	2004	2005	2006
Croatia	:	:	:	66.1	68.3	65.8	63.3	64.3
The former Yugoslav Republic of Macedonia	:	:	:	55.9	58.9	60.3	56.9	61.2
Turkey	58.0	56.4	56.0	56.6	58.3	57.9	56.4	:
Albania	95.6	93.2	91.3	92.6	93.8	90.9	89.4	:
Bosnia and Herzegovina	:	:	:	:	53.4	54.2	53.8	:
Montenegro	:	:	:	:	:	:	:	:
Serbia (1)	50.5	54.3	58.2	59.5	53.9	56.6	58.7	57.7
Kosovo/UNSCR 1244	:	:	:	:	:	29.3	37.9	35.7
	Imports from the EU-27 (% of total imports)							
	1999	2000	2001	2002	2003	2004	2005	2006
Croatia	:	:	:	71.9	73.3	71.0	67.9	67.2
The former Yugoslav Republic of Macedonia	:	:	:	61.7	60.3	60.8	54.7	52.9
Turkey	55.4	52.4	47.9	49.8	50.6	49.3	45.2	:
Albania	82.8	80.7	80.3	77.0	74.3	70.5	67.2	:
Bosnia and Herzegovina	:	:	:	:	58.5	53.0	51.9	:
Montenegro	:	:	:	:	:	:	:	:
Serbia (1)	59.9	61.6	57.6	59.6	58.4	58.2	54.7	55.0
Kosovo/UNSCR 1244	:	:	:	:	:	40.3	38.4	34.2

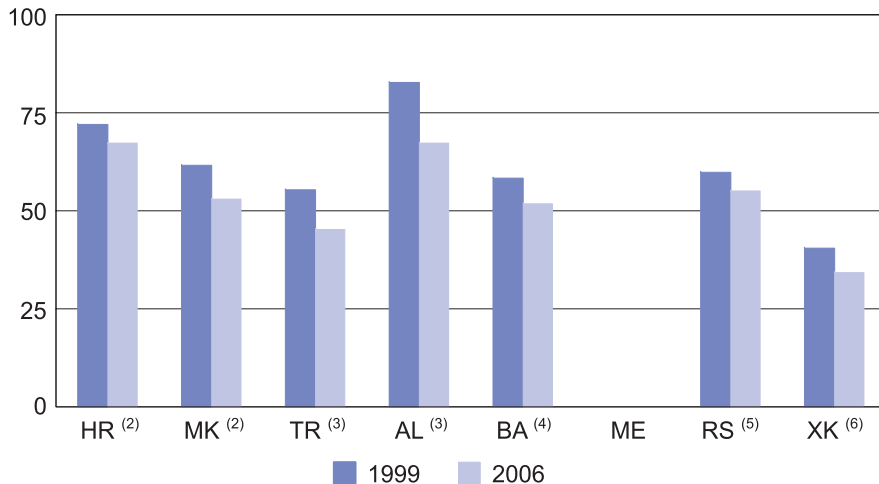
(1) Break in series: from January 2004 data are based on Uniform Customs Document harmonised with EU regulations; 2006, provisional value.

In general, between 1999 and 2006 (subject to data availability) the imports of goods originating from the EU-27 decreased in all the territories. The imports of goods originating from EU-27 to Albania and Turkey decreased from 82.8% to 67.2% and from 55.4% to 45.2% respectively between 1999 and 2005.

The EU-27, as well as the candidate and potential candidate countries, all showed a deficit in their external trade in goods. EU-27 recorded a deficit steadily rising since 2002, the 2006 deficit being more than four times higher than in 2002. In Turkey the deficit for 2005 was more than twice that registered in 2002.

Each of the new candidate and potential candidate countries ran a trade deficit with the EU-27 (apart from Montenegro where data is not available). Between 2005 and 2006 this negative balance in international trade in goods with the EU-27 - compared to the previous year (where data is available) - grew in Croatia and Serbia by EUR 504 million and EUR 315 million respectively, and decreased in the former Yugoslav Republic of Macedonia (EUR 73 million) and in Kosovo/UNSCR 1244 (EUR 14 million).

Figure 12.3: Imports of goods originating from the EU-27 (% of total imports) ⁽¹⁾



(1) Montenegro, not available. (2) 2002 instead of 1999. (3) 2005 instead of 2006. (4) 2003 instead of 1999; 2005 instead of 2006. (5) Break in series: from January 2004 data are based on Uniform Customs Document harmonised with EU regulations; 2006, provisional value. (6) 2004 instead of 1999.

Table 12.3 : Trade balance of goods

	Trade balance (EUR million)							
	1999	2000	2001	2002	2003	2004	2005	2006
EU-27	-60 215	-142 959	-94 438	-45 073	-66 010	-74 611	-126 652	-192 311
Croatia	:	:	:	-6 139	-7 071	-6 901	-7 880	-8 853
The former Yugoslav Republic of Macedonia	:	:	:	-927	-828	-1 008	-957	-1 081
Turkey	-13 387	-29 263	-11 194	-16 341	-18 620	-27 637	-34 560	:
Albania	-754	-896	-1 145	-1 259	-1 252	-1 344	-1 585	:
Bosnia and Herzegovina	:	:	:	:	-2 019	-2 667	-3 750	:
Montenegro	:	:	:	:	:	:	:	:
Serbia ⁽¹⁾	-1 423	-1 926	-2 862	-3 727	-4 147	-5 792	-4 831	-5 360
Kosovo/UNSCR 1244	:	:	:	:	:	-994	-1 131	-1 233
	Trade balance with the EU-27							
	1999	2000	2001	2002	2003	2004	2005	2006
Croatia	:	:	:	-4 718	-5 452	-5 231	-5 678	-6 182
The former Yugoslav Republic of Macedonia	:	:	:	-640	-516	-621	-488	-415
Turkey	-6 764	-14 116	-2 523	-5 538	-6 245	-9 276	-8 994	:
Albania	-582	-688	-882	-917	-854	-850	-946	:
Bosnia and Herzegovina	:	:	:	:	-1 226	-1 399	-1 908	:
Montenegro	:	:	:	:	:	:	:	:
Serbia ⁽¹⁾	-973	-1 312	-1 636	-2 225	-2 532	-3 413	-2 500	-2 815
Kosovo/UNSCR 1244	:	:	:	:	:	-407	-435	-421

(1) Break in series: from January 2004 data are based on Uniform Customs Document harmonised with EU regulations; 2006, provisional value.

Indicators relating to the breakdown of external trade statistics show the proportion of exports and imports according to the SITC (Standard International Trade Classification). The classification is shown as follows:

SITC 0: food & live animals;

SITC 1: beverages & tobacco;

SITC 2: crude materials, inedible, except fuels;

SITC 3: mineral fuels, lubricants & related materials;

SITC 4: animal & vegetable oils, fats & waxes;

SITC 5: chemical & related products;

SITC 6: manufactured goods classified chiefly by material;

SITC 7: machinery & transport equipment;

SITC 8: miscellaneous manufactured articles;

SITC 9: commodities & transactions not classified elsewhere.

The largest proportion of exports from the candidate and potential candidate countries was often found to be 'manufactured goods classified chiefly by material' (such as iron and steel, textiles, wood or paper), or alternatively 'miscellaneous manufactured articles' (such as clothing, footwear or furniture) and 'machinery and transport equipment' (including products such as machines, computer and office equipment, motor vehicles and other transport equipment).

Breakdown of Exports and Imports

Table 12.4 : Breakdown of exports of goods (% of total exports)

	1999										
	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9	
EU-27	4.3	1.8	1.8	2.3	0.3	14.3	14.3	46.0	12.2	2.9	
Croatia ⁽¹⁾	8.0	2.7	5.6	9.3	0.2	10.3	14.7	28.5	20.6	0.0	
The former Yugoslav Republic of Macedonia ⁽¹⁾	6.7	11.2	3.2	2.2	0.2	6.2	28.4	6.7	34.8	0.4	
Turkey	12.0	2.2	2.6	1.3	1.0	3.6	28.5	19.0	28.6	1.2	
Albania ⁽²⁾	3.3	2.2	7.7	2.2	0.1	0.3	8.3	5.7	70.2	0.1	
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	
Montenegro	:	:	:	:	:	:	:	:	:	:	
Serbia	21.2	1.3	5.3	2.6	0.6	10.5	27.1	13.2	15.4	2.8	
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	
	2006										
	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9	
EU-27	3.4	1.6	2.2	5.0	0.2	15.9	14.2	43.5	11.2	2.8	
Croatia	9.2	1.9	5.9	15.1	0.2	9.2	14.9	28.8	14.9	0.0	
The former Yugoslav Republic of Macedonia	8.0	8.0	4.7	9.4	0.1	4.2	35.4	4.9	25.3	0.1	
Turkey ⁽³⁾	8.8	1.0	1.8	3.6	0.5	3.8	27.8	29.3	21.9	1.4	
Albania ⁽³⁾	3.9	1.8	10.8	2.6	0.0	0.5	15.5	4.1	60.7	0.0	
Bosnia and Herzegovina ⁽³⁾	4.6	0.5	21.2	8.9	0.6	3.4	28.3	16.7	15.7	0.1	
Montenegro	:	:	:	:	:	:	:	:	:	:	
Serbia ⁽⁴⁾	16.6	1.8	4.3	3.5	0.5	10.1	37.6	11.0	14.4	0.2	
Kosovo/UNSCR 1244	8.8	2.9	49.5	10.4	0.3	1.6	15.7	5.2	5.5	0.2	

(1) 2002 data. (2) Uncertain data. (3) 2005 instead of 2006. (4) 2006, provisional value.

By looking at the most recent data, from 2006 (according to data availability), the highest value of 'manufactured goods classified chiefly by material' was registered in Serbia and the former Yugoslav Republic of Macedonia, with a share of total exports of more than 1/3, and Bosnia and Herzegovina and Turkey, with shares above 1/4, while 'miscellaneous manufactured articles' accounted for 60.7% of total exports in Albania. The only exceptions were Kosovo/UNSCR 1244 for 'crude materials, inedible, except fuels' (a share of almost 50%) followed by Croatia and Turkey for 'machinery & transport equipment' (the largest share, representing more than 1/4 of total exports in each country).

Regarding imports, the candidate and potential candidate countries tended to record their highest proportion of imports for 'machinery & transport equipment' (which includes products such as machines, computer and office equipment, motor vehicles and other transport equipment) or for 'manufactured goods classified chiefly by material'. In 2006 (according to data availability), 'machinery & transport equipment' tended to be more than 1/3 of total imports in Turkey and Croatia and around 1/4 in Serbia, Bosnia and Herzegovina and Albania. In Kosovo/UNSCR 1244 and the former Yugoslav Republic of Macedonia these goods accounted for lower shares, 18.1% and 18.3% respectively, whereas 'manufactured goods classified chiefly by material' accounted for the largest share of total imports (above 1/4 of total imports) in the former Yugoslav Republic of Macedonia and Albania.

Table 12.5 : Breakdown of imports of goods (% of total imports)

	1999									
	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9
EU-27	6.1	0.7	4.8	11.3	0.4	7.9	11.5	38.8	15.4	3.1
Croatia (1)	7.4	0.8	2.4	12.2	0.3	11.4	19.4	34.3	11.6	0.1
The former Yugoslav Republic of Macedonia (1)	12.4	0.9	2.5	13.2	1.0	10.6	13.2	20.4	5.7	20.1
Turkey	2.6	0.7	6.2	10.9	1.1	15.4	16.1	37.7	6.6	2.6
Albania (2)	22.6	2.9	4.2	3.8	1.7	7.2	22.6	17.7	17.2	0.0
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:
Serbia	7.8	1.1	7.3	16.0	0.2	16.6	17.9	21.9	6.6	4.5
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:
	2006									
	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9
EU-27	4.6	0.5	4.3	25.1	0.4	8.1	11.9	29.8	13.4	2.1
Croatia	7.2	0.6	1.8	15.9	0.3	10.8	19.5	32.2	11.6	0.0
The former Yugoslav Republic of Macedonia	9.8	0.9	3.6	20.2	0.8	9.8	29.7	18.3	7.0	0.0
Turkey (3)	1.4	0.3	6.5	13.5	0.6	13.8	17.1	32.5	5.8	8.5
Albania (3)	13	3.1	1.9	8.6	1.3	8.5	25.8	23.6	14.2	0.0
Bosnia and Herzegovina (3)	13.4	3.0	3.3	13.0	0.7	10.8	19.9	25.5	10.3	0.2
Montenegro	:	:	:	:	:	:	:	:	:	:
Serbia (4)	4.9	1.2	4.8	19.8	0.3	14.2	20.8	25.6	8.3	0.1
Kosovo/UNSCR 1244	17.4	5.7	1.8	18.1	1.1	10.6	18.1	18.0	9.0	0.3

(1) 2002 data. (2) Uncertain data. (3) 2005 instead of 2006. (4) 2006, provisional value.

The EU-27 exported EUR 269 billion of goods to the United States, some EUR 106 billion to the New Independent States, EUR 64 billion to China and EUR 45 billion to Japan in 2006. As already noted, the EU was the main destination for exports from the candidate and potential candidate countries, with the United States often occupying the position of the second most important export partner. The exceptions were Turkey and the former Yugoslav Republic of Macedonia, which had the New Independent States as a second destination for their exports.

The emergence of China as one of the main trading countries is evident as the data shows that the EU-27 imports from China were valued at EUR 194 billion in 2006, some EUR 16 billion more than those from the United States and EUR 117 billion more than the value of imports from Japan.

With regard to the candidate and potential candidate countries, there was (after EU-27) a higher propensity to import goods from the New Independent States or from China than from the United States.

All candidate and potential candidate countries ran a trade deficit with the New Independent States, the United States, China and Japan in 2006.

Table 12.6 : Value of exports to various partners, 2006 (EUR million)

	EU-27	New Independent States	United States	China	Japan
EU-27	~	105 701	268 946	63 704	44 770
Croatia	5 307	150	262	13	76
The former Yugoslav Republic of Macedonia	1 167	24	18	1	1
Turkey ⁽¹⁾	33 207	4 054	3 924	442	189
Albania ⁽¹⁾	476	0	5	3	0
Bosnia and Herzegovina ⁽¹⁾	1 032	8	66	1	0
Montenegro	:	:	:	:	:
Serbia	:	:	:	:	:
Kosovo/UNSCR 1244	29	0	0	0	:

(1) 2005 data.

Table 12.7 : Value of imports from various partners, 2006 (EUR million)

	EU-27	New Independent States	United States	China	Japan
EU-27	~	177 735	178 028	194 258	77 199
Croatia	11 489	1 845	296	911	257
The former Yugoslav Republic of Macedonia	1 581	554	33	111	21
Turkey ⁽¹⁾	42 200	13 769	4 271	5 520	2 495
Albania ⁽¹⁾	1 422	171	30	140	9
Bosnia and Herzegovina ⁽¹⁾	2 940	219	109	193	40
Montenegro	:	:	:	:	:
Serbia	:	:	:	:	:
Kosovo/UNSCR 1244	450	36	12	75	9

(1) 2005 data.

Table 12.8 : Value of trade balance with various partners, 2006 (EUR million)

	EU-27	New Independent States	United States	China	Japan
EU-27	~	-72 034	90 918	-130 554	-32 429
Croatia	-6 182	-1 695	-34	-898	-181
The former Yugoslav Republic of Macedonia	-414	-530	-15	-110	-20
Turkey ⁽¹⁾	-8 994	-9 715	-347	-5 077	-2 306
Albania ⁽¹⁾	-946	-170	-25	-137	-9
Bosnia and Herzegovina ⁽¹⁾	-1 908	-212	-43	-193	-40
Montenegro	:	:	:	:	:
Serbia ⁽²⁾	-2 500	-1 467	-176	-410	-85
Kosovo/UNSCR 1244	-421	-36	-12	-75	:

(1) 2005 data. (2) Data based on Uniform Customs Document harmonised with EU regulations; provisional values.

Chapter 13 - Research & Development

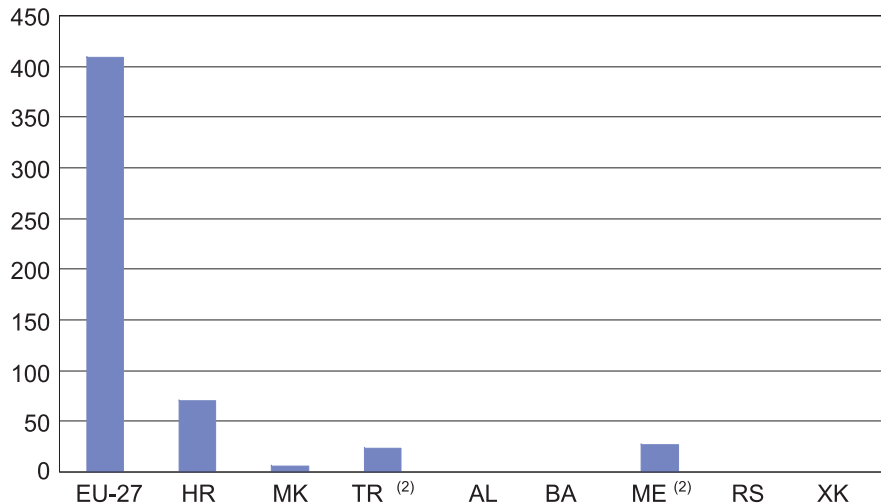
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The main measure used for research and development (R&D) statistics is gross domestic expenditure on research and development. It is composed of business enterprise expenditure on R&D, higher education expenditure on R&D, government expenditure on R&D and private non-profit expenditure on R&D.

As part of the Lisbon objectives, the EU has set itself a target for its R&D expenditure of at least 3% of GDP by 2010. In 2005, EU-27's gross domestic expenditure on R&D was 1.84% of GDP. For the countries where data was available for the same year, Croatia and the former Yugoslav Republic of Macedonia, the corresponding ratio was lower, with R&D expenditure equal to 1.01% and 0.25% of GDP respectively.

Expenditure on Research and Development

Figure 13.1: Gross domestic expenditure on research and development per capita, 2005 (EUR) ⁽¹⁾



(1) Albania, Bosnia and Herzegovina, Serbia and Kosovo UNSCR/1244, not available. (2) 2004 data.

Table 13.1: Expenditure on research and development

	Gross domestic expenditure on research and development (EUR million)									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
EU-27	129 458	138 693	145 865	157 833	170 632	178 616	185 878	187 708	193 984	201 020
Croatia	:	:	:	184	246	238	271	292	345	314
The former Yugoslav Republic of Macedonia	:	12	14	12	17	12	10	9	11	11
Turkey	646	825	887	1 094	1 389	1 172	1 280	1 365	1 632	:
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	9	10	10	12	17	:
Serbia	:	:	:	:	:	:	:	:	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:
	Gross domestic expenditure on research and development relative to GDP (%)									
	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
EU-27	1.76	1.79	1.80	1.85	1.86	1.88	1.88	1.87	1.84	1.84
Croatia	:	:	:	0.99	1.23	1.07	1.11	1.11	1.22	1.01
The former Yugoslav Republic of Macedonia	:	0.38	0.43	0.34	0.44	0.32	0.26	0.23	0.25	0.25
Turkey	0.45	0.49	0.50	0.63	0.64	0.72	0.66	0.61	0.67	:
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	0.88	0.80	0.77	0.86	1.09	:
Serbia	:	:	:	:	:	:	:	:	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:

Chapter 14 - Environment

14

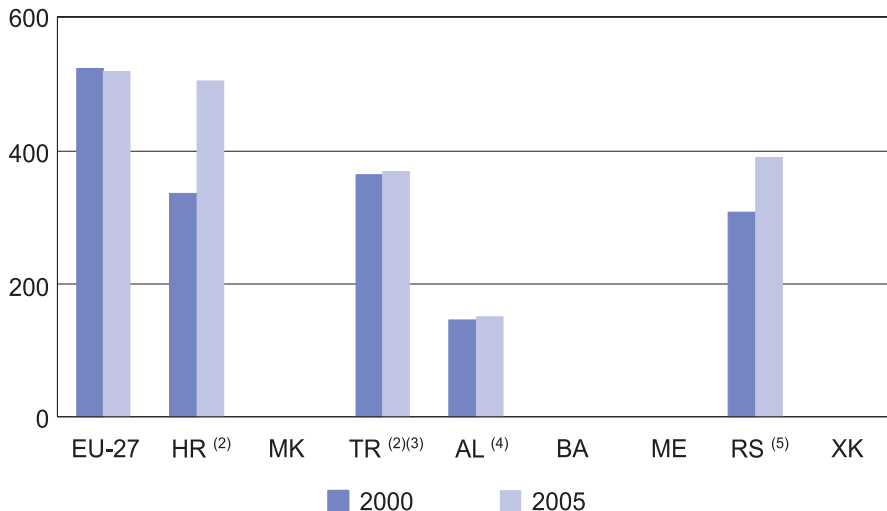
The Kyoto Protocol set a target for the EU to reduce climate-changing greenhouse gas emissions by 8% between 1990 and 2008-2012. Emissions in the EU-27 fell during the period 1996 to 2000, but from 2001 started to rise again, so that in 2004 emissions had reached the level of 1997.

In Turkey, the level of emissions increased significantly up to 2000, and again from 2001 onwards. The growth of Turkish greenhouse gas emissions was relatively higher compared to the EU-27. Also, emissions have steadily increased in Croatia since 1996, at a much higher accumulated rate than the growth of greenhouse gas emissions in EU-27. Comparable data for the potential candidate countries was not available.

While the quantity of municipal waste collected per inhabitant in EU-27 has been slightly reduced from 2000 to 2005, during the same period a substantial increase has taken place in Croatia, according to estimates. A not so dramatic, but still significant, growth can also be noted in Serbia, while in Turkey and Albania the increase is very small.

Greenhouse Gas Emissions and Municipal Waste

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



(1) The former Yugoslav Republic of Macedonia, Bosnia and Herzegovina, Montenegro and Kosovo UNSCR/1244, not available. (2) 2005, estimated value. (3) Survey results applied to municipalities; indicators are calculated according to the mid-year population projections. (4) 2003 instead of 2000; Source: Ministry of Public Work Transportation and Telecommunication. Data are compiled with estimation only for municipal waste. (5) 1999 instead of 2000.

Table 14.1: Index of greenhouse gas emissions 1990=100 (based on tonnes of CO2 equivalent)

	1990	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
EU-27	100.0	95.4	93.7	92.8	91.0	90.9	91.9	91.2	92.9	93.3	:
Croatia	100.0	72.5	77.4	78.1	81.3	81.2	84.9	88.7	93.8	94.6	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:	:
Turkey	100.0	142.0	150.0	151.0	151.0	165.0	154.0	159.0	168.0	174.0	184.0
Albania	:	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:	:
Montenegro	:	:	:	:	:	:	:	:	:	:	:
Serbia	:	:	:	:	:	:	:	:	:	:	:
Kosovo/UNSCR 1244	:	:	:	:	:	:	:	:	:	:	:

Methodological Notes

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

1. Demography

Population data should provide a count of the number of inhabitants in a given area as of 1 January of the reference year in question. Population data may be based on information available from the most recent census, adjusted by the components of population change (the number of births and deaths, and the net result of migration into and out of the territory concerned). Alternatively, population data may be compiled from administrative registers.

Population density measures the number of inhabitants per square kilometre (km²). The information should be based upon the mid-year population of a territory in relation to the size of the territory. The land area covered by a territory generally includes inland waterways (rivers, lakes etc).

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

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

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

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

2. Education

The [proportion of early school leavers](#) is computed as those aged 18 to 24 who have not completed upper secondary education and who are not in any other form of education or training. The numerator refers to persons aged 18 to 24 in the following two conditions: the highest level of education or training attained is ISCED 0 (pre-primary education), ISCED 1 (primary education) or ISCED 2 (lower secondary education); the respondent declared not having received any education or training in the four weeks preceding the (LFS) survey. The denominator is the total population of the same age group (those aged from 18 to 24), excluding persons having not answered questions concerning their participation in education and training.

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

The indicator of [tertiary graduates in science and technology per thousand population aged 20 to 29](#) is 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.

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

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

3. Social indicators

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

The **gender pay gap** is the difference between average gross hourly earnings of male paid employees and female paid employees as a percentage of average gross hourly earnings of male paid employees. It relates to all paid employees aged 16-64 who are at work 15 or more hours per week.

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

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.

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

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

4. Labour force

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.

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

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

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

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

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

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

The duration of **unemployment** is defined in terms of the period spent searching for a job, or as the period since the last job was held (if this period is shorter than the duration of search for a job). The long-term unemployment rate is the share of persons unemployed for 12 months or more in the total number of active persons in the labour market (labour force). As with other unemployment rates, long-term unemployment rates for men and women are expressed as a proportion of the male labour force aged 15 to 74 and the female labour force aged 15 to 74 respectively, not as a share of the total (male and female) labour force aged 15 to 74.

5. National accounts

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

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.

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

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

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

Imports of goods and services are recorded on the resources side of the account and **exports of goods and services** on the uses side. The difference between uses and resources is the balancing item in the account, referred to as the external balance of goods and services.

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

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

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

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

6. Finance

The **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.

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.

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

The reference framework for **foreign direct investment** (FDI) statistics is 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. Foreign direct investment 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.

Money supply aggregates are end of year stock data.

The information presented for **interest rates** covers day-to-day money rates (which refer to deposit or loans on the money market with a maturity of one business day), lending interest rate (interest rate on loans, which forms the ceiling for money market rates) and deposit interest rate (the central bank rate, which forms the floor for money market rates).

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

7. Agriculture

Total land area is measured in terms of square kilometres (km²) 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. Arable land refers to land that is worked regularly, generally under a system of crop rotation. 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). Permanent crops are crops that are not grown in rotation, which occupy the soil for a long period and yield crops over several years (grassland is excluded).

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.

Other land refers to all land, other than the total utilised agricultural area and the wooded area.

All **livestock** data are recorded for the end of the reference year in terms of units of livestock (referred to as heads within agricultural statistics). **Cattle** are domestic bovine animals, including bovine animals under one year old, and dairy cows. **Dairy cows** are defined as cows, which by reason of their breed or particular qualities are kept exclusively or principally to produce milk for human consumption or for processing into dairy products. These include cull (taken out of production) dairy cows (whether or not fattened between their last lactation and their slaughter). **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). **Sheep** are domestic animals divided into breeding females (female sheep which have lambed) and other sheep. **Goats** are defined in a similar way and may be categorised as breeding females (female goats which have kidded) and other goats. All data relating to the **production of animals for slaughter** are recorded in terms of their slaughter weight.

Information relating to **crop production** measures the volume of harvested production in terms of tonnage. Data for **cereals** refer to crops harvested for dry grain only, as crops harvested green for forage, silage or grazing are excluded (they are classified as fodder crops). The heading of cereals includes 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. **Sugar beet** is a root crop, which is intended for use in the sugar industry and for alcohol production; seeds are excluded. **Oilseeds** include rape (winter, spring and turnip rape), sunflower seed, flax seed, soya bean, as well as other oil seeds (poppy, mustard, cotton, earth almond, sesame, groundnut). **Potatoes** include early potatoes and seed potatoes.

The production of **fruit** includes apples, pears, stoned fruits (such as apricots, peaches, plums, cherries), nuts, citrus fruits (such as oranges and lemons), soft fruits and currants, avocados, figs and quinces. The production of **vegetables** includes all fresh vegetables (not dried pulses) and melons grown outdoor or under low non-accessible cover. Vegetables grown principally for animal feed and cultivated vegetables for seeds are excluded.

8. Energy

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

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

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

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

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

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

9. Industry, construction and services

The **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.

The **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.

The **volume index of construction output** 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.

The **construction cost index** can be considered as a combination of component cost indices (covering material costs and labour costs) and shows the price developments of production factors used in the construction industry. The material costs measure the evolution of the prices of the materials that are used in the construction process. The prices should be based on actual rather than list prices (excluding VAT). The labour costs should cover wages and salaries, as well as social security charges for all persons employed. The basic form of the index is an unadjusted (gross) index.

The **volume of sales index for retail trade** should cover the total turnover invoiced by the observation unit during the reference period. Turnover should include all duties and taxes on the goods or services invoiced by the unit, as well as all other charges (transport, packaging, etc.) passed on to the customer, even if these charges are listed separately in the invoice. 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 should be deducted. The index should cover NACE Division 52 (although Group 52.7 may be excluded). The basic form of the index is working-day adjusted; if this is not available an unadjusted index should be provided.

The **number of arrivals of non-residents staying in collective accommodation** establishments refers to arrivals of non-residents travelling in a given area that is outside their usual environment. An arrival is defined as a person who arrives at a collective accommodation establishment and checks in. Collective tourist accommodation establishments include hotels and similar establishments, specialised establishments (health establishments, work and holiday camps, conference centres and accommodation in collective means of transport), and other collective establishments (such as holiday dwellings, tourist campsites and social tourism accommodation).

10. Transport

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

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

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

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

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

11. Communications and Information Society

A 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'.

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

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

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

12. External trade

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

13. Research and development (R&D)

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'. 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.

14. Environment

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

Data for municipal waste include 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.

Classifications

COICOP - Classification of Individual Consumption by Purpose

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

COICOP DESCRIPTION

- 01-12 Individual consumption expenditure of households
- 01 Food and non-alcoholic beverages
- 02 Alcoholic beverages, tobacco
- 03 Clothing and footwear
- 04 Housing, water, electricity, gas and other fuels (including actual rentals for housing; maintenance and repair of the dwelling; water supply and miscellaneous services relating to the dwelling; electricity, gas and other fuels)
- 05 Furnishings, household equipment and routine maintenance of the house (including furniture and furnishings; carpets and other floor coverings; household textiles; household appliances; glassware, tableware and household utensils; tools and equipment for house and garden; goods and services for routine household maintenance)
- 06 Health (including medical products, appliances and equipment; out-patient services; hospital services)
- 07 Transport (including the purchase of vehicles; operation of personal transport equipment; transport services)
- 08 Communication (including postal services; telephone and telefax equipment and telephone and telefax services)
- 09 Recreation and culture (including audio-visual, photographic and information processing equipment; other major durables for recreation and culture; other recreational items and equipment, gardens and pets; recreational and cultural services; newspapers, books and stationery; package holidays)
- 10 Education (pre-primary and primary, secondary, post-secondary non-tertiary, tertiary education, and education not definable by level)
- 11 Restaurants and hotels (including catering services; accommodation services)
- 12 Miscellaneous goods and services (including personal care; personal effects n.e.c.; social protection; insurance; financial services n.e.c.; other services n.e.c.)

ISCED 97 - International Standard Classification of Education

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

ISCED DESCRIPTION

- 0 Pre-primary level of education; this level is defined as the initial stage of organized instruction, designed primarily to introduce very young children to a school-type environment.
- 1 Primary level of education; programmes are normally designed to give students a sound basic education in reading, writing and mathematics along with an elementary understanding of other subjects such as history, geography, natural science, social science, art and music. In some cases religious instruction is featured.
- 2 Lower secondary level of education; this is designed to complete the provision of basic education which began at ISCED level 1. The programmes at this level are usually on a more subject-oriented pattern using more specialized teachers and more often several teachers conducting classes in their field of specialization.
- 3 Upper secondary education; this level of education typically begins at the end of full-time compulsory education for those countries that have a system of compulsory education. More specialization may be observed at this level than at ISCED level 2 and often teachers need to be more qualified or specialised than for ISCED level 2.
- 4 Post-secondary, non-tertiary education (these programmes straddle the boundary between upper secondary and post-secondary education from an international point of view, even though they might clearly be considered as upper secondary or post-secondary programmes in a national context. These programmes are often not significantly more advanced than programmes at ISCED level 3 but they serve to broaden the knowledge of participants who have already completed a programme at level 3.
- 5 First stage of tertiary education (not leading directly to an advanced research qualification); this level consists of tertiary programmes with an educational content more advanced than those offered at levels 3 and 4.
- 6 Second stage of tertiary education (leading to an advanced research qualification); this level is reserved for tertiary programmes that lead to the award of an advanced research qualification. The programmes are devoted to advanced study and original research.

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

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

NACE DESCRIPTION

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

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