POCKETBOOKS

2006 EDITION

Pocketbook on Candidate Countries and Western Balkan Countries

ISBN 92-79-00338-0
Cat. No. KS-70-05-899-EN-N

EUROPEAN COMMISSION

eurostat

THEME
General and regional statistics

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Luxembourg: Office for Official Publications of the European Communities, 2006

ISBN 92-79-00338-0

'Key figures for Candidate and Western Balkan countries - a comparison with the EU'
This publication has been produced by Unit E4 of Eurostat, responsible for statistical co-operation with European and Mediterranean countries. The opinions expressed are those of the individual authors alone and do not necessarily reflect the position of the European Commission.

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Introduction

The enlargement process

The European Union grew to 25 Member States on 1 May 2004. The next round of enlargement is expected in 2007 or 2008, when Bulgaria and Romania are likely to become members; Croatia, Turkey and the former Yugoslav Republic of Macedonia are Candidate countries and negotiations on EU membership were opened with Croatia and Turkey on 3 October 2005.

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 a range of 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 Western Balkans: namely Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Serbia and Montenegro, including Kosovo (as defined by the United Nations Security Council Resolution 1244). Croatia, which has been granted Candidate country status, remains part of this process, while also benefiting from pre-accession assistance. The EU encourages strategic, political and institutional reform in the Western Balkans. Engagement is at a number of levels and the natural conclusion to the SAP assistance and co-operation programmes is full membership of the European Union.

Financial assistance

In order to assist the Candidate countries that have applied to become members of the EU, the European Union provides financial assistance to help carry out the reforms required for membership. The PHARE programme applies to the countries from Central and Eastern Europe, and principally involves institution building measures, as well as funding for economic and social cohesion measures. The ISPA programme deals with large-scale environmental projects and transport infrastructure investment. Finally, the SAPARD programme supports agricultural and rural development.

The CARDS programme (Community Assistance for Reconstruction, Development and Stabilisation) underpins the SAP and represents EU assistance to the Western Balkans. Initially the attention of the project was focused upon rebuilding infrastructure and fostering reconciliation. However, the programme has subsequently supported initiatives to develop government institutions and legislation, supporting moves towards European norms and eventually harmonisation with EU acquis. Financial support is now directed at reinforcing democracy, the rule of law, human rights, civil society and the media, as well as the operation of a free market economy. In addition, assistance is offered to help generate sustainable economic recovery, and promote social development and structural reform. For the period 2000-2006, CARDS assistance to the Western Balkans amounts to about EUR 5 billion.

Monitoring and assessment

In order to assess the progress being made by the Candidate countries and the Western Balkans 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 SAP reports for the Western Balkans, 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 countries and the Western Balkans 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 co-operation activities of Eurostat are divided according to geographical regions. Eurostat Unit E4 deals with statistical co-operation 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 co-operation with NSIs from the Candidate countries and the Western Balkans, Eurostat Unit E4 launched in the spring of 2005 a regular data collection exercise. The project initially drew up a list of approximately 300 indicators that would be requested, covering a broad spectrum of statistics. Requests for data were sent in May 2005 and the first data collection exercise was completed in July 2005, when the information received was published on the Eurostat web-site (1). Eurostat plans to continue collecting data at regular intervals (approximately every quarter), thus presenting the freshest information available to users.

The procedure for collecting data involves sending a questionnaire to the NSIs. The data are requested are annual data and the vast majority of indicators are collected for the whole of each territory (very few regional breakdowns). 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 web-site and in this way made available to external users.

(1) Available at: http://europa.eu.int/comm/eurostat

Guide to the statistics

Data sources

EU-25 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 25 existing Member States with or without estimates. The information was extracted from NewCronos, Eurostat's dissemination database.

For Bulgaria and Romania data were mainly extracted from NewCronos. For other Candidate countries and the Western Balkans, the vast majority of the data were provided by the NSIs. As noted above, 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 (without a request being made through the questionnaire) was that of external trade. For Bulgaria, Romania, and Turkey, external trade data were extracted from the Candidate country domain of Eurostat's external trade database, COMEXT. For Albania, Croatia and the former Yugoslav Republic of Macedonia the data were taken from the West Balkans domain of COMEXT. For Bosnia and Herzegovina, and Serbia and Montenegro the data were extracted from the COMTRADE domain (source, the United Nations) of COMEXT. At the present time there are only limited external trade data available for Kosovo (as defined by the United Nations Security Council Resolution 1244) and this is taken directly from publications of the statistical office of Kosovo.

Timeliness

The data used in this publication were collected from the Candidate countries and the Western Balkans during July and August 2005 and formed part of the second, quarterly data collection exercise of 2005. The database was finalised on 20 August 2005. The majority of indicators are available up until reference year 2003 or 2004 (depending upon the statistical theme and territory).

External trade statistics for the EU-25, the Candidate countries and the Western Balkans were processed during the first week of August 2005 and are generally available up to reference year 2004.

The EU-25 totals that are provided for the purpose of comparison were extracted from the NewCronos database during the second week of August 2005. As with the data for the Candidate countries and the Western Balkans, the information presented is generally available up until reference years 2003 or 2004 (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 countries and the Western Balkans 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 counties and the Western Balkans (please refer to page 72).

Geographical coverage

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

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

CAP	Common agricultural policy
CO_2	Carbon dioxide
COICOP	Classification of individual consumption by purpose
CPI	Consumer price index
ECB	European Central Bank
ECU	European currency unit
ESA95	European system of accounts (1995)
FDI	Foreign direct investment
GDP	Gross domestic product
GHG	Greenhouse gases
GWh	Gigawatt hour(s) = 1 000 MWh (megawatt hour(s)) = 106 kWh (a kilowatt hour is a unit of energy equivalent to one kilowatt of power expended for one hour of time
Heads	Unit of measure for counting the number of animals
Hectare	Unit of area equal to 100 ares or 10 000 square metres
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
Km^2	Square kilometre, a unit of area
LFS	Labour force survey
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 non-institutional money-market funds
NACE	Statistical classification of economic activities in the European Community
n.e.c.	Not elsewhere classified
NPISH	Non-profit institutions serving households
OECD	Organisation for Economic Co-operation and Development
PPI	Producer price index (output price index)
SDR	Special drawing rights
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
UN	United Nations

Countries

EU-25	25 Member States of the European Union
EUR-12	Euro-zone of 12 members
BG	Bulgaria
HR	Croatia
RO	Romania
TR	Turkey
AL	Albania
BA	Bosnia and Herzegovina
MK (2)	the former Yugoslav Republic of Macedonia
CS	Serbia and Montenegro
XK (3)	*Kosovo* (3)

Currency

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

Symbols

%	percentage
:	not available
~	not applicable

(2) Provisional code which does not prejudge in any way the definitive nomenclature for this country (which will be agreed following the conclusion of negotiations currently taking place on this subject at the United Nations).
(3) ***IMPORTANT NOTE:*** Kosovo is under international administration in line with United Nations Security Council Resolution (UNSCR) 1244 of 10 June 1999; XK is an unofficial code (which does not prejudge in any way the definitive nomenclature).

1 POPULATION AND POPULATION DENSITY

Table 1.1: Population and population density

	Total population (thousands)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	446 884	447 848	448 712	449 540	450 527	451 565	:	:	:	:
Bulgaria (1)	8 427	8 385	8 341	8 283	8 230	8 191	8 149	7 891	7 846	7 801
Croatia (2)	4 669	4 494	4 572	4 501	4 554	4 427	4 440	4 444	4 442	4 439
Romania	22 684	22 619	22 554	22 507	22 472	22 443	22 408	21 803	21 742	21 685
Turkey (3)	61 763	62 909	64 064	65 215	66 350	67 420	68 365	69 302	70 231	71 152
Albania (4)	3 037	3 063	3 088	3 061	3 049	3 058	3 063	3 084	3 103	3 120
Bosnia and Herzegovina (5)	:	:	:	:	3 725	3 781	3 798	3 828	3 832	:
The former Yugoslav Republic of Macedonia	1 957	1 975	1 997	2 008	2 018	2 026	2 035	2 020	2 027	2 030
Serbia and Montenegro (5)	8 432	8 425	8 412	8 394	8 373	8 343	8 326	8 114	8 153	8 147
Kosovo (5)	2 113	2 151	2 186	2 225	2 264	2 304	2 345	2 387	2 429	2 473
	Population density (inhabitants per km²)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25 (6)	117.9	118.2	118.5	118.8	119.1	119.3	119.8	:	:	:
Bulgaria (7)	75.5	75.1	74.6	74.2	73.8	73.4	71.1	70.7	70.3	69.9
Croatia	82.6	79.5	80.9	79.6	80.5	78.3	78.5	78.6	78.5	78.5
Romania	95.1	94.8	94.6	94.4	94.2	94.1	94.0	91.5	91.2	90.9
Turkey (8)	80.0	82.0	83.0	85.0	86.0	88.0	89.0	90.0	91.0	92.0
Albania (9)	105.6	106.5	107.4	106.5	106.1	106.4	106.6	107.3	107.9	108.5
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	76.1	76.8	77.4	77.9	78.3	78.6	79.0	79.2	78.7	:
Serbia and Montenegro	92.4	92.3	92.2	92.0	91.7	91.4	91.2	88.9	89.3	89.2
Kosovo	194.3	197.8	200.9	204.6	208.1	211.8	215.6	219.5	223.3	227.4

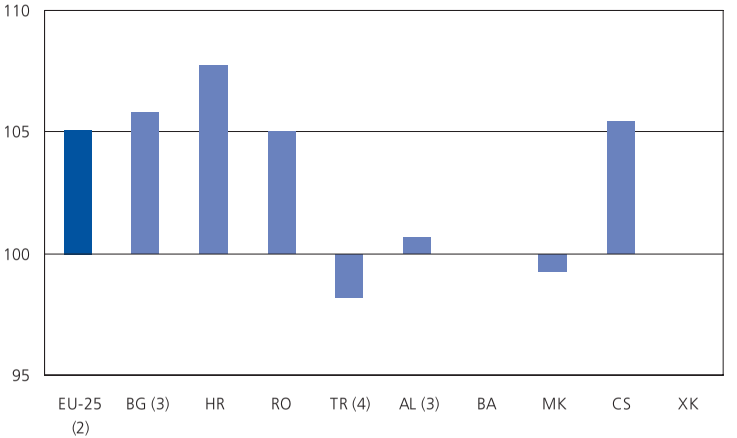
(1) As of 1 January. (2) 1995-2001, as of 30 June. (3) Mid-year population estimates. (4) As of 1 January; 1995-2000, population was revised based on the 1989 and 2001 population census. (5) As of 30 June. (6) EU-15 only. (7) On the basis of population data as of 31 December (or 1 January of the next year). (8) Mid-year population estimates. (9) 1995-2000, population was revised based on the 1989 population census.

The population of the EU-25 was just over 450 million persons in 2000. The largest of the Candidate countries, in terms of inhabitants was Turkey, with a population of more than 70 million persons. Romania (almost 22 million persons) was the only other territory in the Candidate countries or the Western Balkans with more than 10 million inhabitants.

Population density is generally higher in the EU-25 than in the Candidate countries or the Western Balkans. Note that these figures do not provide any information on how concentrated the population is within urban areas, or whether it is widely spread across more rural land.

Within Europe, a somewhat higher proportion of new born 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, although Turkey and the former Yugoslav Republic of Macedonia were exceptions to this rule.

Figure 1.1: Number of women in the population for each 100 men in the population, 2004 (units) (1)



(1) Bosnia and Herzegovina and Kosovo, not available. (2) 2000. (3) As of 1 January. (4) Mid-year population estimates.

POPULATION GROWTH

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

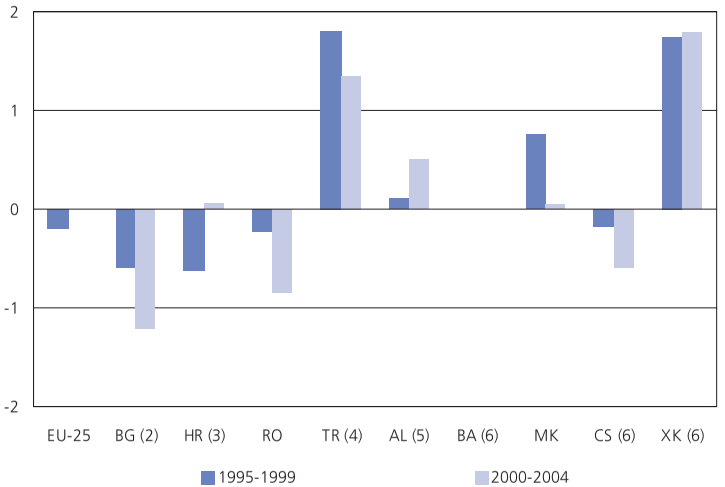
	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	0.2	0.2	0.2	0.2	0.2	:	:	:	:
Bulgaria (1)	-0.5	-0.5	-0.7	-0.6	-0.5	-0.5	-3.2	-0.6	-0.6
Croatia (2)	-3.7	1.7	-1.6	1.2	-2.8	0.3	0.1	0.0	-0.1
Romania	-0.3	-0.3	-0.2	-0.2	-0.1	-0.2	-2.7	-0.3	-0.3
Turkey (3)	1.9	1.8	1.8	1.7	1.6	1.4	1.4	1.3	1.3
Albania (4)	0.9	0.8	-0.9	-0.4	0.3	0.2	0.7	0.6	0.5
Bosnia and Herzegovina (5)	:	:	:	:	1.5	0.4	0.8	0.1	:
The former Yugoslav Republic of Macedonia	0.9	1.1	0.5	0.5	0.4	0.4	-0.7	0.3	0.2
Serbia and Montenegro (5)	-0.1	-0.2	-0.2	-0.3	-0.4	-0.2	-2.5	0.5	-0.1
Kosovo (5)	1.8	1.6	1.8	1.8	1.8	1.8	1.8	1.8	1.8

(1) As of 1 January. (2) 1996-2001, as of 30 June. (3) Mid-year population estimates.
(4) As of 1 January; 1996-2000, population was revised based on the 1989 and 2001 population census. (5) As of 30 June.

There are a number of factors that may explain changes in population levels, including the birth rate, the death rate and, perhaps most importantly in the context of many Candidate countries and the Western Balkans, migration rates.

Within the EU-25, the relatively low level of birth rates may result in significant population reductions through to 2050 (Eurostat demographic projections). If current population levels are to be maintained, then most commentators believe that there will have to be considerable immigration into the affected areas. Others argue that a reduction in population levels might be a good thing making Europe a more sustainable place to live.

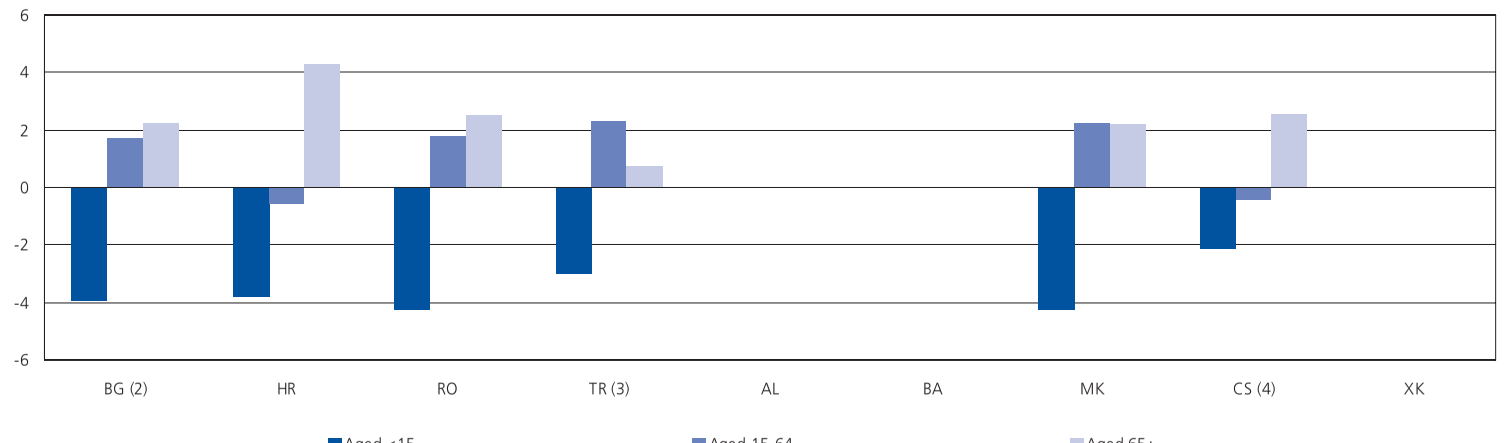
Figure 1.2: Population, average annual growth rates (%) (1)



(1) Bosnia and Herzegovina, not available; EU-25, not available for 2000-2004.
(2) As of 1 January. (3) 1996-2001, as of 30 June. (4) Mid-year population estimates.
(5) As of 1 January; 1996-2000, population was revised based on the 1989 and 2001 population census. (6) As of 30 June.

POPULATION GROWTH AND POPULATION BREAKDOWN BY AGE GROUP

Figure 1.3: Relative change in the population between 1995 and 2004 (percentage points) (1)

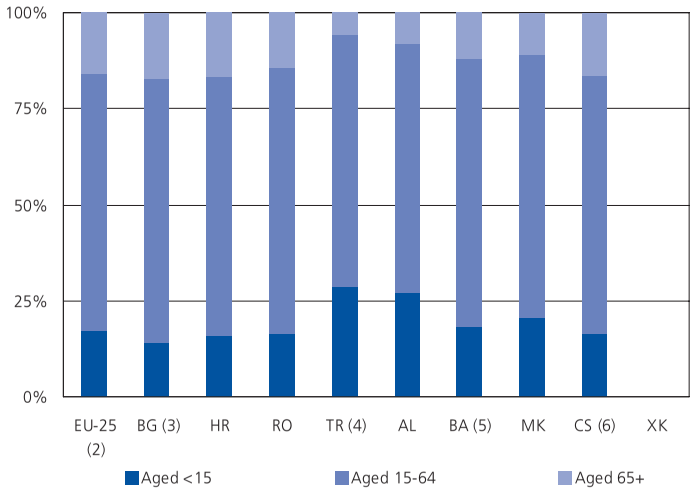


(1) EU-25, Albania, Bosnia and Herzegovina and *Kosovo*, not available. (2) As of 1 January. (3) Mid-year population estimates. (4) 1995-2003.

One of the most important factors when looking at the age structure of a population is the dependency ratio. This can be calculated as the proportion of persons aged less than 15 or more than 65 in relation to the whole population. The ratio shows the degree to which those who generally do not work are supported by those that could. With rising living standards leading to higher life expectancy and ageing populations, there is increasing concern that the EU-25 will be characterised by a high dependency ratio.

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.

Figure 1.4: Breakdown of population by age group, 2004 (% of total) (1)



(1) Kosovo, not available. (2) 2000. (3) As of 1 January.
(4) Mid-year population estimates. (5) 2002. (6) 2003.

CRUDE BIRTH, DEATH AND NATURAL INCREASE RATES

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

	Birth rates									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	10.8	10.8	10.7	10.5	10.5	10.6	10.4	10.3	10.4	:
Bulgaria	8.6	8.6	7.7	7.9	8.8	9.0	8.6	8.5	8.6	9.0
Croatia	11.2	12.0	12.1	10.5	9.9	10.0	9.2	9.0	8.9	9.1
Romania	10.4	10.2	10.5	10.5	10.4	10.5	9.8	9.7	9.8	10.0
Turkey (1)	23.6	23.4	23.1	22.6	21.9	20.2	19.9	19.6	19.4	19.1
Albania (2)	23.6	22.2	20.1	19.7	19.0	16.7	17.7	14.7	15.1	13.8
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	16.4	15.8	14.8	14.6	13.5	14.5	13.3	13.7	13.3	:
Serbia and Montenegro	11.3	10.9	10.5	10.2	9.7	9.9	10.5	10.7	10.7	10.8
Kosovo	21.2	21.4	19.6	:	:	:	:	15.2	13.2	14.2

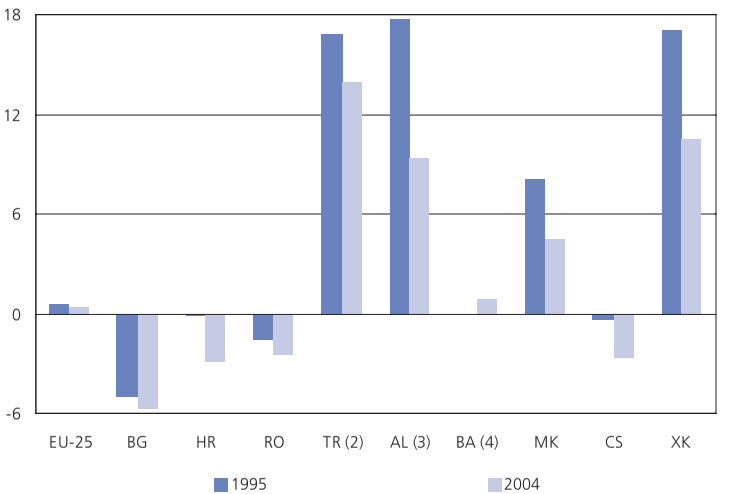
	Death rates									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	10.2	10.2	10.0	10.0	10.1	9.9	9.8	9.8	9.9	:
Bulgaria	13.6	14.0	14.7	14.3	13.6	14.1	14.2	14.3	14.3	14.2
Croatia	11.3	11.3	11.4	11.6	11.4	11.5	11.2	11.4	11.8	11.2
Romania	12.0	12.7	12.4	12.0	11.8	11.4	11.6	12.4	12.3	11.9
Turkey (1)	6.8	6.7	6.6	6.5	6.4	6.2	6.2	6.2	6.2	6.2
Albania (2)	5.9	5.7	5.9	6.0	5.5	5.4	5.1	5.2	5.8	5.7
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	8.3	8.1	8.3	8.4	8.3	8.5	8.3	8.9	8.9	:
Serbia and Montenegro	11.7	12.3	12.3	12.5	12.8	13.1	12.5	13.4	13.4	13.5
Kosovo	:	:	:	:	:	:	:	2.4	2.7	2.6

(1) Mid-year population estimates. (2) 1995-2000, population projections based on the 1989 population census.

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 three of the Candidate countries (not Turkey) and Serbia and Montenegro, crude death rates were significantly higher than crude birth rates, suggesting a net reduction in population levels. On the other hand, relatively high rates of natural increase were reported in the majority of the Western Balkans and in Turkey, with crude rates of population increase rising to almost 2 % per annum.

Figure 1.5: Crude rate of natural increase (per thousand inhabitants) (1)



(1) EU-25, Bosnia and Herzegovina and the former Yugoslav Republic of Macedonia, 2003 instead of 2004. (2) Mid-year population estimates. (3) 1995, population projections based on the 1989 population census. (4) 1995, not available.

FERTILITY, INFANT MORTALITY AND LIFE EXPECTANCY

Table 1.4: Fertility and infant mortality rates

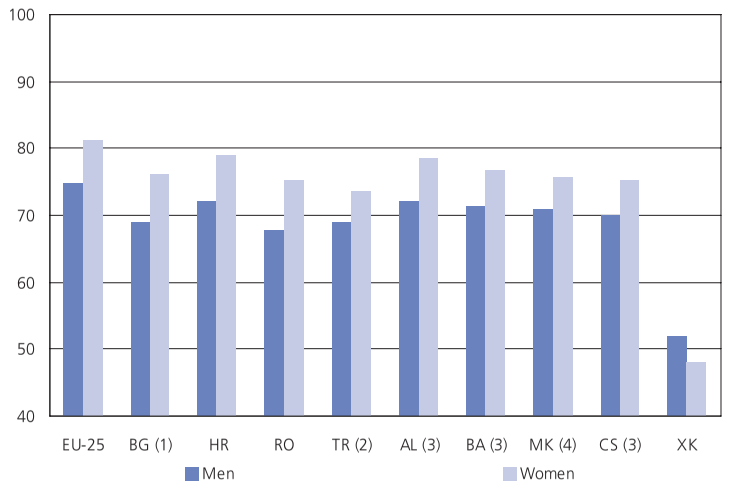
	Fertility rates (children per woman)								
	1995	1996	1997	1998	1999	2000	2001	2002	2003
EU-25	1.44	1.44	1.44	1.43	1.42	1.48	1.46	1.46	1.48
Bulgaria	1.24	1.09	1.11	1.23	1.27	1.24	1.21	1.23	1.29
Croatia	1.70	1.70	1.50	1.40	1.40	1.40	1.30	1.30	1.40
Romania	1.30	1.32	1.32	1.30	1.31	1.20	1.26	1.27	1.30
Turkey (1)	2.69	2.63	2.56	2.48	2.27	2.25	2.24	2.22	2.21
Albania (2)	2.50	2.20	2.20	2.10	2.00	2.40	1.90	2.00	1.80
Bosnia and Herzegovina	:	:	:	1.36	1.28	1.23	1.23	:	:
The former Yugoslav Republic of Macedonia	1.90	1.74	1.73	1.61	1.68	1.55	1.59	1.54	:
Serbia and Montenegro	1.62	1.57	1.52	1.44	1.47	1.55	1.58	1.58	:
Kosovo (3)	:	:	:	:	:	:	:	3.00	:
	Infant mortality rates (deaths of children under one year of age relative to every thousand live births)								
	1995	1996	1997	1998	1999	2000	2001	2002	2003
EU-25	6.7	6.4	5.9	5.7	:	5.2	5.0	4.8	4.6
Bulgaria	15.6	17.5	14.4	14.6	13.3	14.4	13.3	12.3	11.6
Croatia	8.0	8.2	8.2	7.7	7.4	7.7	7.0	6.3	6.1
Romania	22.3	22.0	20.5	18.6	18.6	18.4	17.3	16.7	16.8
Turkey (1)	40.9	38.8	36.5	33.9	28.9	27.8	26.7	25.6	24.6
Albania (4)	:	:	:	17.5	16.0	17.4	17.3	17.4	:
Bosnia and Herzegovina	:	:	:	10.1	9.7	7.6	9.4	7.7	:
The former Yugoslav Republic of Macedonia	16.4	15.7	16.3	14.9	11.8	11.9	10.2	11.3	:
Serbia and Montenegro	14.6	12.4	11.8	11.2	10.7	10.6	10.2	9.2	7.5
Kosovo	:	:	:	:	:	:	30.0	30.0	30.0

(1) Mid-year population estimates. (2) 1995-2000, population projections based on the 1989 population census. (3) Based on a social-demographic survey for 2003.
(4) Source, Ministry of Health.

The decline in birth and fertility rates is profoundly changing the structure of the EU-25's population. The trend for declining fertility rates may be attributed to a number of phenomena, including: more effective and wider use of contraception; a higher proportion of women going to work (by choice or out of economic necessity); a lower number of marriages (that on average occur later in life); a rise in the number of unstable marriages and divorces (leading to a higher proportion of persons living on their own).

A higher standard of living and an efficient health system should result in lower infant mortality rates and higher life expectancy. These changes may result from the eradication of some diseases, treatment for degenerative diseases, more nutritional and lifestyle awareness, and a lower average number of hours worked. Life expectancy at birth was found to be higher for women compared with men in all territories, except *Kosovo*.

Figure 1.6: Life expectancy at birth, 2004 (years)



(1) Average for the period 2002-2004. (2) Mid-year population estimates.
(3) 2003. (4) 2002.

EARLY SCHOOL LEAVERS

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 (%)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25 (1)	:	:	:	:	:	17.3	16.9	16.6	16.1	15.7
Bulgaria (2)	24.7	23.7	22.8	23.2	23.1	23.6	20.3	21.0	22.4	21.4
Croatia (3)	:	:	:	:	:	:	:	:	7.3	4.5
Romania (4)	:	:	20.2	19.8	22.4	23.1	21.8	22.9	22.7	23.4
Turkey (5)	:	:	:	:	:	58.1	58.1	55.1	52.9	54.4
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia (6)	:	:	:	:	:	:	:	32.2	:	:
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

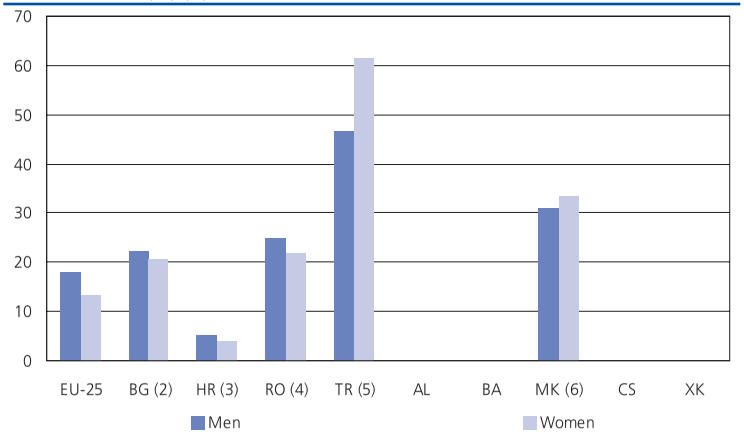
(1) 2003, break in series.
(2) Up until 2000, training outside of the formal education system is not taken into account; up until 2000, conscripts are included; data refer to the second quarter of each year.
(3) Data refer to the second half of each year.
(4) Annual data from the Labour Force Survey; beginning with 2002, data have been weighted, based upon the results of the Population and Housing Census of 18 March 2002.
(5) Weighted annual Labour Force Survey results, not the average rates of the four quarters.
(6) Source, 2002 census.

Education and training policies are central to the creation of knowledge. As such, they play an important role in the Lisbon objectives of creating a dynamic and competitive, knowledge-based economy. Human resources are often viewed as one of the EU-25's main assets, and it is widely acknowledged that investment in this area is a determining factor for growth and productivity, in the same way as investment in plant and equipment.

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-25 has been reduced, in 2004 there remained almost 16 % 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.

Note that the proportion of men who had not completed upper secondary education was usually higher than that for women, although Turkey and the former Yugoslav Republic of Macedonia were exceptions to this rule.

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, 2004 (%) (1)



(1) Albania, Bosnia and Herzegovina, Serbia and Montenegro and *Kosovo*, not available. (2) Data refer to the second quarter. (3) Data refer to the second half of the year. (4) Annual data from the Labour Force Survey; data have been weighted, based upon the results of the Population and Housing Census of 18 March 2002. (5) Weighted annual Labour Force Survey results, not the average rates of the four quarters. (6) 2002; source, 2002 census.

COMPLETION OF UPPER SECONDARY EDUCATION

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

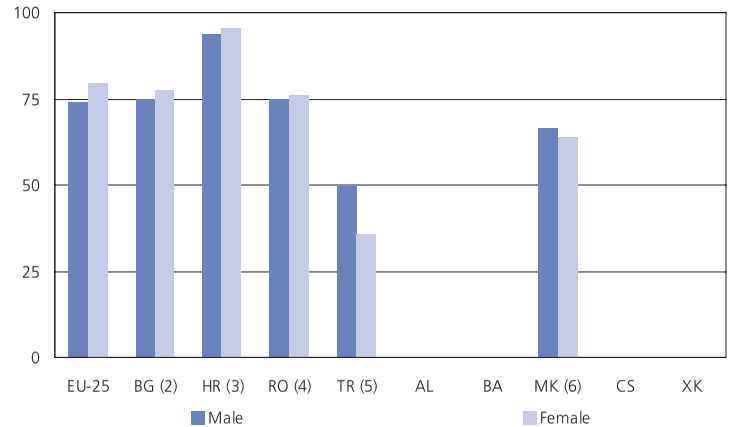
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	:	:	:	74.8	76.4	76.2	76.5	76.6	76.7
Bulgaria (1)	75.0	75.1	75.6	75.2	75.1	74.9	78.2	77.5	75.6	76.0
Croatia (2)	:	:	:	:	:	:	:	:	91.3	94.7
Romania (3)	:	:	81.1	80.7	76.9	75.9	77.3	76.5	74.9	75.3
Turkey (4)	:	:	:	:	:	39.7	39.7	42.7	44.3	42.2
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia (5)	:	:	:	:	:	:	:	65.4	:	:
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) Up until 2000, training outside of the formal education system is not taken into account; up until 2000, conscripts are included; data refer to the second quarter of each year.
(2) Data refer to the second half of each year.
(3) Annual data from the Labour Force Survey; beginning with 2002, data have been weighted, based upon the results of the Population and Housing Census of 18 March 2002.
(4) Weighted annual Labour Force Survey results, not the average rates of the four quarters.
(5) Source, 2002 census.

Another Structural Indicator used by the Commission in their assessment of the progress being made in relation to the Lisbon objectives is the proportion of the population aged 20 to 24 that have completed at least an upper secondary education. The EU-25 is trying to increase this figure, with the belief that if it is to be competitive in the knowledge-driven economy, it will need a higher number of graduates with qualifications suitably adapted to European labour market requirements.

More than three quarters of the population aged 20-24 had completed at least upper secondary education in the EU-25 and the Candidate countries (except Turkey) in 2004. The table shows that the target of reaching a level of completion of upper secondary level education of 85% by 2010 is a significant challenge for the EU-25, as the average in 2004 was 76.7 %. The case of Croatia (94.7%) is especially noteworthy.

Figure 2.2: Proportion of the population aged 20-24 having completed at least upper secondary education, 2004 (%) (1)



(1) Albania, Bosnia and Herzegovina, Serbia and Montenegro and *Kosovo*, not available. (2) Data refer to the second quarter. (3) Data refer to the second half of the year. (4) Annual data from the Labour Force Survey; data have been weighted, based upon the results of the Population and Housing Census of 18 March 2002.
(5) Weighted annual Labour Force Survey results, not the average rates of the four quarters. (6) 2002; source, 2002 census.

2 NUMBER OF PUPILS/STUDENTS BY ISCED LEVEL OF EDUCATION

Table 2.3: Numbers of pupils/students (thousands)

	1999						
	ISCED 0	ISCED 1	ISCED 2	ISCED 3	ISCED 4	ISCED 5	ISCED 6
EU-25	12 827	30 618	20 118	23 248	1 358	14 353	387
Bulgaria (1)	219	412	368	332	8	267	3
Croatia (2)	85	209	222	199	:	100	:
Romania	625	1 285	1 272	946	96	408	:
Turkey	213	10 029	:	2 316	:	1 473	20
Albania (3)	82	292	261	102	:	39	:
Bosnia and Herzegovina	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia (4)	33	130	130	89	0	35	:
Serbia and Montenegro	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:
	2004						
	ISCED 0	ISCED 1	ISCED 2	ISCED 3	ISCED 4	ISCED 5	ISCED 6
EU-25 (5)	12 746	27 624	22 285	23 689	1 174	16 413	474
Bulgaria (1)	201	314	330	374	3	224	5
Croatia (2)	89	196	195	196	:	:	:
Romania	637	1 006	1 117	1 038	55	668	18
Turkey	:	:	:	:	:	2 062	27
Albania (3)	80	240	251	142	:	53	:
Bosnia and Herzegovina	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia (4)	33	114	120	96	0	47	:
Serbia and Montenegro	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:

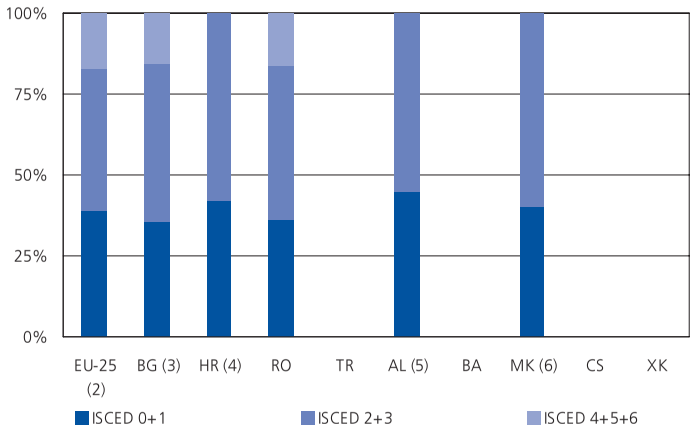
(1) Data correspond to academic years, 1999 is 1998/1999, 2004 is 2003/2004 etc; academic years start in September and end in June of the following year. (2) ISCED 5, data correspond to academic years, 1999 is 1999/2000, 2004 is 2004/2005 etc. (3) Public education only. (4) ISCED 5, excludes enrolled students on ISCED 5A-second degree courses and masters. (5) 2003.

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).

There was an increase between 1999 and 2004 as regards the number of students that attended first and second stages of tertiary education in the majority of the EU Member States, as well as the Candidate countries and the Western Balkans. Note that ISCED levels 1 to 3 are compulsory in many educational systems.

Figure 2.3: Proportion of the pupil/student population in different levels of education, 2004 (%) (1)



(1) Turkey, Bosnia and Herzegovina, Serbia and Montenegro and Kosovo, not available.
(2) 2003. (3) Data correspond to academic years, 1999 is 1998/1999, 2004 is 2003/2004 etc; academic years start in September and end in June of the following year. (4) ISCED 5, data correspond to academic years, 2004 is 2004/2005.
(5) Public education only. (6) ISCED 5, excludes enrolled students on ISCED 5A-second degree courses and masters.

TERTIARY GRADUATES IN SCIENCE AND TECHNOLOGY

Table 2.4: Tertiary graduates in science and technology (1)

	Male (per 1 000 population aged 20-29)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Bulgaria	10.3	8.3	7.8	6.5	7.4	7.7	10.1	14.5	10.2	10.5
Croatia (2)	:	:	:	:	7.6	7.4	7.0	7.8	6.3	:
Romania (3)	:	:	:	5.5	5.5	5.8	6.2	7.3	9.4	:
Turkey	4.0	4.4	4.6	5.2	5.6	6.9	5.9	6.3	6.5	7.1
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	3.7	3.9	4.7	4.1	4.2	3.5	3.3	3.7	3.5	3.7
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

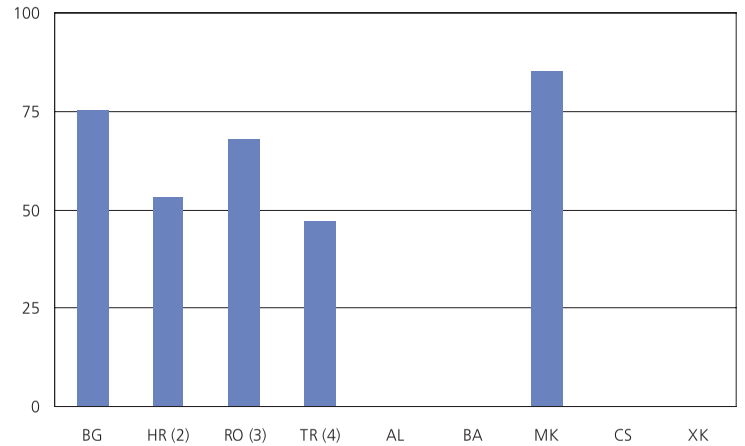
	Female (per 1 000 population aged 20-29)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Bulgaria	7.9	7.6	7.1	5.6	6.6	6.7	7.2	10.2	7.8	7.9
Croatia (2)	:	:	:	:	3.7	4.8	4.1	3.4	3.4	:
Romania (3)	:	:	:	2.9	2.7	3.2	3.5	4.4	6.4	:
Turkey	1.5	1.7	1.9	2.3	2.8	2.9	2.8	2.8	3.1	3.1
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	2.5	2.7	2.8	3.1	3.1	2.6	2.6	2.7	2.6	3.1
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) EU-25, not available.
(2) Population data used as the denominator refer to mid-year estimates.
(3) Beginning on 1 January 2003, including ISCED 6 and ISCED 5A second qualifications.

Tertiary graduates are defined as those who have successfully completed educational 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.

It is clear, when studying enrolment rates in science and technology at tertiary level, that gender imbalance is an issue. Policy makers believe that if more women could be encouraged into science and technology then the overall number of graduates in these fields would also rise. A related problem is that of retention, whereby graduates in science and technology leave the domain or move to another territory to use the skills they have developed. For example, although a higher proportion of the total number of graduates qualify in science and technology related subjects in the EU-25, the proportion of researchers in the active population is much higher in the United States, suggesting there is a 'brain drain' from Europe to the United States.

Figure 2.4: Ratio of female to male tertiary graduates in science and technology, 2004 (female graduates per 100 male graduates) (1)



(1) EU-25, Albania, Bosnia and Herzegovina, Serbia and Montenegro and Kosovo, not available. (2) 2003; population data used as the denominator refer to mid-year estimates. (3) 2003, including ISCED 6 and ISCED 5A second qualification. (4) 2003.

EXPENDITURE ON EDUCATION AND PARTICIPATION IN TRAINING

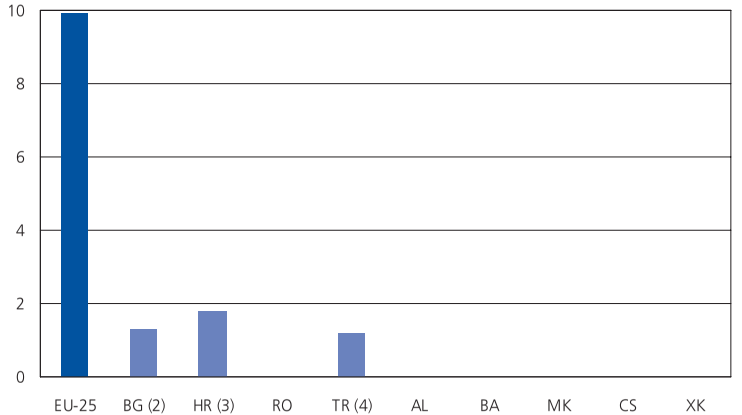
Table 2.5: Spending on human resources (public expenditure on education) as a proportion of GDP (%)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	5.2	:	5.0	:	5.0	4.9	5.1	5.2	:	:
Bulgaria	3.4	2.6	2.6	3.2	3.7	4.4	3.5	3.6	:	:
Croatia	:	:	:	:	4.2	4.5	4.2	4.3	4.2	:
Romania	:	:	:	4.4	3.4	2.9	3.3	3.5	:	:
Turkey	2.3	2.4	2.4	3.1	3.6	3.5	3.7	3.6	3.8	3.8
Albania	3.7	3.7	3.3	3.2	3.3	3.1	3.2	2.8	2.9	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	3.5	:	:
Serbia and Montenegro	:	:	:	:	3.9	3.9	3.6	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

The Lisbon European Council called for 'a substantial annual increase in the per capita investment in human resources'. In 2002, EU-25 public sector investment in education was equal to 5.2 % of GDP, a figure that was higher than in any of the Candidate countries or the Western Balkans.

Young adults and highly qualified workers are often aware of the advantages of updating their skills competencies. Conversely, people with low levels of education and qualifications, older workers, marginalised population groups, those living in disadvantaged or outlying regions, and people with learning difficulties are often comparatively unacquainted with the opportunities that exist to improve their education and training. The European Commission believes that lifelong learning should be a concept that refers to continued education and training opportunities for all members of society. Note the proportion of the population engaged in lifelong learning was much higher in the EU-25 than it was in the Candidate countries or the Western Balkans.

Figure 2.5: Proportion of persons aged 25-64 having participated in education and training (at any time during a four week period prior to being surveyed), 2004 (%) (1)



(1) Romania, Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro and *Kosovo*, not available. (2) Data refer to the second quarter. (3) Population data used as the denominator refer to mid-year estimates; number of students refers to academic years, 1999 is 1999/2000, 2004 is 2004/2005 etc. (4) Weighted annual Labour Force Survey results, not the average rates of the four quarters.

3 WAGES AND SALARIES AND THE EQUALITY OF INCOME DISTRIBUTION

Table 3.1: Wages and salaries (1)

	Average nominal monthly wages and salaries (EUR)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Bulgaria (2)	:	:	109.8	162.8	102.8	114.8	122.7	131.7	139.7	154.2
Croatia (3)	411.5	467.0	527.0	578.8	600.4	637.7	677.6	724.5	743.4	798.5
Romania (4)	:	112.3	106.0	134.2	119.3	144.1	164.1	172.0	178.4	:
Turkey	:	:	:	:	:	:	:	:	:	:
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	174.6	176.1	161.3	153.8	159.4	167.9	173.2	185.0	193.0	200.4
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

	Index of real wages and salaries (2000=100)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Bulgaria	:	90.4	74.9	92.4	98.8	100.0	99.6	101.0	104.7	108.8
Croatia (3)	74.6	80.3	87.3	92.4	98.4	100.0	99.2	103.2	106.1	112.2
Romania (5)	:	129.3	99.7	103.4	103.8	100.0	105.0	107.5	119.1	:
Turkey	:	:	:	:	:	:	:	:	:	:
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	92.7	93.1	93.3	96.8	100.3	100.0	98.1	103.0	106.7	111.4
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) EU-25, not available. (2) Data are converted from the denomination of Bulgarian New Lev; data refer to gross earnings (before any deduction of employees' contributions to social security or tax deductions, and employees' personal taxes); according to national definitions, gross earnings comprise basic wages and salaries, remuneration and additional payments for night or shift work, work during weekends and public holidays, extra allowances for extreme working conditions like smoke, dust, temperature, danger etc., payments for statutory, contractual or voluntarily granted leave, remuneration paid for over-time work, bonuses (monthly, quarterly, yearly), 13th month payments. (3) Persons employed in crafts, trades and as freelancers, as well as in the police and defence-related activities are excluded; beginning in 2004 the number of persons employed in the police and defence-related activities are included. (4) Gross wages and salaries; values refer to NACE Rev. 1 Sections C to O. (5) Net wages and salaries.

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 can be divided by the consumer price index so that the effects of changes in price levels are also considered.

The gender pay gap is defined as the difference between average gross hourly earnings of male paid employees and female paid employees. 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), where the proportion of female employment is often relatively high. The gender pay gap may arise from a number of underlying factors, including, sectoral and occupational segregation, education and training, job classifications and pay systems.

Figure 3.1: Income distribution, 2004 (1)

(1) Croatia and Albania, gender pay gap, not available; Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro and Kosovo, not available. (2) Gender pay gap, 2003. (3) Income distribution, 2003; data were calculated according to Eurostat's 'Methodology of calculation of common cross-sectional EU indicators', 2004. (4) Gender pay gap data is based on monthly earnings. (5) 2002; source, Household Budget Survey. (6) Income distribution, 2002; calculated on the basis of consumption per capita.

3 SOCIAL INEQUALITY

Table 3.2: Social indicators (%)

	Tax wedge					Unemployment trap				
	2000	2001	2002	2003	2004	1994	2000	2001	2002	2003
EU-25	38.1	37.2	37.1	37.4	36.4	:	78.8	78.5	78.3	:
Bulgaria	39.4	35.9	35.2	35.0	34.9	:	:	73.9	74.4	74.0
Croatia	:	:	:	:	:	:	:	:	:	:
Romania	43.1	43.5	42.3	41.7	:	:	:	75.1	70.3	75.5
Turkey	39.1	42.6	41.3	40.9	41.8	:	:	:	:	:
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

For most EU-25 countries, relatively high tax wedges exist on labour. These may well reflect the important role played by wage-based contributions (from employers and employees) in financing the social transfers system. Some employers consider such high rates as a deterrent that prevents them from hiring labour and often cite this problem as a reflection of wider labour market rigidities, including a high proportion of collective bargaining arrangements and the weak relationship between contributions paid and transfers received. The interaction between relatively high tax wedges and the transfers system may create incentives to certain groups of the population that encourage them to remain outside the labour market (for example, low-wage and older workers, as well as spouses of low-income earners).

The unemployment trap is used to describe a situation where there is little difference between benefit income and the income from work. The unemployment trap is particularly influenced by the (potential) duration of unemployment benefits, as in most countries the incentives to find a new job may increase over time (as benefits decline).

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

	Children aged 0-17 (as a proportion of all children aged 0-17)		Persons aged 18-59 (as a proportion of all persons aged 18-59)	
	2000	2004	2000	2004
EU-25 (1)	9.5	9.8	10.1	10.4
Bulgaria (2)	:	15.6	15.5	13.7
Croatia (3)	:	10.4	:	13.2
Romania (4)	7.2	11.1	8.4	11.1
Turkey	:	:	:	:
Albania	:	:	:	:
Bosnia and Herzegovina	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:
Serbia and Montenegro	:	:	:	:
Kosovo	:	:	:	:

(1) 2001 instead of 2000; 2003 instead of 2004.
(2) Data refer to the second quarter of each year; 2000, student households are included; 2004, data are harmonised with the Labour Force Survey methodology.
(3) 2003 instead of 2004.
(4) Break in series; 2000, data refer to the second quarter from the Labour Force Survey; 2004, data have been weighted based upon the results of the Population and Housing Census of 18 March 2002.

3 HOUSEHOLD CONSUMPTION EXPENDITURE AND SOCIAL EXPENDITURE

Table 3.4: Breakdown of household expenditure, 2004 (%)

	EU-25	BG (1)	HR	RO	TR (2)	AL (3)	BA	MK	CS	*XK*
Total household expenditure (EUR billion)	5 581	12.0	16.0	:	7.3	0.2	:	2.6	:	:
Food and non-alcoholic beverages (COICOP 01)	13.1	25.5	26.3	49.9	27.5	61.1	:	44.9	:	:
Alcoholic beverages, tobacco (COICOP 02)	3.8	3.1	3.3	5.9	4.1	4.0	:	4.6	:	:
Clothing and footwear (COICOP 03)	6.1	3.6	7.3	6.1	6.3	4.6	:	8.0	:	:
Housing, water, electricity, gas and other fuels (COICOP 04)	21.5	22.7	29.3	14.6	28.3	8.7	:	11.8	:	:
Furnishings, household equipment and routine maintenance of the house (COICOP 05)	6.6	3.3	4.5	3.2	5.7	8.3	:	5.1	:	:
Health (COICOP 06)	3.5	3.9	1.8	2.8	2.2	:	:	3.2	:	:
Transport (COICOP 07)	13.5	15.4	9.1	5.6	9.8	3.1	:	6.6	:	:
Communication (COICOP 08)	2.8	5.9	3.9	4.0	4.3	3.6	:	4.1	:	:
Recreation and culture (COICOP 09)	9.4	4.5	5.3	3.8	2.2	0.7	:	3.6	:	:
Education (COICOP 10)	1.0	1.1	0.6	0.7	2.0	2.3	:	0.5	:	:
Restaurants and hotels (COICOP 11)	9.0	8.5	2.6	1.0	4.1	:	:	4.1	:	:
Personal care (COICOP 12.1)	9.9	2.6	3.1	2.0	3.5	0.1	:	3.6	:	:

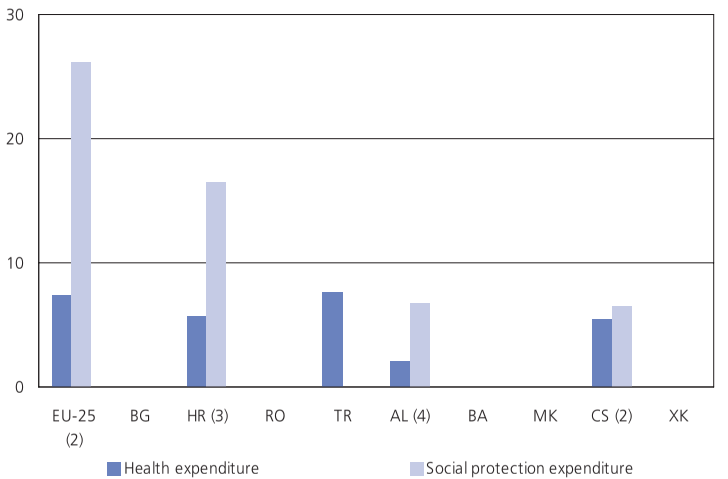
(1) 2002; source, national accounts.
(2) 2003; source, Household Budget Survey.
(3) 2003.

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 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-25 (13.1 %) and the corresponding figures for the Candidate countries and the Western Balkans, where expenditure on these items ranged between 26 % and 61 % of total expenditure. Note that part of this difference may be explained by the relatively low cost of housing in some Candidate countries and the Western Balkans, as a result of prices not reflecting true market values in a number of territories.

Figure 3.3: Social expenditure as a proportion of GDP, 2004 (%) (1)



(1) Bulgaria, Romania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Kosovo, not available; Turkey, social protection expenditure, not available. (2) 2001. (3) 2003. (4) 2002.

EMPLOYMENT RATES AND ACTIVITY RATES

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

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	:	60.6	61.2	62.0	62.4	62.8	62.8	62.9	63.3
Bulgaria (1)	52.4	54.0	54.1	53.7	51.2	50.4	49.7	50.6	52.5	54.2
Croatia (2)	:	58.7	57.1	55.3	53.2	51.3	51.8	53.6	53.2	54.3
Romania (3)	:	:	65.9	64.3	63.5	63.2	62.6	58.0	57.8	57.9
Turkey	52.4	52.5	51.3	51.4	50.8	48.9	47.8	46.7	45.5	46.1
Albania (4)	:	:	:	:	55.7	55.0	52.1	52.1	51.1	50.0
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia (5)	:	:	:	36.5	36.1	36.0	36.8	35.7	34.3	33.8
Serbia and Montenegro	:	:	:	:	57.9	58.8	58.8	57.9	57.2	:
Kosovo	:	:	:	:	:	:	42.9	45.0	50.3	:

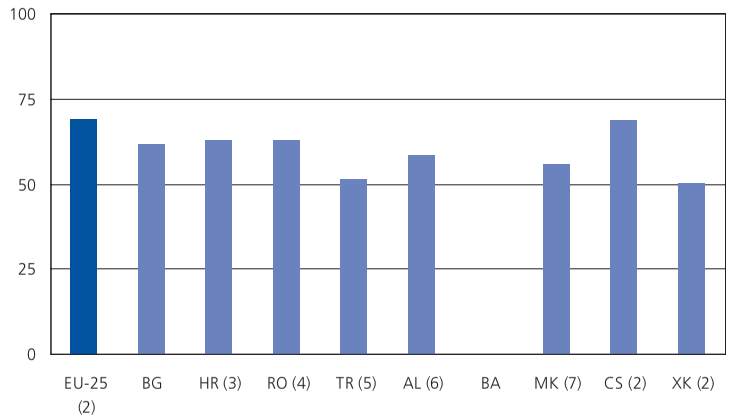
(1) Up until 1999 data were calculated according to national definitions of employment and unemployment; the main differences are the following: conscripts are included in the population figures and are considered as inactive; unemployment data are directly derived from the Labour Force Survey results; studying job advertisements is not considered an active method of job search up until 2002.
(2) Second half of the year.
(3) Conscripts are included in the active population; beginning with 2002, data have been weighted based upon the results of the Population and Housing Census of 18 March 2002.
(4) Administrative data.
(5) Unpaid family workers are excluded.

The labour force is made up of employed and unemployed persons, with economic activity rates being calculated as the ratio of those active in the labour force (either working or seeking work) to the total population. Employment rates measure the proportion of those in work compared with the total population.

There are three specific employment guidelines that have been set as benchmark targets for the EU-25 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.

There were signs in 2004 that the employment rate in the EU-25 was increasing after a period of stagnation. However, in order to reach the 2010 targets further labour market reforms are likely to be required, in particular with respect to the employment prospects of women, older people, and those with a low level of skills. The European Commission believes that this is most likely to be achieved by fostering employment creation in the services sector.

Figure 4.1: Economic activity rate - proportion of the population aged 15-64 that is economically active, 2004 (%) (1)



(1) Bosnia and Herzegovina, not available. (2) 2003. (3) Second half of the year. (4) Conscripts are included in the active population; data have been weighted based upon the results of the Population and Housing Census of 18 March 2002. (5) Weighted annual Labour Force Survey results, not the average rates of the four quarters. (6) Administrative data. (7) Unpaid family workers are excluded.

EMPLOYMENT RATES AND ACTIVITY RATES BY GENDER

Table 4.2: Employment rates

	Male employment rate: proportion of the male population aged 15-64 that is in employment (%)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	:	70.2	70.6	71.0	71.2	71.3	71.0	70.8	70.9
Bulgaria (1)	56.0	57.7	58.0	57.5	55.1	54.7	52.7	53.7	56.0	58.0
Croatia (2)	:	65.8	63.6	61.7	59.0	57.4	59.0	60.1	59.6	60.7
Romania (3)	:	:	72.8	70.9	69.5	69.1	68.2	64.1	64.1	63.6
Turkey	74.6	74.9	74.8	74.3	72.7	71.7	69.3	66.9	65.9	67.9
Albania (4)	:	:	:	:	69.0	66.0	64.0	63.9	62.6	60.8
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia (5)	:	:	:	46.8	46.1	46.0	46.0	44.9	42.4	41.7
Serbia and Montenegro	:	:	:	:	66.7	67.8	67.7	66.8	66.4	:
Kosovo	:	:	:	:	:	:	48.2	54.8	59.7	:

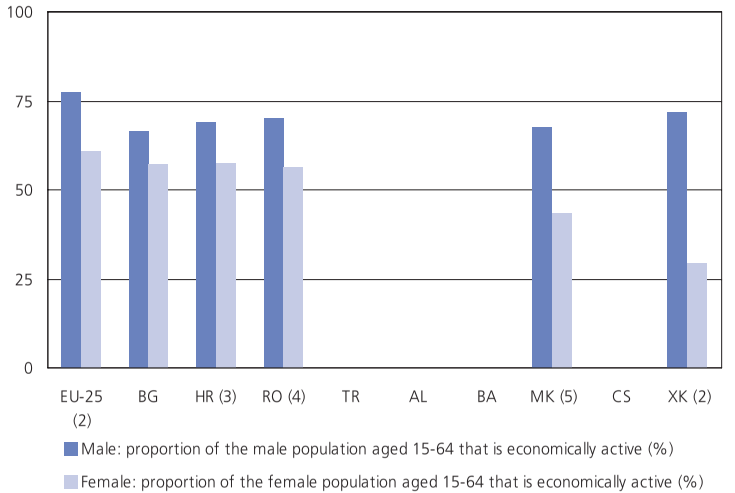
	Female employment rate: proportion of the female population aged 15-64 that is in employment (%)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	:	51.1	51.8	52.9	53.6	54.3	54.7	55.0	55.7
Bulgaria (1)	48.8	50.4	50.3	49.9	47.5	46.3	46.8	47.5	49.0	50.6
Croatia (2)	:	51.9	50.9	49.4	47.8	45.5	44.9	47.4	47.0	47.9
Romania (3)	:	:	59.2	57.7	57.5	57.5	57.1	52.0	51.5	52.1
Turkey	30.2	30.3	28.0	28.5	28.9	26.2	26.3	26.6	25.2	24.3
Albania (4)	:	:	:	:	42.3	44.1	39.6	39.7	39.1	38.7
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia (5)	:	:	:	26.1	26.0	26.0	27.5	26.2	26.0	25.7
Serbia and Montenegro	:	:	:	:	49.5	50.1	49.7	49.0	48.1	:
Kosovo	:	:	:	:	:	:	30.1	25.5	28.1	:

(1) Up until 1999 data are calculated according to national definitions of employment and unemployment; the main differences are the following: conscripts are included in the population figures and are considered as inactive; unemployment data are directly derived from the Labour Force Survey results; studying job advertisements is not considered an active method of job search up until 2002. (2) Second half of the year. (3) Conscripts are included in the active population; beginning with 2002, data have been weighted based upon the results of the Population and Housing Census of 18 March 2002. (4) Administrative data. (5) Unpaid family workers are excluded.

Male activity rates generally tend to be 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 dependents. There has been an increase in female employment rates in the EU-25 in recent years, contrary to the situation in the majority of the Candidate countries and the Western Balkans, where female employment rates fell, often from what were already relatively low levels. Female employment rates in the EU-25 reached 55.7 % in 2004.

The European Commission believes that the key to increasing employment in the services sector lies in the creation of jobs in highly productive activities, such as some business services, education, health and social services. It is hoped that if demand for these services increases (perhaps in part through public spending) then there will be an increase in employment rates, in particular for women, who are often attracted to these sectors.

Figure 4.2: Economic activity rates, 2004 (1)



(1) Turkey, Albania, Bosnia and Herzegovina and Serbia and Montenegro, not available.
(2) 2003. (3) Second half of the year. (4) Conscripts are included in the active population; data have been weighted based upon the results of the Population and Housing Census of 18 March 2002. (5) Unpaid family workers are excluded.

EMPLOYMENT RATES AND ACTIVITY RATES FOR OLDER WORKERS (AGED 55-64)

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

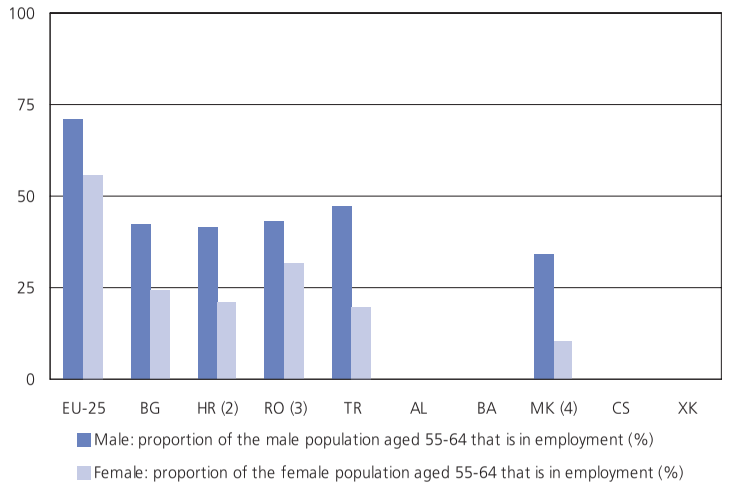
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	:	60.6	61.2	62.0	62.4	62.8	62.8	62.9	63.3
Bulgaria (1)	18.8	19.4	21.3	21.5	20.1	20.8	24.0	27.0	30.0	32.5
Croatia (2)	:	31.1	29.1	25.6	25.9	24.2	23.7	26.8	29.0	30.4
Romania (3)	:	:	51.9	50.8	49.6	49.5	48.2	37.7	38.1	36.9
Turkey	41.7	41.6	40.5	41.1	39.3	36.3	35.9	35.3	32.7	33.1
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia (4)	:	:	:	23.3	23.2	23.0	23.7	22.5	24.4	21.9
Serbia and Montenegro	:	:	:	:	20.5	20.7	19.9	18.4	18.0	:
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) Until 1999 data are calculated according to national definitions of employment and unemployment; the main differences are the following: conscripts are included in the population figures and are considered as inactive; unemployment data are directly derived from the Labour Force Survey results; studying job advertisements is not considered an active method of job search up until 2002.
(2) Second half of the year.
(3) Conscripts are included in the active population; beginning with 2002, data have been weighted based upon the results of the Population and Housing Census of 18 March 2002.
(4) Unpaid family workers are excluded.

Much is written concerning the untapped potential of the older workforce as a source of additional employment. There is often an imbalance between the skills of those older persons seeking work and the skills required for newly created posts. While older workers have in general a better position in terms of pay and contractual arrangements (compared with younger workers), when they are in low pay or temporary employment they have great difficulty to remain or progress in the labour market.

As life expectancy rises, it is likely that in the future a higher proportion of the older population will remain in employment for a longer period of time. Indeed, some governments are giving consideration to raising compulsory retirement ages in an attempt to reduce social transfers and increase revenue receipts. Employment rates among older workers in the EU-25 rose to 63.3 % in 2004, which was well above the corresponding levels found in the Candidate countries and the Western Balkans where employment rates for older workers were falling except in Bulgaria and Romania.

Figure 4.3: Employment rates of older workers, 2004 (1)



(1) Albania, Bosnia and Herzegovina, Serbia and Montenegro and Kosovo, not available. (2) Second half of the year. (3) Conscripts are included in the active population; beginning with 2002, data have been weighted based upon the results of the Population and Housing Census of 18 March 2002. (4) Unpaid family workers are excluded.

NUMBER OF PERSONS EMPLOYED AND EMPLOYMENT BY SECTOR

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

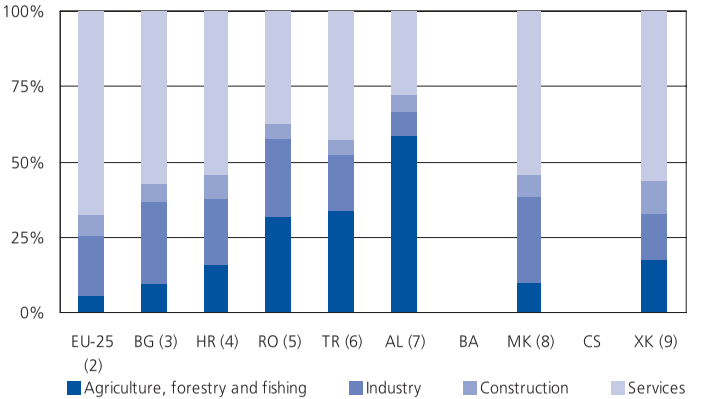
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	185 233	187 077	190 181	192 489	195 376	197 943	198 767	199 337	200 491
Bulgaria (1)	2 984	3 066	3 060	3 035	2 875	2 795	2 699	2 740	2 834	2 922
Croatia (2)	:	1 540	1 593	1 549	1 479	1 572	1 478	1 534	1 535	1 542
Romania (3)	:	:	11 050	10 845	10 776	10 764	10 697	9 234	9 223	9 158
Turkey (4)	20 586	21 195	21 204	21 779	22 050	21 582	21 525	21 354	21 146	21 790
Albania (5)	1 138	1 116	1 107	1 085	1 065	1 068	920	920	926	931
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia (6)	:	:	:	:	:	:	512	492	481	477
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) Until 1999 data are calculated according to national definitions of employment and unemployment; the main differences are the following: conscripts are included in the population figures and are considered as inactive; unemployment data are directly derived from the Labour Force Survey results; studying job advertisements is not considered an active method of job search up until 2002.
(2) Second half of the year.
(3) Conscripts are included in the active population; beginning with 2002, data have been weighted based upon the results of the Population and Housing Census of 18 March 2002.
(4) Weighted annual Labour Force Survey results, not the average rates of the four quarters.
(5) Administrative data.
(6) Unpaid family workers are excluded.

The information presented on the level of total employment provides a count of the number of persons employed (employees and the self-employed). Note that employment growth in the EU-25 was relatively slow during the period 2001 to 2003 in comparison with the late 1990s. However, there were signs that the number of jobs in the EU-25 was starting to rise at a quicker pace in 2004. In the Candidate countries and the Western Balkans the largest contraction in the workforce (in both relative and absolute terms) between 2000 and 2004 was recorded in Romania, while Bulgaria and Turkey were the only territories to report a net increase in employment levels.

The breakdown of employment between different economic sectors shows great disparity between the EU-25 and the majority of the Candidate countries and Western Balkan territories. The service sector employed a higher proportion of persons in the EU-25, while agriculture, forestry and fishing employed a considerably higher proportion of persons in the Candidate countries and the Western Balkans. Services employed just over two thirds of the workforce in the EU-25, while in Albania the corresponding proportion was 27.9 %. On the other hand, 5.4 % of those employed in the EU-25 worked in agriculture, forestry and fishing, compared with upwards of 30 % in Romania, Turkey and Albania.

Figure 4.4: Breakdown of employment, 2004 (% of total) (1)



(1) Bosnia and Herzegovina and Serbia and Montenegro, not available. (2) Source, national accounts. (3) Source, Labour Force Survey. (4) Second half of the year. (5) Conscripts are included in the active population; data have been weighted based upon the results of the Population and Housing Census of 18 March 2002. (6) Services defined as NACE Sections G to Q; weighted annual Labour Force Survey results, not the average rates of the four quarters. (7) Administrative data. (8) Unpaid family workers are excluded. (9) 2003.

UNEMPLOYMENT RATES

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

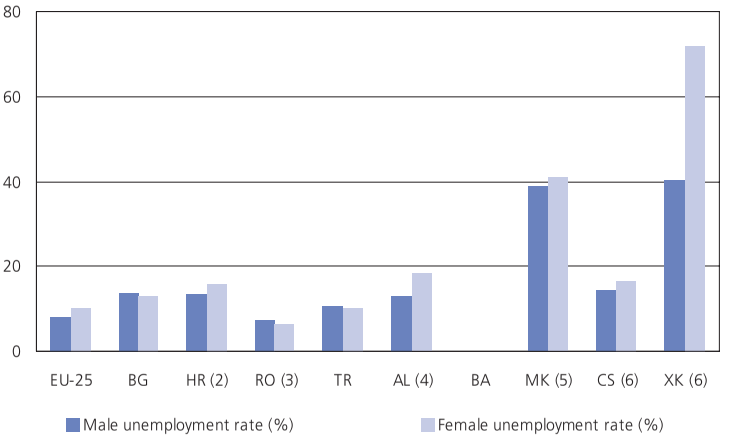
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	:	:	9.5	9.1	8.6	8.4	8.7	9.0	9.0
Bulgaria (1)	16.5	14.1	14.4	14.1	15.7	16.4	19.2	17.8	13.6	11.9
Croatia (2)	:	10.0	10.0	11.7	14.5	17.0	16.3	14.4	14.4	13.8
Romania (3)	:	:	6.0	6.3	6.8	7.1	6.6	8.4	7.0	8.0
Turkey	7.6	6.6	6.8	6.9	7.7	6.5	8.4	10.3	10.5	10.3
Albania (4)	:	:	:	:	18.4	16.8	16.4	15.8	15.0	14.4
Bosnia and Herzegovina (5)	:	:	:	:	39.4	39.7	40.0	41.1	:	:
The former Yugoslav Republic of Macedonia (6)	:	:	:	36.5	34.8	34.8	33.9	34.8	39.6	39.3
Serbia and Montenegro	:	:	:	:	13.7	12.6	12.9	13.8	15.2	:
Kosovo	:	:	:	:	:	:	57.1	55.0	49.7	:

(1) Until 1999 data are calculated according to national definitions of employment and unemployment; the main differences are the following: conscripts are included in the population figures and are considered as inactive; unemployment data are directly derived from the Labour Force Survey results; studying job advertisements is not considered an active method of job search up until 2002.
(2) Second half of the year.
(3) Conscripts are included in the active population; beginning with 2002, data have been weighted based upon the results of the Population and Housing Census of 18 March 2002.
(4) Administrative data; unemployment refers to registered unemployment.
(5) The unemployment rate is not calculated using the ILO methodology; the calculation is: unemployment rate = (number of unemployed people) / (number of unemployed people + number of employed people); the number of unemployed people is taken from the Bureau for Unemployment (i.e. an administrative register).
(6) Unpaid family workers are excluded.

Unemployment rates measure those persons aged 15 to 74 who were not in employment but were actively seeking work. In other words, the unemployment rate is the proportion of unemployed persons relative to the all persons who are active 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 below low pay thresholds into higher paid employment.

The EU-25's unemployment rate was 9.0 % in 2004, which was unchanged when compared with 2003. Romania (8.0 %) was the only one of the Candidate countries or Western Balkans to report unemployment below the EU-25 average. In the Western Balkans, unemployment rates were relatively high, rising to above one third of the labour force in Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and *Kosovo*. These rates may, at least in part, be associated with high numbers of internally displaced persons and refugees and dislocated economies.

Figure 4.5: Unemployment rates, 2004 (1)



(1) Bosnia and Herzegovina, not available. (2) Second half of the year. (3) Conscripts are included in the active population; beginning with 2002, data have been weighted based upon the results of the Population and Housing Census of 18 March 2002.
(4) Administrative data; unemployment refer to registered unemployment. (5) Unpaid family workers are excluded. (6) 2003.

YOUTH AND LONG-TERM UNEMPLOYMENT RATES

Table 4.6: Youth unemployment rate - proportion of the labour force aged less than 25 that is unemployed (%)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	:	:	19.4	18.4	17.4	17.6	18.1	18.6	18.6
Bulgaria (1)	39.3	34.4	34.7	32.2	34.0	33.7	38.0	35.0	27.1	24.4
Croatia (2)	:	26.7	28.5	31.0	39.2	43.1	41.7	34.4	35.8	33.8
Romania (3)	:	:	18.0	18.3	18.8	18.6	17.5	21.7	18.5	21.0
Turkey	15.5	13.5	14.3	14.2	15.0	13.1	16.2	19.2	20.5	19.6
Albania (4)	:	:	:	:	:	:	:	26.8	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia (5)	:	:	:	77.0	71.6	69.8	67.8	69.3	74.1	71.2
Serbia and Montenegro	:	:	:	:	53.1	49.6	46.8	45.6	45.6	:
Kosovo	:	:	:	:	:	:	80.0	77.7	74.9	:

(1) Until 1999 data are calculated according to national definitions of employment and unemployment; the main differences are the following: conscripts are included in the population figures and are considered as inactive; unemployment data are directly derived from the Labour Force Survey results; studying job advertisements is not considered an active method of job search up until 2002.
(2) Second half of the year.
(3) Conscripts are included in the active population; beginning with 2002, data have been weighted based upon the results of the Population and Housing Census of 18 March 2002.
(4) Based on the Living Conditions Survey of 1998 and the Living Standards Measurement Study of 2002.
(5) Unpaid family workers are excluded.

The youth unemployment rate is defined as the proportion of young persons aged 15 to 24 who are unemployed. In the EU-25, the youth unemployment rate (18.6 %) in 2004 was double the average for the whole of the labour force. A similar picture was observed in the Candidate countries and the Western Balkans, as youth unemployment ranged from being 1.5 times higher in *Kosovo* to 3.0 times higher in Serbia and Montenegro.

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. In most countries the long-term unemployed face reductions in social transfers and benefits that are related to the period they remain unemployed. Almost half of the unemployed in the EU-25, more than 8 million people, were unemployed for a year or more in 2004. Two groups in the workforce are disproportionately prone to long-term unemployment. The most significant group is that of older workers (particularly those losing 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. Otherwise, female long-term unemployment rates tend to be higher than male rates although this was not the case in Bulgaria and Romania in 2004.

Table 4.7: Long-term unemployment rates - proportion of the labour force aged 15-74 that have been unemployed for more than 12 months, 2004 (%)

	Total	Male	Female
EU-25	4.1	3.6	4.7
Bulgaria (1)	7.1	7.2	7.0
Croatia (2)	6.9	5.4	8.7
Romania (3)	4.7	5.5	3.8
Turkey	4.0	3.8	4.4
Albania	:	:	:
Bosnia and Herzegovina	:	:	:
The former Yugoslav Republic of Macedonia (4)	33.5	32.7	34.9
Serbia and Montenegro	:	:	:
Kosovo	:	:	:

(1) Until 1999 data are calculated according to national definitions of employment and unemployment; the main differences are the following: conscripts are included in the population figures and are considered as inactive; unemployment data are directly derived from the Labour Force Survey results; studying job advertisements is not considered an active method of job search up until 2002.
(2) Second half of the year.
(3) Conscripts are included in the active population; beginning with 2002, data have been weighted based upon the results of the Population and Housing Census of 18 March 2002.
(4) Unpaid family workers are excluded.

GDP

Table 5.1: GDP

GDP (EUR million)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	6 839 364	7 202 682	7 603 434	7 975 699	8 382 007	8 977 260	9 327 047	9 672 005	9 811 805	10 266 471
Bulgaria	10 139	7 991	9 232	11 368	12 164	13 679	15 190	16 533	17 664	19 434
Croatia	14 391	15 657	17 739	19 305	18 677	19 977	22 177	24 219	25 526	27 629
Romania	27 433	28 196	31 260	37 420	33 489	40 278	44 865	48 464	50 681	58 914
Turkey	129 979	144 583	167 916	180 612	172 765	216 372	163 210	192 905	213 052	242 045
Albania	:	:	:	:	3 227	4 004	4 575	4 720	4 965	6 110
Bosnia and Herzegovina	:	:	:	:	4 399	4 914	5 358	5 957	6 291	6 872
The former Yugoslav Republic of Macedonia	:	:	3 310	3 193	3 448	3 893	3 839	4 001	4 105	:
Serbia and Montenegro (1)	8 224	10 973	14 561	14 003	9 477	9 821	13 159	16 450	18 253	:
Kosovo	:	:	:	:	:	:	1 625	1 735	1 797	1 895

GDP growth - based on constant price national currency series (%)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	1.8	2.7	3.0	2.9	3.7	1.8	1.1	1.0	2.3
Bulgaria	2.9	-9.4	-5.6	4.0	2.3	5.4	4.1	4.9	4.5	5.6
Croatia	:	5.9	6.8	2.5	-0.9	2.9	4.4	5.2	4.3	3.7
Romania	7.1	3.9	-6.1	-4.8	-1.2	2.1	5.7	5.1	5.2	8.3
Turkey	7.2	7.0	7.5	3.1	-4.7	7.4	-7.5	7.9	5.8	8.9
Albania	:	9.1	-10.2	12.7	10.1	7.3	7.0	2.9	5.7	6.0
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	1.4	3.4	4.3	4.5	-4.5	0.9	2.8	:
Serbia and Montenegro (2)	6.1	5.9	7.4	2.5	-17.7	5.2	5.3	3.8	2.1	8.3
Kosovo	:	:	:	:	:	:	:	1.2	3.1	3.2

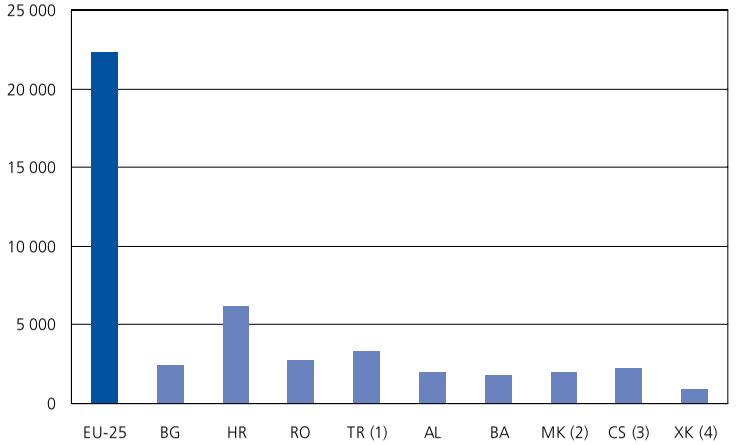
(1) 1995, using market exchange rates; 1996 to 2000, recalculated using the World Bank method with market exchange rates; beginning in 1999 and for years thereafter, excluding Kosovo. (2) 1995 to 1999 at 1994 constant prices, based on Material Product System; 2000 to 2004, at 2001 constant prices; beginning in 1999 and for years thereafter, excluding Kosovo.

Gross domestic product (GDP) is the central aggregate of national accounts (as defined in ESA95).

The Candidate countries and the Western Balkans together accounted for the equivalent of 3.8 % of the EU-25's GDP in 2004 (data for the former Yugoslav Republic of Macedonia and for Serbia and Montenegro are for 2003). Croatia had the highest GDP per capita among the Candidate and Western Balkan countries in 2004, with a value that was just over one quarter the average level recorded within the EU-25.

Constant price GDP growth was considerably higher in the Candidate countries when compared with data for the EU-25 during the period 2000 to 2004. While EU-25 growth almost stagnated in 2002 and 2003, annual rates of change were in excess of 4 % per annum in each of the Candidate countries. The picture in the Western Balkans was less clear, with rapid GDP growth in Albania, a sharp upturn in Serbia and Montenegro in 2004, and a more modest progression (although usually above the EU-25 average) in the former Yugoslav Republic of Macedonia and *Kosovo*.

Figure 5.1: GDP per capita, 2004 (EUR)



(1) Mid-year population figures used to calculate per capita values; source, general census of population. (2) 2003. (3) 2003; excluding Kosovo.
(4) National accounts estimates.

FINAL CONSUMPTION EXPENDITURE AND BREAKDOWN OF GDP

Table 5.2: Final consumption expenditure, as a proportion of GDP (%)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	78.3	78.8	78.4	78.0	78.4	78.6	78.9	79.2	79.4	79.1
Bulgaria	85.9	86.5	85.5	82.9	87.9	87.1	86.9	86.8	87.7	86.9
Croatia	:	:	:	:	85.4	84.9	83.6	82.1	79.3	77.9
Romania	81.3	82.6	86.4	90.3	88.7	86.1	85.2	84.0	84.9	86.3
Turkey	79.4	81.2	80.6	79.9	81.6	83.4	81.8	80.2	80.5	79.9
Albania	:	77.1	100.2	93.9	79.9	78.9	81.6	83.3	84.6	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	92.6	92.6	90.3	92.6	94.8	99.5	97.0	:
Serbia and Montenegro (1)	:	:	90.5	98.9	96.9	98.8	:	:	:	:
Kosovo (2)	:	:	:	:	:	:	163.1	151.6	147.5	140.7

(1) Beginning in 1999 and for years thereafter, excluding Kosovo.
(2) Provisional data for the population in 2004, derived from national accounts estimates of 1.965 million persons; values for this indicator are distorted by a very high ratio of imports to exports of goods and services.

There was a slight increase in the proportion of GDP that was accounted for by final consumption expenditure in the EU-25 during the period 1995 to 2004. The share of final consumption expenditure in GDP was often somewhat higher than the EU-25 average within the Candidate countries and in the Western Balkans.

The breakdown of GDP shows that final consumption expenditure by general government accounted for a higher proportion of GDP in the EU-25 than in the Candidate countries, while expenditure by households and non profit institutions serving households (NPISH) usually accounted for a lower share of GDP in the EU-25 (except when compared with Croatia).

Investment, as measured by gross capital formation, accounted for almost 20 % of the EU-25's GDP in 2004. The share of gross capital formation in GDP expanded in the Candidate countries and in the Western Balkans, which may in part be due to inflows of direct investment. As a result, the latest information available shows that the proportion of GDP that was accounted for by gross capital formation rose to above 20 % in all Candidate countries and the Western Balkans, except in Serbia and Montenegro.

Table 5.3: Breakdown of GDP, 2004 (% share of GDP)

	Final consumption expenditure: household and NPISH (1)	Final consumption expenditure: general government (2)	Gross capital formation (3)	Imports of goods & services	Exports of goods & services
EU-25	58.3	20.8	19.9	34.8	35.9
Bulgaria	68.1	18.7	23.5	68.7	58.4
Croatia	58.1	19.9	:	55.7	47.5
Romania	70.4	15.9	23.1	46.5	37.1
Turkey	66.6	13.3	25.9	35.0	29.1
Albania (4)	74.5	10.1	:	45.8	20.7
Bosnia and Herzegovina	:	:	:	:	:
The former Yugoslav Republic of Macedonia (4)	76.3	20.7	20.0	54.8	37.9
Serbia and Montenegro (5)	70.5	28.3	8.9	16.8	9.2
Kosovo	93.5	47.2	27.9	78.5	10.0

(1) *Kosovo*, households only, excludes NPISH.
(2) *Kosovo*, including donors (UNMIK, KFOR, and other donor spending under the umbrella of the so called public investment program, and spending financed by designated donor grants (DDGs); data excludes wages of KFOR personnel, as well as consumption of goods imported directly by KFOR.
(3) *Kosovo*, investment including the donor sector, general government, private investment (housing and other).
(4) 2003.
(5) 2002; excluding Kosovo.

EXTERNAL TRADE RELATIVE TO GDP

Table 5.4: External trade

Exports of goods and services, relative to GDP (%)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	29.8	30.2	32.2	32.6	32.7	36.2	36.3	35.5	34.8	35.9
Bulgaria	44.7	55.4	58.3	47.0	44.5	55.7	55.6	53.1	53.6	58.4
Croatia	:	:	:	:	40.9	47.1	49.1	45.9	47.1	47.5
Romania	27.6	28.1	29.2	22.6	28.0	32.9	33.3	35.4	36.0	37.1
Turkey	19.5	22.2	24.7	23.8	21.7	23.4	32.0	29.2	27.5	29.1
Albania	:	12.3	10.5	10.8	15.7	17.6	18.3	19.5	20.7	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	37.3	41.2	42.2	48.6	42.7	38.0	37.9	:
Serbia and Montenegro (1)	:	:	17.8	23.4	11.2	9.2	:	:	:	:
Kosovo	:	:	:	:	:	:	16.6	12.5	10.4	10.0

Imports of goods and services, relative to GDP (%)	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	28.3	28.5	30.2	31.1	31.8	36.0	35.5	34.1	33.6	34.8
Bulgaria	46.3	50.0	53.7	46.8	50.3	61.1	63.2	59.7	63.0	68.7
Croatia	:	:	:	:	49.3	52.3	54.7	54.9	56.8	55.7
Romania	33.2	36.6	36.2	30.6	32.8	38.5	41.1	41.1	43.8	46.5
Turkey	23.8	28.7	30.5	27.2	25.1	30.7	29.7	30.6	30.8	35.0
Albania	:	35.2	36.7	34.4	32.0	37.5	38.7	46.7	45.8	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	50.8	56.1	52.2	63.5	56.6	58.2	54.8	:
Serbia and Montenegro (1)	:	:	26.3	32.8	20.3	16.8	:	:	:	:
Kosovo	:	:	:	:	:	:	120.3	98.6	87.1	78.5

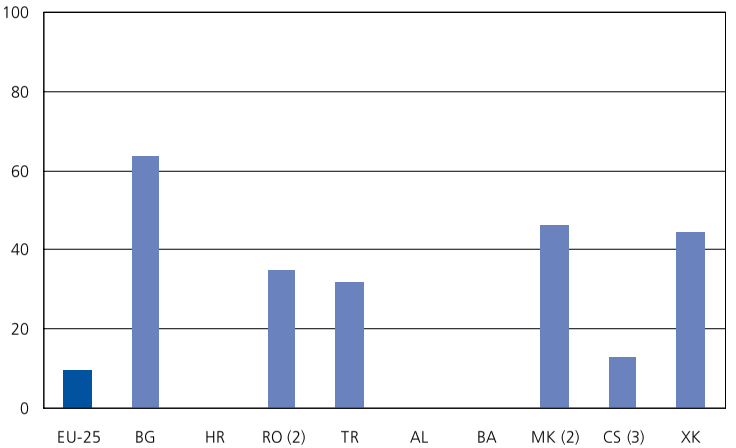
(1) Beginning in 1999 and for years thereafter, excluding Kosovo.

Relatively small territories (in terms of land area and population levels) will tend to display higher rates of trade integration than larger territories. Imports and exports are encouraged because small territories are likely to produce a reduced number of goods and services and because of their close geographical proximity to neighbouring territories. Note that the information presented for the EU-25 treats the EU-25 as a single entity; hence, the data do not include intra-EU trade between Member States

External trade statistics can be used to show how open each territory is, the extent to which a territory satisfies its own consumption or relies on imports, and the attractiveness of each territory's goods and services for export. The average 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 a territory within the international economy.

Each of the Candidate countries and Western Balkan territories reported a trade deficit, while in the EU-25 a surplus for goods and services was posted. Albania, the former Yugoslav Republic of Macedonia and *Kosovo* were particularly reliant upon imports.

Figure 5.2: Average of exports and imports, relative to GDP, 2004 (%) (1)



(1) Croatia, Albania and Bosnia and Herzegovina, not available.
(2) 2003.
(3) 2000; excluding Kosovo.

BREAKDOWN OF GROSS VALUE ADDED BY SECTOR

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

	Agriculture, forestry and fishing									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	2.8	2.8	2.7	2.5	2.4	2.3	2.3	2.1	2.1	2.0
Bulgaria	:	15.1	26.2	18.8	16.3	13.9	13.4	12.1	11.6	10.9
Croatia	:	:	:	:	9.8	9.0	9.1	8.2	8.4	8.2
Romania	21.4	20.6	19.6	16.2	15.2	12.5	14.9	12.8	13.3	14.6
Turkey	15.0	15.9	13.6	16.9	14.6	13.6	11.4	11.4	11.6	11.1
Albania	:	33.0	33.6	32.6	29.5	29.1	27.0	26.3	24.0	:
Bosnia and Herzegovina	:	:	:	:	15.8	13.4	13.0	12.1	10.6	11.5
The former Yugoslav Republic of Macedonia	:	:	12.8	13.2	12.9	12.0	11.8	12.4	13.4	:
Serbia and Montenegro (1)	:	:	19.3	18.4	20.6	21.1	20.9	16.3	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

	Industry									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	23.6	23.3	23.3	22.9	22.4	22.3	21.7	21.0	20.6	20.7
Bulgaria	:	26.5	25.2	25.7	23.9	25.5	25.0	24.6	25.2	25.2
Croatia	:	:	:	:	24.6	24.7	24.3	23.4	23.3	23.2
Romania	35.6	35.5	33.5	29.6	28.2	30.9	31.0	31.4	30.9	30.5
Turkey	25.8	24.2	24.2	21.4	21.9	22.5	24.2	24.3	23.8	23.8
Albania	:	15.5	14.3	11.8	11.7	12.3	11.2	10.8	13.0	:
Bosnia and Herzegovina	:	:	:	:	22.7	23.0	22.5	20.9	22.2	22.0
The former Yugoslav Republic of Macedonia	:	:	28.4	27.1	26.5	26.9	26.1	24.2	24.4	:
Serbia and Montenegro (1)	:	:	32.7	31.5	30.3	28.2	28.4	28.0	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) Beginning in 1999 and for years thereafter, excluding Kosovo.

Table 5.6: Breakdown of gross value added (% of total)

Construction

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	5.9	5.7	5.5	5.5	5.5	5.6	5.6	5.6	5.7	5.9
Bulgaria	:	4.2	2.7	4.8	5.0	4.6	4.6	4.5	4.5	4.8
Croatia	:	:	:	:	5.3	4.6	4.9	5.3	6.8	6.9
Romania	7.1	6.9	5.7	5.8	5.7	5.5	6.0	6.5	6.8	6.9
Turkey	5.4	5.6	5.8	5.6	5.4	5.1	4.8	3.9	3.3	3.4
Albania	:	4.7	4.4	4.2	5.0	6.7	8.6	7.9	8.1	:
Bosnia and Herzegovina	:	:	:	:	6.3	5.8	5.1	5.1	4.8	4.6
The former Yugoslav Republic of Macedonia	:	:	6.2	6.7	6.1	6.8	6.0	6.0	6.3	:
Serbia and Montenegro (1)	:	:	5.1	5.3	4.2	3.9	3.7	3.8	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

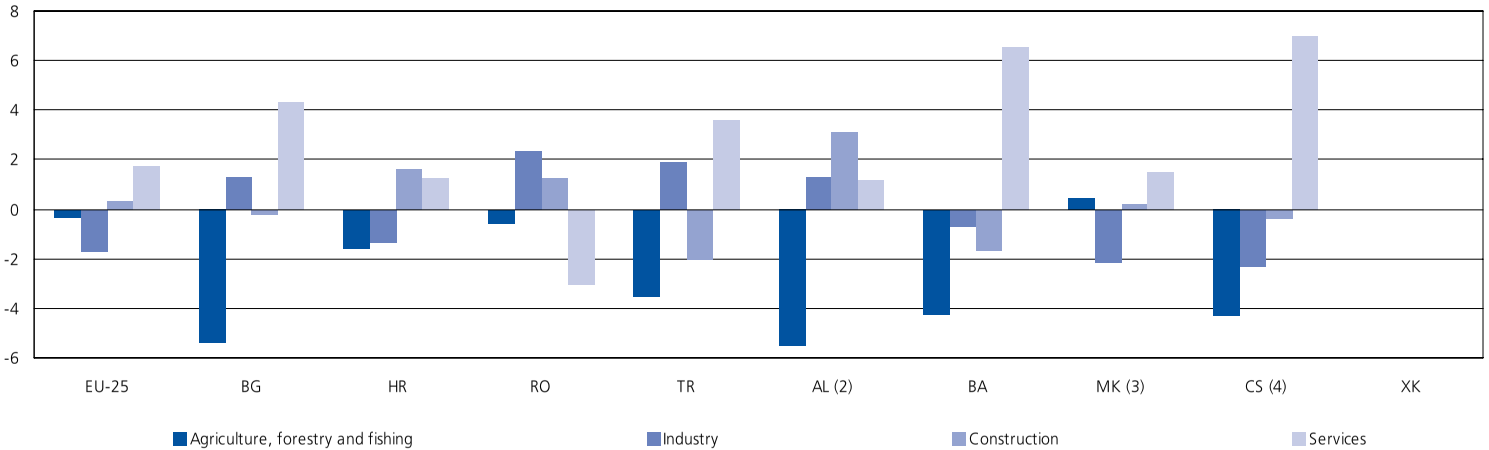
Services

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	67.6	68.2	68.5	69.1	69.7	69.8	70.4	71.2	71.6	71.4
Bulgaria	:	54.2	45.9	50.7	54.8	56.0	57.0	58.8	58.7	59.1
Croatia	:	:	:	:	60.4	61.9	61.8	63.2	61.5	61.7
Romania	39.1	39.2	41.8	50.1	52.7	52.3	49.8	50.6	50.5	49.7
Turkey	53.8	54.3	56.4	56.1	58.1	58.8	59.6	60.5	61.3	61.7
Albania (2)	:	46.8	47.6	51.3	53.7	51.8	53.2	54.9	54.9	:
Bosnia and Herzegovina	:	:	:	:	55.3	57.7	59.4	61.9	62.4	61.9
The former Yugoslav Republic of Macedonia	:	:	52.7	52.9	54.5	54.2	56.1	57.5	56.0	:
Serbia and Montenegro (1)	:	:	42.9	44.8	44.9	46.8	47.0	51.9	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) Beginning in 1999 and for years thereafter, excluding Kosovo.
(2) Excludes financial intermediation services indirectly measured (FISIM).

RELATIVE CHANGE IN GROSS VALUE ADDED BY SECTOR

Figure 5.3: Relative share of gross value added, 1999-2004 (change in percentage points) (1)

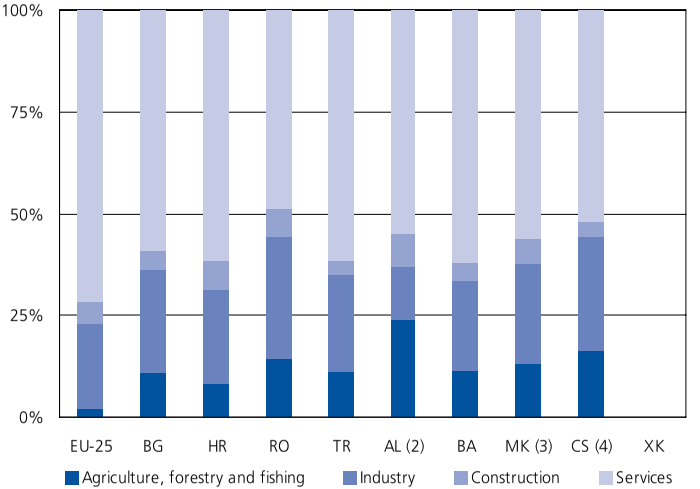


(1) Kosovo, not available. (2) 1999-2003; services excluding financial intermediation services indirectly measured (FISIM). (3) 1999-2003.
(4) 1999-2002; excluding Kosovo.

The structure of the Candidate countries and the Western Balkans economies is such that a considerably higher proportion of total value added is generated within agriculture, forestry and fishing. However, the relative importance of these activities was reduced at a rapid pace between 1999 and 2004, as activity in the majority of the Candidate countries and the Western Balkans switched to the services sector (and to a lesser extent, industry and construction). This pattern was particularly pronounced in Bulgaria, Turkey, Albania, Bosnia and Herzegovina, and Serbia and Montenegro.

This information on the breakdown of gross value added can be compared with that presented on page 45 for employment, where a similar transfer away from agriculture, forestry and fishing was observed. The share of agriculture, forestry and fishing in total value added was lower than corresponding shares for employment, suggesting that the structure of the Candidate countries and the Western Balkan economies was moving towards higher added value sectors.

Figure 5.4: Breakdown of gross value added, 2004 (% of total) (1)



(1) *Kosovo*, not available. (2) 1999-2003; services excluding financial intermediation services indirectly measured (FISIM). (3) 1999-2003. (4) 1999-2002; excluding Kosovo.

LABOUR PRODUCTIVITY AND EMPLOYMENT CHANGE

Table 5.7: Labour productivity

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
GDP in constant prices per person employed (% change compared with the previous year)										
EU-25	:	3.0	3.0	2.0	2.6	1.9	1.8	3.7	5.0	3.8
Bulgaria	:	:	:	4.0	4.5	9.2	4.5	4.1	0.8	:
Croatia	:	:	:	:	4.4	9.6	8.0	5.7	:	:
Romania (1)	:	:	:	:	3.5	-0.3	6.6	7.9	4.3	:
Turkey	:	:	:	:	:	:	-6.5	8.8	6.1	:
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:
Serbia and Montenegro (2)	:	:	:	:	:	5.4	4.0	6.1	7.2	:
Kosovo	:	:	:	:	:	:	:	:	:	:
Unit labour cost (% change compared with the previous year)										
EU-25	:	-0.9	-1.0	-0.9	0.2	0.3	0.4	-0.5	-0.5	-0.9
Bulgaria	:	-13.6	-8.0	18.4	-2.2	-5.4	0.8	-3.4	0.4	2.6
Croatia	:	:	:	:	:	:	:	:	:	:
Romania	:	:	:	:	-7.6	21.7	-1.1	:	:	:
Turkey	:	:	:	:	:	:	-4.6	:	:	:
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	2.6	-1.5	-7.6	0.2	-0.7	2.8	:
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) Calculated using GDP in euro at constant prices.
(2) Employees, farmers, helpers and other economically active persons are included in total employment; beginning in 1999 and for years thereafter, excluding Kosovo; source, Labour Force Survey.

Apparent labour productivity (as measured by GDP per person employed) rose in constant price terms in the EU-25 over the period presented. Having slowed in 2000 and 2001, labour productivity growth in the EU-25 resumed at rates that were in excess of 3 % from 2002 onwards. Productivity gains were generally higher in the Candidate countries and the Western Balkans, with increases of 6 % or more per annum quite common. Unit labour costs fell at a modest pace in the EU-25 during the period 2002 to 2004, while no clear pattern could be observed for those Candidate countries or Western Balkan territories that provided data.

The total number of persons employed in the EU-25 rose, at most, by 0.6 % in each of the last three years for which data are available (2002 to 2004). With the exception of Bulgaria and Croatia, the total number of persons employed in the Candidate countries and the Western Balkans often fell from 2001 onwards. These employment losses could partially explain the relatively high productivity gains made in some Candidate countries and Western Balkan territories. It should be noted that the data presented refer to national accounts' concepts and that results may differ somewhat if compared with those derived from labour force or other social statistics.

Table 5.8: Total number of persons in employment (% change compared with the previous year)

	1999	2000	2001	2002	2003	2004
EU-25	1.2	1.5	1.3	0.4	0.3	0.6
Bulgaria	-2.1	-3.5	-0.4	0.4	6.3	2.2
Croatia	-1.5	-1.7	0.5	0.8	:	:
Romania	-4.5	2.5	-0.8	-9.5	-4.5	:
Turkey	2.1	-0.4	-1.0	-0.8	-1.0	:
Albania (1)	-1.8	0.3	-13.9	0.0	:	:
Bosnia and Herzegovina	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	-0.6	0.3	-1.7	-0.6	-1.9	:
Serbia and Montenegro (2)	:	-0.2	1.3	-2.2	-4.7	:
Kosovo	:	:	:	:	:	:

(1) Up until 2000 data on employment in the non-agricultural sector are based on information from tax offices; since 2001 data are from the Ministry of the Labour and Social Affairs; this change in source of information causes a break in the series.
(2) Employees, farmers, helpers and other economically active persons are included in total employment; beginning in 1999 and for years thereafter, excluding Kosovo; source, Labour Force Survey.

GENERAL GOVERNMENT DEFICIT AND DEBT

Table 6.1: General government deficit/surplus

General government deficit/surplus (EUR million)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	:	:	-137 341	-68 137	73 363	-114 009	-220 739	-282 591	-270 238
Bulgaria	:	:	-30	190	44	-66	214	-33	104	244
Croatia	:	:	:	:	:	:	-1 439	-1 008	-1 183	-1 448
Romania	:	:	-1 392	-1 200	-1 491	-1 791	-1 583	-971	-991	-836
Turkey	:	:	:	:	-20 294	-22 382	-26 119	-27 337	-23 625	-17 149
Albania	-193	-271	-261	-285	-289	-302	-315	-287	-247	-298
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:
Serbia and Montenegro	:	:	:	:	:	-87	-95	-437	-724	-297
Kosovo	:	:	:	:	:	:	:	:	:	:

General government deficit/surplus relative to GDP (%)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	:	:	-1.7	-0.8	0.8	-1.2	-2.3	-2.9	-2.6
Bulgaria	:	:	-0.3	1.7	0.4	-0.5	1.4	-0.2	0.6	1.3
Croatia (1)	:	:	:	:	:	:	-6.5	-4.2	-4.6	-5.2
Romania	:	:	-4.5	-3.2	-4.5	-4.4	-3.5	-2.0	-2.0	-1.4
Turkey	-4.1	-8.4	-7.8	-7.1	-11.7	-10.3	-16.0	-14.1	-11.1	-7.0
Albania	:	-11.4	-13.7	-11.7	-9.0	-7.5	-6.9	-6.1	-5.0	-4.9
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	0.3	2.3	-2.5	-0.5	0.1	:
Serbia and Montenegro	:	:	:	:	:	-0.9	-0.8	-2.9	-4.3	-1.7
Kosovo	:	:	:	:	:	:	:	:	:	:

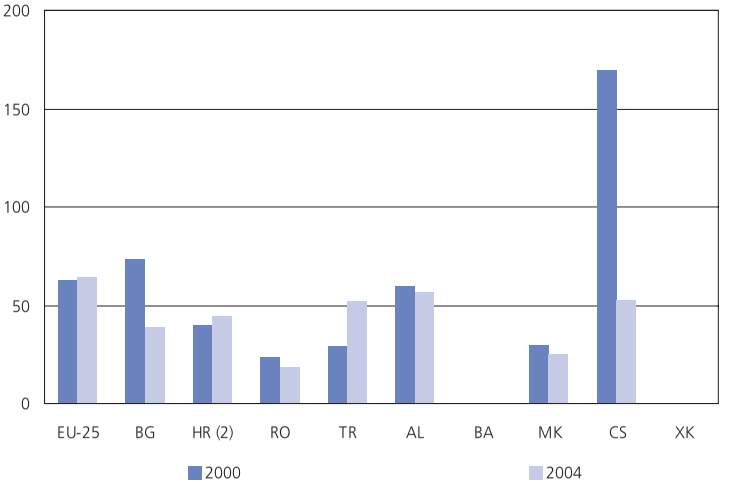
(1) Privatisation revenues are excluded and reclassified to the financing of the balance.

The general government deficit/surplus expressed relative to GDP was one of the Maastricht criteria for assessing economic conditions for joining the euro (with a limit of -3 %), as was general government debt expressed relative to GDP (with a limit of 60 %).

The EU-25's deficit relative to GDP stood at -2.6 % in 2004, which marked a narrowing compared to the 2003 figure of -2.9 % (the highest deficit relative to GDP that had been recorded since the time series for this indicator began in 1998). In the Candidate countries and the Western Balkans, the latest information available shows that Croatia, Turkey and Albania all posted general government deficit ratios that were larger than -3 %, while Bulgaria was the only country to report a general government surplus.

The latest information available for the Candidate countries and Western Balkans shows that general government debt relative to GDP was consistently lower than in the EU-25, as debt stood below 60 % of GDP. General government debt was reduced at a rapid pace between 2000 and 2004 in Bulgaria as well as Serbia and Montenegro.

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



(1) Bosnia and Herzegovina and Kosovo, not available.
(2) 2001 instead of 2000.

GENERAL GOVERNMENT DEBT AND GROSS FOREIGN DEBT

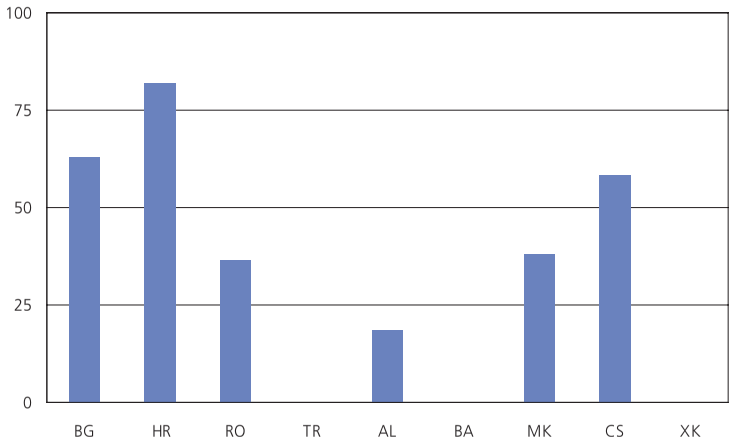
Table 6.2: General government debt (EUR million)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	:	:	5 370 678	5 584 715	5 628 633	5 779 436	5 935 716	6 175 123	6 509 829
Bulgaria	:	:	9 364	9 125	9 647	10 066	10 048	8 925	8 147	7 556
Croatia	:	:	:	:	:	:	9 003	9 606	10 488	11 939
Romania	:	:	4 708	5 238	7 148	7 955	9 751	10 031	10 014	10 886
Turkey	:	:	:	:	51 428	63 457	111 693	104 821	115 342	126 993
Albania	645	879	1 020	1 296	1 723	2 374	2 656	3 007	3 106	3 431
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	1 025	1 154	1 192	1 082	995	991
Serbia and Montenegro	:	:	:	:	:	14 168	15 636	13 560	10 803	9 331
Kosovo	:	:	:	:	:	:	:	:	:	:

General government debt relative to GDP was often reduced as a result of GDP growth being at a faster pace than that recorded for general government debt. Between 2000 and 2004, EU-25 general government debt rose by 15.7 % overall (or an average of 3.7 % per annum). Within the Candidate countries and the Western Balkans average growth was upwards of 8 % per annum in Romania, Turkey and Albania. However, the level of general government debt was reduced in Bulgaria, the former Yugoslav Republic of Macedonia, and Serbia and Montenegro.

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 countries and Western Balkan territories, and was the only country to report that gross foreign debt was lower than general government debt.

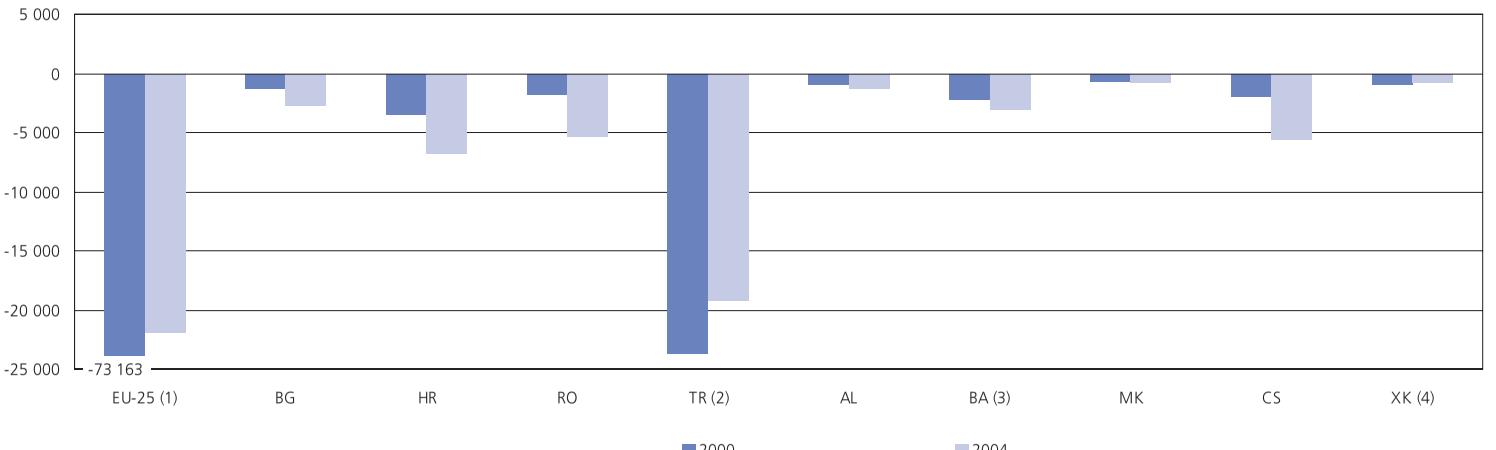
Figure 6.2: Gross foreign debt of the whole economy relative to GDP, 2004 (%) (1)



(1) EU-25, Turkey, Bosnia and Herzegovina and Kosovo, not available.

BALANCE OF PAYMENTS AND THE CURRENT ACCOUNT

Figure 6.3: Current account - trade balance (EUR million)



(1) 2001 instead of 2000.
(2) Data were originally provided in US dollars and converted to EUR using Eurostat average annual exchange rates.
(3) 2003 instead of 2004.
(4) 2001 instead of 2000; 2003 instead of 2004.

Balance of payments are a statistical statement that summarise the economic transactions of a territory with the rest of the world. The standard components of the balance of payments are:

- the current account, that refers to goods and services, income (compensation of employees, investment income), and current transfers;

- the capital and financial account that refers to capital transfers and the acquisition/disposal of non-produced, non-financial assets; and financial assets and liabilities.

The current account of each Candidate country and Western Balkan territory was in deficit. With the exceptions of Turkey and *Kosovo*, the current account deficit widened between 2000 and 2004, while in the EU-25 it was reduced from EUR 73.1 billion to EUR 21.9 billion. Current account deficits generally tended to rise at a faster pace in the Candidate countries, although Serbia and Montenegro was an exception to this rule.

Table 6.3: Balance of payments, 2004 (EUR million)

	Current account	Capital account	Financial account	Net errors and omissions
EU-25	-21 911	-2 790	:	:
Bulgaria	-1 447	0	1 308	139
Croatia	-1 250	23	2 235	-1 009
Romania	-4 402	505	2 657	1 240
Turkey (1)	-12 495	0	10 206	2 290
Albania	-288	107	311	93
Bosnia and Herzegovina	:	:	:	:
The former Yugoslav Republic of Macedonia	-305	-3	302	6
Serbia and Montenegro	-2 352	:	2 551	359
Kosovo (2)	-284	:	:	:

(1) Data were originally provided in US dollars and converted to EUR using Eurostat average annual exchange rates.
(2) 2003 instead of 2004.

FOREIGN DIRECT INVESTMENT

Table 6.4: Foreign direct investment (EUR million)

	Outward FDI									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	:	:	:	:	:	286 352	127 746	132 504	126 257
Bulgaria	:	:	:	0	-16	-3	-9	-29	-23	175
Croatia	:	:	:	:	54	2	176	598	93	254
Romania	-2	0	9	8	-15	14	18	-18	-36	-56
Turkey (1)	-86	-87	-221	-327	-605	-942	-555	-185	-441	-691
Albania	0	0	0	0	0	0	0	0	0	0
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	0	0	0	0	0	1	-1	0	0	-1
Serbia and Montenegro	:	:	:	:	:	:	45	36	132	22
Kosovo	:	:	:	:	:	:	:	:	:	:

	Inward FDI									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	:	:	:	:	:	120 058	139 793	125 163	54 095
Bulgaria	:	:	:	605	866	1 103	903	980	1 851	2 114
Croatia	:	:	:	:	1 369	1 142	1 503	1 195	1 788	921
Romania	321	210	1 077	1 763	964	1 147	1 294	1 212	1 946	4 098
Turkey (1)	677	569	710	838	735	1 063	3 647	1 124	1 550	2 197
Albania	54	71	42	40	39	155	232	143	158	275
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	7	9	27	109	33	188	501	74	76	115
Serbia and Montenegro	:	:	655	101	105	55	184	505	1 203	777
Kosovo	:	:	:	:	:	:	:	:	:	:

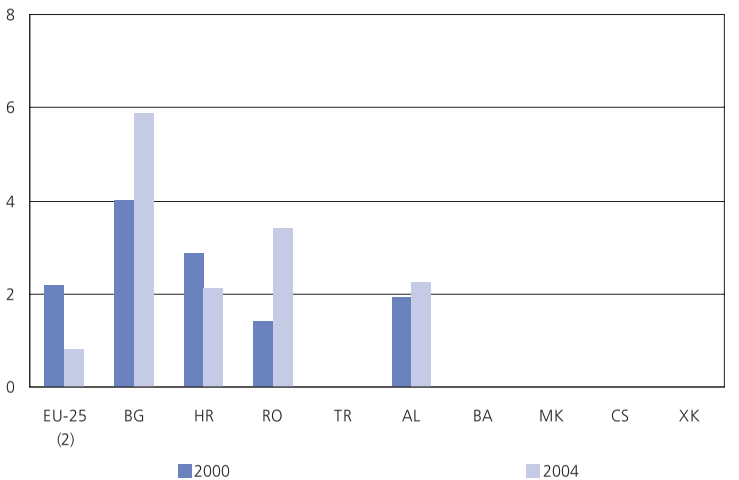
(1) Data were originally provided in US dollars and converted to EUR using Eurostat average annual exchange rates.

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 affiliated enterprises abroad. Negative figures represent disinvestment.

Levels of outward FDI made by the Candidate countries and the Western Balkans were relatively low in comparison to the levels of inward investment that were received. Inward FDI grew at a particularly fast pace in Bulgaria and Romania in 2004, perhaps in anticipation of their accession to the EU-25.

The average of FDI inflows and outflows relative to GDP measures the openness of an economy to foreign investment. This ratio fell at a rapid pace in the EU-25 between 2000 and 2004, mainly as a result of falling FDI flows with the United States. The opposite was true in the majority of the Candidate countries and the Western Balkans (except Croatia), suggesting that this group of countries was becoming more attractive to foreign investors. Indeed, in 2004 the average of FDI inflows and outflows relative to GDP was higher in each of the Candidate countries and Western Balkans than it was in the EU-25, providing an indication of the important role played by FDI in the economic growth of these regions.

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



(1) Turkey, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro and *Kosovo*, not available.
(2) 2001 instead of 2000.

MONEY SUPPLY AND INTEREST RATES

Table 6.5: Money supply (EUR million)

M1

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	1 423 101	1 528 487	1 626 868	1 785 404	1 971 365	2 084 600	2 278 977	2 499 429	2 727 088	2 948 854
Bulgaria	123	395	2 961	3 177	2 065	2 453	3 085	3 424	4 106	5 265
Croatia	1 209	1 656	1 977	1 846	1 805	2 373	3 216	4 148	4 432	4 505
Romania	2 147	2 232	2 113	1 729	1 619	1 921	2 307	2 529	2 755	3 873
Turkey	4 826	6 641	6 977	7 006	8 595	12 093	8 955	9 107	12 990	15 681
Albania	488	681	537	496	701	936	1 113	1 152	1 053	1 354
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	257	237	229	249	325	368	415	432	445	449
Serbia and Montenegro	444	790	1 317	852	1 259	461	975	1 525	1 457	1 410
Kosovo	:	:	:	:	:	736	1 030	874	833	:

M2

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	3 397 475	3 562 479	3 687 155	3 920 154	4 141 499	4 299 631	4 684 364	4 981 449	5 295 798	5 632 235
Bulgaria	461	1 051	5 411	5 698	3 853	5 040	6 340	7 084	8 418	10 380
Croatia	:	:	:	:	:	:	:	:	:	:
Romania	5 541	6 061	7 009	7 236	7 317	7 673	9 702	10 702	11 206	16 270
Turkey	15 622	21 659	24 969	31 232	41 131	51 119	37 212	35 604	46 687	59 111
Albania	720	909	950	1 180	1 631	1 995	2 376	2 453	2 542	3 066
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	384	360	372	427	556	690	1 145	1 052	1 240	1 449
Serbia and Montenegro	655	1 120	1 766	1 177	1 591	561	1 141	1 803	1 828	1 858
Kosovo	:	:	:	:	:	743	1 155	1 003	1 030	:

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 2004, the EU-25's M1 aggregate rose by an average of 9.1 % per annum. The expansion of the money supply was generally at a faster pace in the Candidate countries, with M1 growing at approximately double the speed recorded in the EU-25, except in Turkey (where 6.7 % growth per annum was registered). In the Western Balkans the money supply expanded at rates that were similar or below those recorded for the EU-25, other than in Serbia and Montenegro (where there was a considerably faster expansion, 32.3 % per annum).

The general slowdown in global economic growth in recent years has been coupled with historically low interest rates across many industrialised economies. While interest rates were relatively high in most Candidate countries and the Western Balkans, there was a marked reduction in the majority of rates between 2000 and 2004.

Table 6.6: Interest rates (%)

	Interest rates: day-to-day money rate		Lending interest rate (one year)		Deposit interest rate (one year)	
	2000	2004	2000	2004	2000	2004
EUR-12 (1)	:	2.6		6.7	:	2.1
Bulgaria (2)	2.9	1.9	11.5	8.3	3.1	3.1
Croatia	7.9	5.1	:	11.0	:	1.4
Romania (3)	41.5	18.8	53.5	25.8	32.7	11.3
Turkey	56.7	21.8	51.2	29.1	38.2	23.6
Albania (4)	:	:	24.0	13.7	8.0	6.0
Bosnia and Herzegovina	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	7.2	8.3	19.0	12.0	10.7	6.5
Serbia and Montenegro (5)	:	:	78.7	15.5	64.4	16.6
Kosovo	:	:	:	:	:	:

(1) Lending rates are for household consumption loans, maturity is less than 1 year; deposit interest rates are for non-financial corporations and therefore do not cover households, maturity is less than one year. (2) The annual interest rates are arithmetic averages of the monthly interest rates; day-to-day interest rates for inter-bank overnight deposits in national currency (BGN); deposit interest rates data for 2000 covers only 11 months, as statistical observations began in February 2000. (3) Lending and deposit rates refer to non-governmental customers only. (4) Lending average weighted rate applied on new 12-month loans over the respective month, on 12-month maturity; deposit average weighted rate for newly accepted deposits over the respective month, on 12-month maturity. (5) Commercial bank weighted lending rates, short term credits; commercial bank weighted deposit rates of households up to one year.

6 EXCHANGE RATES, CONSUMER PRICE INDICES, VALUE OF RESERVE ASSETS

Table 6.7: Exchange rates and consumer price indices

	Average exchange rates (1 Euro =... national currency)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EUR-12 (EUR)	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000
Bulgaria (BGN)	1.29374	1.25255	1.14005	1.12558	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
Croatia (HRK)	6.75776	6.80471	6.95971	7.13661	7.57962	7.63497	7.46897	7.40677	7.56341	7.49517
Romania (ROL)	2 629.5	3 862.9	8 090.9	9 989.3	16 295.6	19 955.8	26 026.9	31 255.3	37 555.9	40 532.1
Turkey (TRY)	59 170	101 980	170 618	292 798	445 677	573 942	1 093 683	1 429 766	1 685 301	1 767 686
Albania (ALL)	:	:	:	:	146.960	132.580	128.470	132.360	137.510	127.675
Bosnia and Herzegovina (BAM) (1)	:	:	:	1.96901	1.95583	1.95583	1.95583	1.95583	1.95583	1.95583
The former Yugoslav Republic of Macedonia (MKD)	49.1517	50.0768	56.1979	61.0652	60.6164	60.7248	60.9129	60.9782	61.2642	61.3374
Republic of Serbia (CSD) (2)	2.2659	6.3014	6.4791	10.4900	11.7350	15.1557	59.7811	60.7041	65.1649	72.5689
Kosovo (EUR) (3)	:	:	:	:	1.00000	1.00000	1.00000	1.00000	1.00000	1.00000

	Consumer price indices (% change compared with the previous year)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	2.8	2.4	1.7	1.3	1.2	1.9	2.2	2.1	2.0	2.0
Bulgaria (4)	:	:	:	18.7	2.6	10.3	7.4	5.8	2.3	6.1
Croatia	:	:	:	:	4.0	4.6	3.8	1.7	1.8	2.1
Romania	:	38.8	154.9	59.1	45.8	45.7	34.5	22.5	15.3	11.9
Turkey (5)	76.0	79.8	99.1	69.7	68.8	39.0	68.5	29.7	18.4	9.3
Albania (6)	6.0	17.4	42.1	8.7	-1.0	4.2	3.5	1.7	3.3	2.2
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	15.7	2.3	2.6	-0.1	-0.7	5.8	5.5	1.8	1.2	-0.4
Serbia and Montenegro	79.0	92.4	21.6	29.9	44.9	85.6	89.2	16.5	9.4	10.8
Kosovo	:	:	:	:	:	:	:	:	:	:

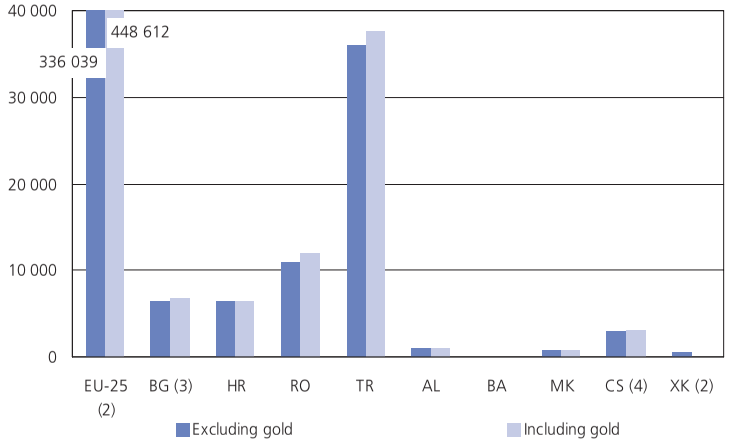
(1) Convertible mark. (2) The euro is used in place of a national denomination in the Republic of Montenegro. (3) The euro is used in place of a national denomination.
(4) Consumer price index does not include foreign tourist expenditures made on the national territory. (5) National consumer price index (not strictly comparable with interim HICPs).
(6) Variation between December of one year compared with December of the previous year.

Exchange rate fluctuations may play an important role in determining the competitiveness of an economy, particularly with respect to its export performance. Bulgaria and Croatia displayed exchange rate stability in relation to the euro during the period 1999 to 2004, while the same was true for Bosnia and Herzegovina (where a fixed exchange rate is used), the former Yugoslav Republic of Macedonia and *Kosovo* (where the euro is used). The Albanian Lek appreciated slightly against the euro over the period considered, while national currencies in Romania, Turkey and the Republic of Serbia [1] depreciated markedly against the euro.

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-25 remained within the relatively narrow range of 1.9 % to 2.2 % between 2000 and 2004. In those Candidate countries and Western Balkan territories that reported relatively high price inflation in 2000, there was a rapid reduction in the pace at which prices were rising through to 2004. In contrast, Croatia, Albania and the former Yugoslav Republic of Macedonia all reported relatively low price inflation throughout the period considered.

(1) The euro is used in *Kosovo* and in the Republic of Montenegro.

Figure 6.5: Value of reserve assets, 2004 (EUR million) (1)



(1) Bosnia and Herzegovina, not available; *Kosovo*, value of reserve assets including gold, not available. (2) Value of reserve assets excluding gold, 2003. (3) Value of reserve assets including gold, from 1 July 1997 up to 31 January 2005, pursuant to Article 28, para. 3, item 6 of the Law on the Bulgarian National Bank (BNB); the stock of monetary gold is valued at BGN 500 per troy ounce, or at market value if lower; from 1 February 2005 onwards monetary gold is valued at its market value. (4) Including portfolio investments.

UTILISED AGRICULTURAL AREA

Table 7.1: Total utilised agricultural area (thousand hectares)

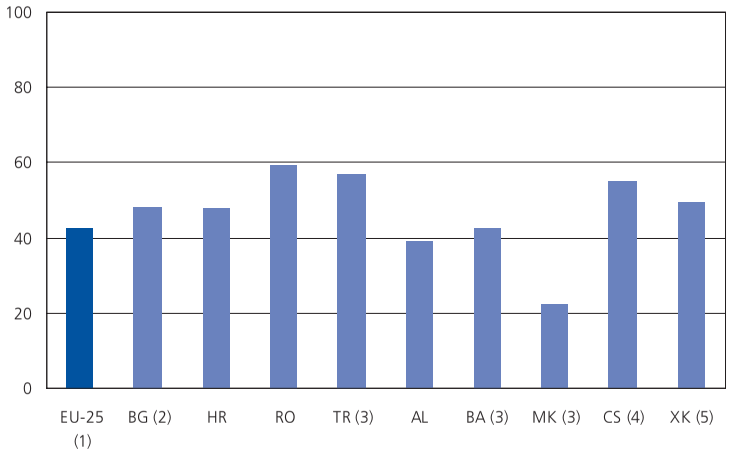
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	:	:	173 884	:	169 547	:	:	:	:
Bulgaria (1)	6 164	6 164	6 203	5 645	5 679	5 582	5 498	5 325	5 326	5 330
Croatia	2 179	2 693	2 658	2 782	2 757	2 800	2 810	2 807	2 795	2 695
Romania	14 756	14 751	14 748	14 746	14 781	14 812	14 798	14 819	14 801	14 164
Turkey	:	39 363	39 241	39 346	39 179	38 756	40 967	43 827	43 949	:
Albania	1 130	1 147	1 145	1 144	1 144	1 144	1 139	1 140	1 121	1 122
Bosnia and Herzegovina	:	:	:	:	:	:	2 126	2 122	2 192	:
The former Yugoslav Republic of Macedonia	656	658	647	635	633	599	612	577	569	:
Serbia and Montenegro	6 249	6 225	6 222	6 217	5 637	5 627	5 629	5 625	5 633	:
Kosovo	585	578	:	:	:	:	539	:	:	:

(1) Up until 1997 the data were provided by the National Statistical Institute; in 1998 and years thereafter the data were provided by the Ministry of Agriculture and Forestry.

The utilised agricultural area (UAA) consists of arable land, permanent grassland, permanent crops, 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, commercial establishments, human settlements, transport, recreation and other uses.

Given the high economic importance of agriculture in the Candidate countries and the Western Balkans, it is not surprising to find that the proportion of total land area that was utilised as agricultural land was generally higher than in the EU-25, with Albania and the former Yugoslav Republic of Macedonia the only exceptions to this rule.

Figure 7.1: Total utilised agricultural land as a proportion of total area, 2004 (%)



(1) 2000. (2) Source, Ministry of Agriculture and Forestry. (3) 2003.
(4) 2003; total area including *Kosovo*. (5) 2001.

UTILISED AGRICULTURAL AREA, WOODED AREA AND OTHER LAND

Table 7.2: Breakdown of utilised agricultural area

	Total utilised agricultural area (UAA) (thousand hectares)		of which (% of total UAA), Arable land		Permanent grassland		Land under permanent crops	
	2000	2004	2000	2004	2000	2004	2000	2004
EU-25	169 547	:	:	:	31.4	:	:	:
Bulgaria (1)	5 582	5 330	62.1	61.2	32.2	33.9	4.7	4.0
Croatia	2 800	2 695	39.3	41.2	56.1	54.5	4.6	4.3
Romania	14 812	14 164	63.2	62.8	33.4	33.8	3.4	3.4
Turkey (2)	38 756	43 949	61.5	60.7	31.9	33.3	6.6	6.0
Albania	1 144	1 122	50.5	51.5	38.9	37.7	10.6	10.8
Bosnia and Herzegovina (2)	:	2 192	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia (2)	:	:	:	:	:	:	:	:
Serbia and Montenegro	5 627	5 631	60.5	60.2	20.3	20.4	19.2	19.4
Kosovo (3)	539	:	48.6	:	20.8	:	0.9	:

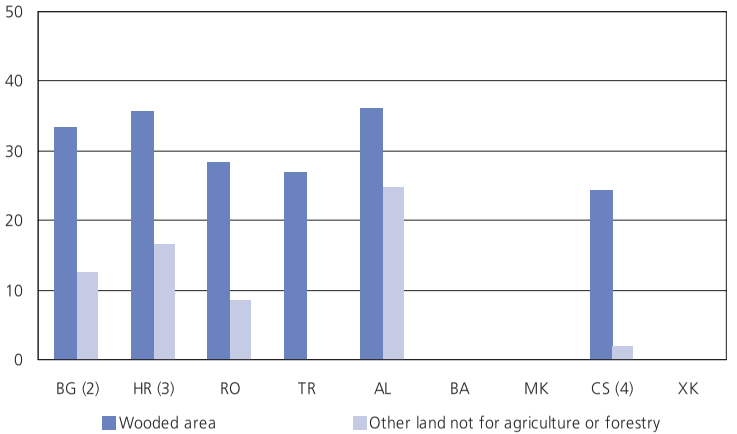
(1) Source, Ministry of Agriculture and Forestry.
(2) 2003 instead of 2004.
(3) 2001 instead of 2000; permanent grassland refers only to the harvested area.

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 countries and the Western Balkans too, with mainly traditional working practices being implemented. Land abandonment, under-grazing and a lack of capital to maintain farmyard infrastructure are some of the problems faced by farmers in the Candidate countries and Western Balkans.

Permanent grassland accounted for 31.4 % of the EU-25's utilised agricultural area in 2000, while in the Candidate countries and the Western Balkans it was usually somewhat more important, accounting for between 31.9 % and 38.9 % of utilised agricultural area. Exceptions to this range included *Kosovo* on the downside (20.8 % in 2001) and Croatia on the upside (56.1 %).

The natural terrain plays an important role in determining land use. In Albania 61 % of land was not used for agriculture, with more than one third of the country being wooded. The only other country (among those for which data are available) to report that the majority of land was used for non-agricultural purposes was Croatia, where wooded areas also covered more than one third of total land area.

Figure 7.2: Proportion of wooded area and other land not for agriculture or forestry, 2004 (% of total area) (1)



(1) EU-25, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia and Kosovo, not available; Turkey, not available for other land. (2) Source, Ministry of Agriculture and Forestry. (3) Other land includes abandoned agricultural areas and other non-cultivated agricultural land. (4) Wooded area, 2002; total area including *Kosovo*.

LIVESTOCK AND DAIRY COWS

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

Cattle

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	:	:	:	:	:	90 339	88 759	87 489	86 411
Bulgaria	632	582	612	671	682	652	641	699	736	680
Croatia	494	461	451	443	438	427	438	417	444	466
Romania	3 496	3 435	3 235	3 143	3 051	2 870	2 800	2 878	2 897	2 812
Turkey	:	:	:	:	:	:	10 548	9 804	9 789	10 076
Albania	840	806	771	705	720	728	708	690	684	654
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	283	295	289	268	270	265	265	259	260	255
Serbia and Montenegro	1 926	1 899	1 878	1 812	1 427	1 340	1 307	1 295	1 277	:
Kosovo	:	410	:	:	:	289	347	318	:	:

Pigs

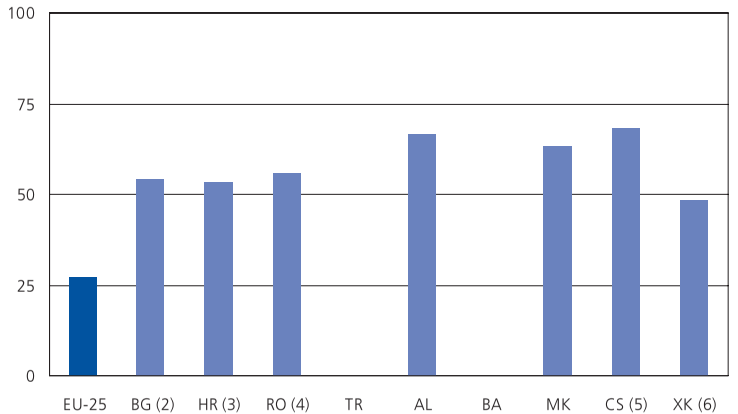
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	150 831	150 426	151 194	158 751	:	:	152 902	154 356	152 793	151 143
Bulgaria (1)	2 140	1 500	1 480	1 721	1 512	831	789	997	1 032	931
Croatia (2)	1 175	1 197	1 176	1 166	1 362	1 234	1 234	1 286	1 347	1 489
Romania (3)	7 960	8 235	7 097	7 194	5 848	4 797	4 447	5 058	5 145	6 589
Turkey	:	:	:	:	:	:	3	4	7	4
Albania	100	98	97	83	99	103	106	114	132	143
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	175	192	184	197	226	204	189	196	179	179
Serbia and Montenegro	4 446	4 216	4 150	4 372	4 087	3 634	3 608	3 656	3 463	:
Kosovo	:	80	:	:	:	59	75	110	:	:

(1) Up until 2000 the data were provided by the National Statistical Institute; in 2001 and years thereafter the data were provided by the Ministry of Agriculture and Forestry.
(2) Data as of 31 December for legal entities and 15 January for private family farms.
(3) Beginning with 2004, the reference date is 1 December and not the end of the year, as is the case for all previous years.

Within the EU-25, the switch from traditional, extensive, livestock grazing systems to more intensive and specialised farming has resulted in concerns with respect to the possibility of environmental damage being caused by over-stocking and over-grazing land, especially in environments such as uplands and moorlands. The total numbers of cattle, pigs, sheep and goats has remained relatively stable in the EU-25 in recent years, while in the Candidate countries and the Western Balkans numbers have generally decreased.

Dairy cows accounted for a 27.1 % share of the total number of cattle in the EU-25 in 2004, while their share in the total number of cattle was over 50 % in each of the Candidate countries and the Western Balkans, except for *Kosovo*, where it was 48.3 % in 2002.

Figure 7.3: Dairy cows as a proportion of the total number of cattle as of end of period, 2004 (%) (1)



(1) Turkey and Bosnia and Herzegovina, not available. (2) Up until 2000 the data were provided by the National Statistical Institute; in 2001 and years thereafter the data were provided by the Ministry of Agriculture and Forestry. (3) 2003; data as of 31 December for legal entities and 15 January for private family farms. (4) The reference date is 1 December. (5) 2003. (6) 2002.

ANIMALS FOR SLAUGHTER

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

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25 (1)	25 160	25 480	25 310	26 497	26 875	26 210	25 911	26 304	26 232	26 466
Bulgaria (2)	:	:	:	:	:	:	:	:	191	203
Croatia	:	:	:	:	:	:	:	:	:	:
Romania	1 207	1 232	1 180	1 089	1 075	981	946	1 031	1 130	755
Turkey	415	416	516	532	511	491	435	420	366	:
Albania	59	60	60	61	64	64	65	68	71	73
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	75	56	52	53	57	58	52	50	76	55
Serbia and Montenegro	911	929	900	899	844	852	784	814	785	:
Kosovo	:	:	:	:	:	:	:	:	:	:

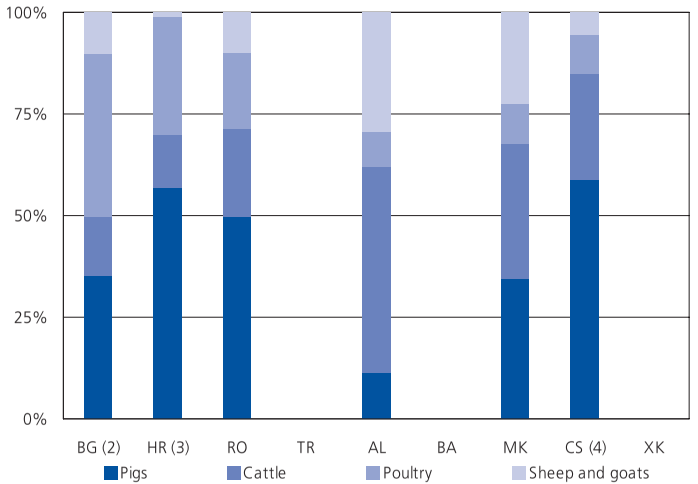
(1) EU-15; poultry, rabbits and other meat production, not included.
(2) Source, Ministry of Agriculture and Forestry.

The information presented on the slaughter of livestock relates to bovine, porcine, equine, ovine and caprine species, as well as farmyard poultry. The EU-25's livestock sector has largely recovered from the extreme market conditions caused by BSE and foot and mouth outbreaks in 2001, and an avian flu outbreak in 2003.

The Directorate General for Agriculture states that pig meat, with a share of about 50 % of the total meat market, is by far the most preferred meat of EU-25 consumers. Poultry, which overtook beef and veal in 1996, accounts for more than a quarter of the EU-25 meat market.

Within the Candidate countries and the Western Balkans, the share of pigs in total meat slaughter weight was at least 50 % in Croatia and Romania. In Albania and the former Yugoslav Republic of Macedonia sheep and goats accounted for a relatively high share, while Bulgaria and Croatia were relatively specialised in the poultry sector.

Figure 7.4: Breakdown of animals for slaughter, 2004 (based on thousand tonnes of slaughter weight) (1)



(1) EU-25, Turkey, Bosnia and Herzegovina and *Kosovo*, not available.
(2) Source, Ministry of Agriculture and Forestry.
(3) 2003; data comprises slaughterings in slaughterhouses, at legal entities and in private family farms.
(4) 2003.

CROP PRODUCTION

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

Cereals (including rice)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	230 549	260 313	263 825	268 282	254 247	262 157	259 289	267 645	234 889	292 923
Bulgaria (1)	6 595	3 426	6 198	5 856	5 925	5 242	6 056	6 754	3 814	7 463
Croatia	2 759	2 761	3 177	3 209	2 881	2 770	3 397	3 724	2 356	:
Romania	19 883	14 200	22 100	15 453	17 037	10 478	18 871	14 357	12 964	24 403
Turkey	:	:	:	:	:	32 108	29 426	30 686	30 658	33 863
Albania	645	504	602	603	498	566	502	519	489	499
Bosnia and Herzegovina	:	838	1 242	1 184	1 369	930	1 137	1 307	793	1 438
The former Yugoslav Republic of Macedonia	725	545	610	660	637	565	476	556	466	680
Serbia and Montenegro	9 239	7 288	9 450	8 662	8 604	5 229	9 021	8 318	5 536	7 370
Kosovo	:	343	:	:	:	:	459	396	:	:

Sugar beet

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	135 365	143 064	148 008	139 876	144 076	136 287	123 068	141 201	121 341	:
Bulgaria (2)	157	87	80	62	53	23	19	51	9	26
Croatia	691	906	931	1 233	1 114	482	965	1 183	678	:
Romania	2 655	2 848	2 726	2 361	1 415	667	876	955	765	673
Turkey	:	14 543	18 400	22 283	17 102	18 821	12 633	16 523	12 622	13 517
Albania	67	74	51	56	40	42	39	39	50	0
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	55	78	72	58	67	56	38	44	40	52
Serbia and Montenegro	1 694	2 418	2 043	1 971	2 428	1 070	1 806	2 098	1 738	2 814
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) Up until 1997 the data were provided by the National Statistical Institute; in 1998 and years thereafter the data were provided by the Ministry of Agriculture and Forestry.
(2) Up until 2000 the data were provided by the National Statistical Institute; in 2001 and years thereafter the data were provided by the Ministry of Agriculture and Forestry.

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

The EU-25 posted record cereal yields in 2004, as the harvest was characterised by favourable weather conditions; this pattern was reproduced in many of the Candidate countries and the Western Balkans.

The minimum price for sugar beet in the EU-25 is currently set by the common agricultural policy (CAP). For example, sugar manufacturers are required to pay growers at least EUR 46.72 per tonne for A-quota beet. These rules are soon to be modified, with the objective of significantly lowering prices, while continuing to guarantee a regular supply. The reforms will also cater for restructuring the sector, with partial compensation for farmers.

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

	Oil seeds		Potatoes		Fruit and vegetables (1)	
	2000	2004	2000	2004	2000	2004
EU-25	17 495	:	72 366	65 479	61 757	:
Bulgaria (2)	620	1 110	398	573	:	989
Croatia (3)	149	181	554	375	413	427
Romania	869	1 995	3 470	4 230	3 059	4 775
Turkey	2 140	2 447	5 370	4 800	:	39 493
Albania	4	3	161	160	688	768
Bosnia and Herzegovina	:	:	286	447	199	:
The former Yugoslav Republic of Macedonia	10	10	164	210	680	:
Serbia and Montenegro	390	706	690	1 092	1 825	761
Kosovo (4)	:	:	71	:	180	:

(1) EU-25, Croatia, Romania, Turkey and the former Yugoslav Republic of Macedonia, vegetables only.
(2) Source, Ministry of Agriculture and Forestry, except for 2000 data on potatoes, provided by the National Statistical Institute.
(3) 2003 instead of 2004.
(4) 2001 instead of 2000.

8 ENERGY INTENSITY, ELECTRICITY GENERATION AND RENEWABLE ENERGY

Table 8.1: Energy intensity and electricity generation

	Energy intensity of the economy (kg of oil equivalent)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	230.4	235.0	227.6	224.2	214.9	208.8	209.7	206.5	209.5	:
Bulgaria	2 298.5	2 513.8	2 447.3	2 285.3	2 032.2	1 975.9	1 923.6	1 808.9	1 768.3	:
Croatia	409.2	409.8	397.1	414.8	548.6	491.6	485.5	481.3	510.6	:
Romania	1 662.8	1 716.6	1 648.0	1 563.4	1 418.8	1 455.3	1 367.2	1 266.5	:	:
Turkey (1)	484.2	496.4	487.6	478.9	499.6	509.1	514.5	493.9	498.0	477.0
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

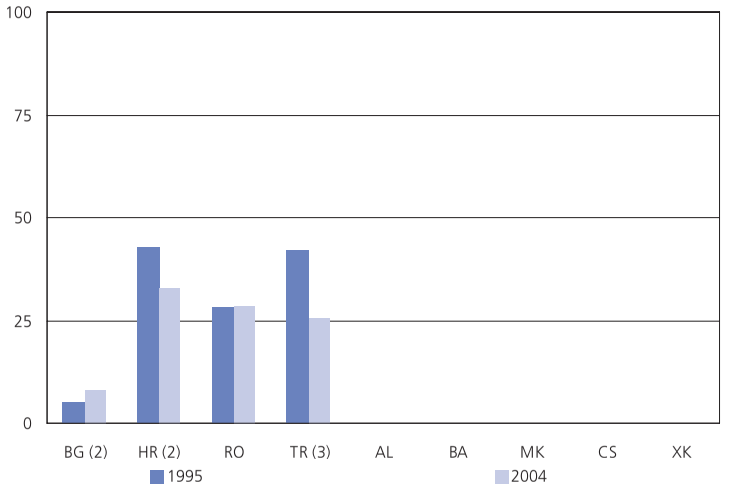
	Electricity generation (thousand GWh)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	2 631.3	2 725.3	2 740.2	2 813.7	2 849.4	2 928.5	3 010.8	3 019.6	3 120.5	:
Bulgaria	41.8	42.7	42.8	41.7	38.2	40.9	44.0	42.7	42.6	:
Croatia	8.9	10.5	9.7	10.9	12.2	10.7	12.2	12.3	13.2	:
Romania	59.3	61.4	57.1	53.5	50.7	51.9	53.9	54.9	56.6	59.6
Turkey (1)	86.2	94.9	103.3	111.0	116.4	124.9	122.7	129.4	140.6	150.0
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	6.1	6.6	6.7	7.0	6.8	6.8	6.4	6.1	6.7	6.6
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	3.2	3.2	3.5

(1) Source, Ministry of Energy and Natural Resources.

The energy intensity of an economy can be defined as the ratio of gross inland energy consumption relative to GDP: the data is presented using GDP at constant 1995 prices. An economy's consumption of energy is, in general, linked to the level of its activity as measured by GDP. With efficiency gains and growing awareness of the environmental impact of energy production and energy use, it has become commonplace for there to be growth in economic output alongside gradual reductions in energy intensity.

Renewable energy sources include wind, solar, geothermal, hydro and biomass/waste. The share of renewable energy in electricity consumption measures the contribution of electricity from renewable energy sources in total national electricity consumption. The take-up of renewable energy sources depends, to some degree, on the topography of the territory concerned, particularly concerning geothermal and hydroelectric generation.

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



(1) EU-25, Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro and *Kosovo*, not available. (2) 2003 instead of 2004. (3) 2002 instead of 2004.

PRIMARY PRODUCTION OF ENERGY

Table 8.2: Primary production of energy products (thousand TOE)

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	896 412	928 092	917 648	897 569	903 634	892 133	892 717	892 034	885 429	:
Bulgaria	10 191	10 613	10 395	10 541	9 411	10 282	10 507	10 761	10 214	:
Croatia	7 444	3 667	3 476	3 411	3 570	3 562	3 730	3 689	3 765	:
Romania	32 142	35 281	31 625	29 115	28 010	28 628	27 574	26 738	28 192	:
Turkey (1)	26 719	27 386	28 209	29 324	27 659	26 855	25 173	24 727	23 972	24 289
Albania	:	:	:	1 345	1 113	987	933	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) Source, Ministry of Energy and Natural Resources.

Primary energy production is the extraction of energy from a natural source. To allow for a comparison between different types of energy production the data are converted to a common unit of tonnes of oil equivalent (TOE). In recent years there has generally been a slight decrease in primary energy production, in both the EU-25 and the Candidate countries.

The energy mix is often determined by the natural resource endowment of a territory. It varies widely as a function of a series of factors, including geographical and geological characteristics, historical and political choices. Coal and lignite is an important source of energy production in several of the Candidate countries and Western Balkans.

Table 8.3: Breakdown of primary production of energy, 2004 (thousand TOE)

	Crude oil	Hard coal and lignite	Natural gas
EU-25 (1)	144 606	196 638	189 392
Bulgaria (1)	31	4 645	13
Croatia (1)	1 155	0	1 804
Romania	5 602	6 303	10 400
Turkey (2)	2 389	10 316	510
Albania (3)	386	1	11
Bosnia and Herzegovina	:	:	:
The former Yugoslav Republic of Macedonia	:	7 137	:
Serbia and Montenegro	:	:	:
Kosovo (4)	:	5 658	:

(1) 2003.
(2) Source, Ministry of Energy and Natural Resources.
(3) Data are presented in thousands of tonnes; hard coal and lignite, 2001.
(4) Local production of coal in thousand tonnes; data collected from the Kosovo Energy Corporation (KEK).

ENERGY BALANCE SHEET AND ENERGY CONSUMPTION

Table 8.4: Energy balance sheet (thousand TOE)

	Primary production of energy			Net imports of energy			Gross inland energy consumption		
	1995	2000	2004	1995	2000	2004	1995	2000	2004
EU-25 (1)	896 412	892 133	885 429	702 136	801 710	875 649	1 578 146	1 654 179	1 726 188
Bulgaria (1)	10 191	10 282	10 214	13 475	8 872	9 190	23 304	19 218	19 609
Croatia (1)	7 444	3 562	3 765	2 358	4 174	5 109	9 792	7 525	8 896
Romania (1)	32 142	28 628	28 192	14 542	8 098	10 527	47 016	37 013	39 032
Turkey (2)	26 719	26 855	24 289	39 779	56 280	67 463	63 679	81 251	87 594
Albania (3)	:	987	:	:	858	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:
Serbia and Montenegro	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:

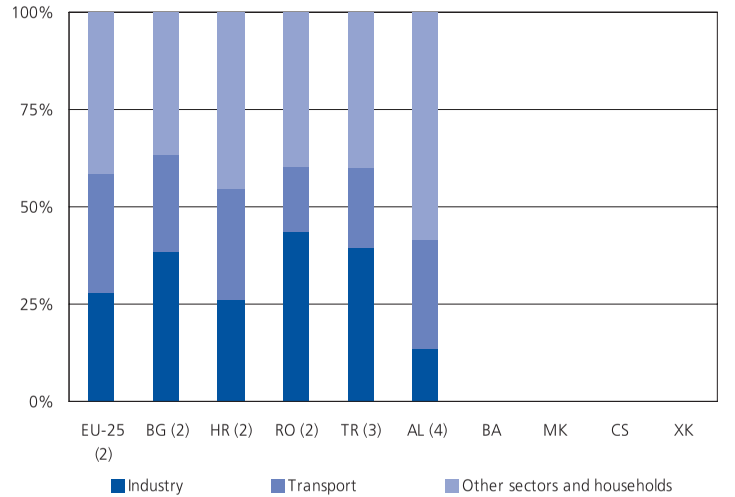
(1) 2003 instead of 2004.
(2) Source, Ministry of Energy and Natural Resources.
(3) Net imports in thousand tonnes.

Energy balance sheet data includes information for three key indicators that are related by the simple equation of:

consumption = production + net imports

In both the EU-25 and the Candidate countries there was a relatively high reliance on energy imports in order to meet consumption. Around half of the EU-25's energy consumption in 2003 was accounted for by imports, which almost matched the primary production of energy. Turkey had an even greater dependence, as net imports accounted for 77 % of gross inland consumption in 2004. One important component of Turkey's energy policy is an ambition to become an energy corridor from east to west, which may help reduce its high dependency on oil and gas imports from Russia and the Middle East.

Figure 8.2: Breakdown of final energy consumption, 2004 (% of total) (1)



(1) Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro and Kosovo, not available. (2) 2003.
(3) Source, Ministry of Energy and Natural Resources. (4) 2001.

BREAKDOWN OF FINAL ENERGY CONSUMPTION

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

	Industry									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	29.8	28.7	29.2	28.4	28.0	28.8	28.2	28.2	28.0	:
Bulgaria	52.9	51.5	52.2	44.6	39.9	40.9	40.3	38.2	38.4	:
Croatia	29.2	28.5	29.5	28.2	25.9	26.0	26.4	25.0	26.3	:
Romania	53.6	48.2	43.8	39.6	38.3	39.4	41.6	44.4	43.3	:
Turkey (1)	34.8	36.7	37.9	38.0	36.1	39.1	37.3	41.6	41.8	39.5
Albania	:	:	:	:	:	:	13.5	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

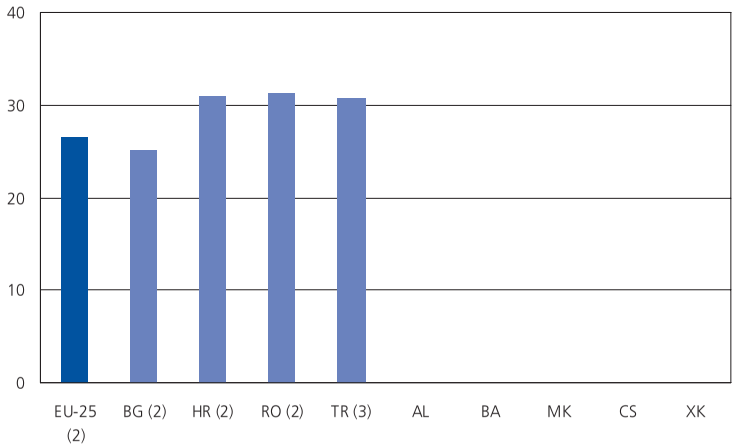
	Transport									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	28.7	28.5	29.3	30.2	31.0	30.7	30.2	30.8	30.4	:
Bulgaria	17.3	15.9	16.3	20.5	23.2	21.8	23.2	24.1	25.2	:
Croatia	22.2	21.2	22.1	23.7	28.6	28.2	27.9	29.0	28.2	:
Romania	12.1	14.2	14.8	15.2	14.3	15.3	17.8	19.0	17.2	:
Turkey (1)	22.1	21.6	19.7	19.0	20.6	19.8	21.8	19.3	19.4	20.5
Albania	:	:	:	:	:	:	27.9	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) Source, Ministry of Energy and Natural Resources.

End users of energy can be studied in terms of the breakdown by sector of final energy consumption. Some of the most important end users include the industrial sector and the transport sector (private and public transport, passenger and freight transport), while the heading 'other sectors' includes agriculture, fishing, distribution, (non-transport) services, administrative bodies and households.

The structure of final energy demand differs somewhat between the EU-25, the Candidate countries and the Western Balkans. The EU-25's transport sector accounts for a relatively high proportion of final energy demand, while in the Candidate countries and the Western Balkans the industrial sector often plays a more prominent role in terms of its energy requirements. These differences may be explained, at least in part, because traditional, high energy consuming mining and manufacturing activities often play an important role in the industrial make-up of the Candidate countries and the Western Balkans. Within the EU-25, the relatively high share of transport in final energy demand is driven by high levels of motorisation and a high propensity to use road freight transport, both of which result in demand for petrol and diesel products.

Figure 8.3: Households - proportion of final energy consumption, 2004 (% of total) (1)



(1) Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro and Kosovo, not available.
(2) 2003.
(3) Source, Ministry of Energy and Natural Resources.

PRODUCTION AND OUTPUT PRICE INDICES

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

	Production index									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	87.0	87.4	90.8	93.8	95.4	100.0	100.2	99.6	100.2	102.4
Bulgaria	:	:	:	:	:	100.0	102.2	107.0	122.0	143.6
Croatia (1)	87.3	90.0	96.2	99.7	98.3	100.0	106.0	111.7	116.3	120.6
Romania (1)	112.6	119.7	111.0	95.7	93.4	100.0	108.3	113.0	116.5	122.7
Turkey	:	:	:	:	:	100.0	91.3	99.9	108.7	119.3
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	90.5	93.4	94.9	99.2	96.6	100.0	96.9	91.8	96.1	94.8
Serbia and Montenegro	95.0	103.0	113.0	117.0	90.0	100.0	100.0	102.0	99.0	106.0
Kosovo	:	:	:	:	:	:	:	:	:	:

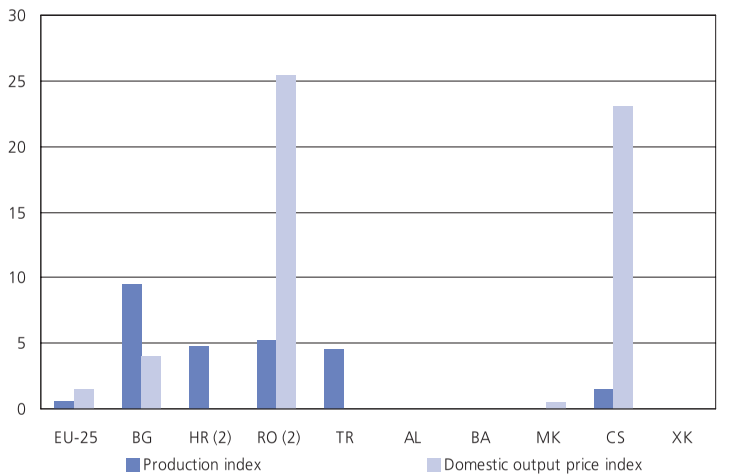
	Domestic output price index									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	94.9	95.4	96.3	95.6	95.4	100.0	101.9	101.7	103.2	106.2
Bulgaria	:	:	:	82.8	85.1	100.0	103.7	105.0	110.2	116.8
Croatia	:	:	:	:	:	:	:	:	:	:
Romania	:	13.8	34.8	45.1	65.2	100.0	140.3	174.6	208.9	247.6
Turkey	:	:	:	:	:	:	:	:	:	:
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	81.0	84.8	88.4	91.9	91.8	100.0	102.0	101.1	100.8	101.7
Serbia and Montenegro	11.8	22.4	26.8	33.6	48.4	100.0	185.1	201.2	210.6	229.1
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) Gross series.

As in many of the new Member States, there was relatively rapid growth reported for the index of production for total industry (excluding construction) in the majority of the Candidate countries and in the Western Balkans. Indeed, between 2000 and 2004 industrial output expanded at a faster rate than in the EU-25 in each territory for which data are available, except the former Yugoslav Republic of Macedonia.

Inflationary pressures were generally higher in the Candidate countries and the Western Balkans. This was particularly true in Romania and in Serbia and Montenegro, where domestic output prices for the industrial economy rose, on average, by more than 20 % per annum between 2000 and 2004, compared with an EU-25 average of 1.5 % per annum. In contrast to the other Candidate countries and Western Balkans, domestic output prices for total industry rose at a more modest pace in Bulgaria (4.0 % per annum) and the former Yugoslav Republic of Macedonia (0.4 % per annum).

Figure 9.1: Annual average growth rates for total industry excluding construction, 2000-2004 (%) (1)



(1) Albania, Bosnia and Herzegovina and *Kosovo*, not available; the former Yugoslav Republic of Macedonia, not available for the production index; Croatia and Turkey, not available for the output price index.
(2) Gross series.

CONSTRUCTION OUTPUT AND CONSTRUCTION COSTS

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

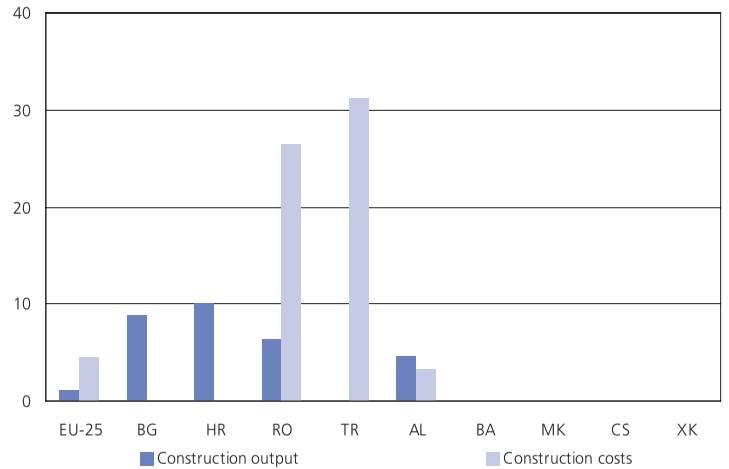
Construction output	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	93.8	92.5	93.2	94.8	98.2	100.0	100.8	102.0	103.1	104.1
Bulgaria	:	:	:	:	:	100.0	114.2	117.3	123.9	139.9
Croatia	93.0	101.4	118.3	119.1	110.0	100.0	103.6	116.9	143.6	146.5
Romania	:	:	:	:	:	100.0	109.0	119.9	131.7	127.6
Turkey	:	:	:	:	:	:	:	:	:	:
Albania	:	:	:	:	96.7	100.0	95.8	102.1	108.4	120.1
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:
Serbia and Montenegro	89.0	91.0	98.0	97.0	87.0	100.0	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

Construction costs	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	88.7	90.1	92.1	94.0	96.8	100.0	103.6	108.1	113.0	119.5
Bulgaria	:	:	:	:	:	:	:	:	:	:
Croatia	:	:	:	:	:	:	:	:	:	:
Romania	:	:	:	:	:	100.0	140.6	175.2	214.3	255.3
Turkey	7.7	13.6	25.8	44.9	70.0	100.0	156.5	212.7	257.9	295.6
Albania	61.8	63.8	73.6	83.8	91.1	100.0	106.3	107.3	110.2	113.5
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

Production in the construction sectors of the Candidate countries and the Western Balkans grew at a faster pace than the EU-25 average between 2000 and 2004. Construction output rose by an average of 1.0 % per annum in the EU-25 over the period considered, while in the Candidate countries the corresponding rates ranged between 6.3 % per annum in Romania and 10.0 % per annum in Croatia (no data available for Turkey).

Construction costs also tended to rise at a more rapid pace within the Candidate countries and the Western Balkans between 2000 and 2004, with particularly high cost increases (upwards of 25 % per annum) being recorded in Romania and Turkey. Construction costs rose by an average of 3.2 % per annum in Albania over the same period.

Figure 9.2: Annual average growth rates for construction, 2000-2004 (%) (1)



(1) Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro and Kosovo, not available; Turkey, not available for construction output; Bulgaria and Croatia, not available for construction costs.

RETAIL TRADE AND TOURISM

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

	Volume of sales index for retail trade									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	85.8	87.5	89.5	92.9	96.0	100.0	104.5	107.4	109.8	112.8
Bulgaria (1)	:	:	:	:	:	100.0	105.8	114.7	135.2	153.1
Croatia (2)	:	:	:	:	:	100.0	105.6	117.5	129.0	133.4
Romania (3)	:	:	:	:	:	100.0	101.9	110.0	122.3	143.8
Turkey	:	:	:	:	:	:	:	:	:	:
Albania	:	:	:	:	67.6	100.0	95.2	91.2	107.5	127.7
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:
Serbia and Montenegro (1)	84.0	90.2	100.4	104.9	90.7	100.0	117.5	142.4	161.3	188.4
Kosovo	:	:	:	:	:	:	:	:	:	:

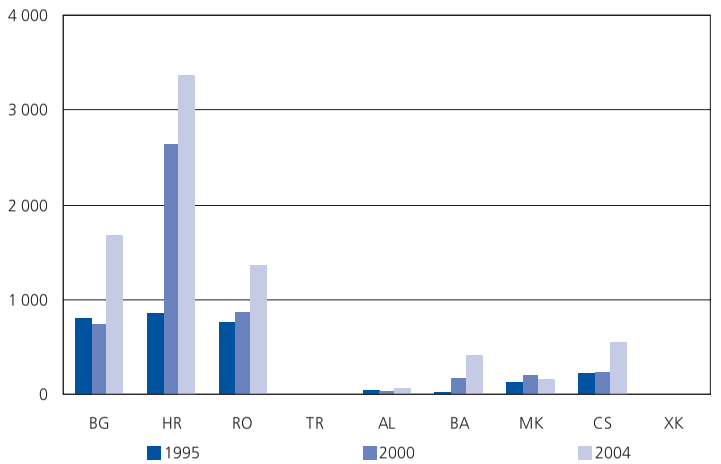
	Index of the number of bed places in hotels and similar collective accommodation establishments									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	88.5	92.4	93.0	93.9	98.8	100.0	101.8	:	:	:
Bulgaria	97.4	88.4	82.5	92.4	83.0	100.0	96.8	110.0	118.8	141.1
Croatia	102.9	100.7	99.8	100.0	97.1	100.0	94.1	94.2	97.0	99.8
Romania	103.2	102.5	102.4	102.6	101.8	100.0	100.0	99.0	101.2	104.3
Turkey (4)	86.3	92.7	96.3	96.6	98.2	100.0	113.4	121.8	129.4	:
Albania	59.0	62.8	57.8	57.4	60.4	100.0	129.7	136.8	135.2	152.1
Bosnia and Herzegovina	13.4	19.0	76.1	79.1	88.4	100.0	104.5	106.0	106.6	107.0
The former Yugoslav Republic of Macedonia	94.2	94.4	97.0	100.0	102.9	100.0	102.5	103.4	102.2	103.4
Serbia and Montenegro	110.4	110.4	111.2	111.9	107.5	100.0	100.0	98.5	94.0	96.3
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) Excluding repair services of personal and household goods (NACE Group 52.7).
(2) Gross series; VAT included; includes legal and physical persons.
(3) Gross series.
(4) Source, Ministry of Culture and Tourism.

The volume of sales index for retail trade provides a measure of deflated turnover. Between 2000 and 2004 this index grew on average by 3.1 % per annum in the EU-25. This figure was well below the rates of deflated turnover growth recorded in the Candidate countries and the Western Balkans. Among those countries for which data are available, the volume of sales index rose by between 6.3 % per annum in Albania and 17.2 % per annum in Serbia and Montenegro.

Arrivals of non-residents staying in collective accommodation establishments within the EU-25 totalled 218 million in 2000. Tourism is relatively under-developed in the majority of the Candidate countries and the Western Balkans, with the notable exceptions of Croatia (where there were 3.4 million non-resident arrivals in 2004) and Turkey (no official data available). Despite the relatively low levels of tourist arrivals, there was however rapid growth in the number of tourist arrivals in the majority of the Candidate countries and the Western Balkans, with tourism in Bulgaria developing at a particularly fast rate between 2000 and 2004.

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



(1) EU-25 (218 million, 2000); Turkey and Kosovo, not available.

TRANSPORT INFRASTRUCTURE

Table 10.1: Transport infrastructure (thousand kilometres)

	Length of all roads (excluding motorways)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	:	:	:	:	:	:	:	:	:
Bulgaria (1)	37.0	37.0	37.0	36.9	37.0	37.0	37.0	19.0	18.9	18.9
Croatia	26.6	26.6	26.6	27.5	27.5	27.6	27.7	27.8	27.8	27.6
Romania	73.0	73.0	73.0	73.0	73.0	78.0	78.0	79.0	79.0	79.0
Turkey (2)	380.0	380.0	380.0	379.0	383.0	416.0	425.0	426.0	427.0	:
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	9.6	9.6	10.5	11.5	12.2	12.5	12.9	13.0	13.0	13.1
Serbia and Montenegro	49.0	49.2	50.0	50.1	44.5	44.4	44.6	44.9	44.5	:
Kosovo	:	:	:	:	:	:	:	:	:	:

	Length of railway network (lines in operation)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	213.1	211.6	208.9	208.1	207.7	206.0	204.2	203.9	:	:
Bulgaria	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3	4.3
Croatia	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7	2.7
Romania	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0	11.0
Turkey	8.5	8.6	8.6	8.6	8.7	8.7	8.7	8.6	8.7	8.7
Albania	:	:	:	:	:	0.4	0.4	0.4	0.4	0.4
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	0.9
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
Serbia and Montenegro	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	4.1	:
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) Beginning in 2002, IV-category roads are excluded from the national road network.
(2) Excludes municipality roads.

The transport infrastructure endowment of the Candidate countries and the Western Balkans is relatively scarce. Furthermore, most 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 up to 2003, while the motorway networks of Croatia and Romania doubled in size between 1995 and 2004.

The EU-25 had 204 000 kilometres of railway track in 2002. The combined sum of all railway tracks in the Candidate countries and the Western Balkans was equal to more than 15 % of the EU-25 total. The relative importance of rail transport was particularly high in Bulgaria, Romania and Serbia and Montenegro, and particularly low 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.

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

(1) Albania, 0 kms; EU-25, Bosnia and Herzegovina and *Kosovo*, not available.

INLAND TRANSPORT, NUMBER OF CARS

Table 10.2: Inland transport

	Number of passenger cars (thousands)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25 (1)	:	161 925	165 303	169 194	173 772	177 377	:	:	:	:
Bulgaria	1 648	1 707	1 731	1 809	1 908	1 993	2 086	2 174	2 309	2 438
Croatia	768	841	939	1 001	1 066	1 144	1 196	1 244	1 293	1 338
Romania	2 197	2 326	2 447	2 595	2 702	2 778	2 881	2 973	3 088	3 225
Turkey	3 059	3 274	3 570	3 838	4 072	4 422	4 535	4 600	4 700	5 400
Albania	:	:	:	:	99	115	134	149	175	190
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	286	284	289	289	290	299	309	308	300	:
Serbia and Montenegro (2)	1 360	1 397	1 584	1 749	1 691	1 393	1 481	1 344	1 388	:
Kosovo	:	:	:	:	:	:	:	:	:	:

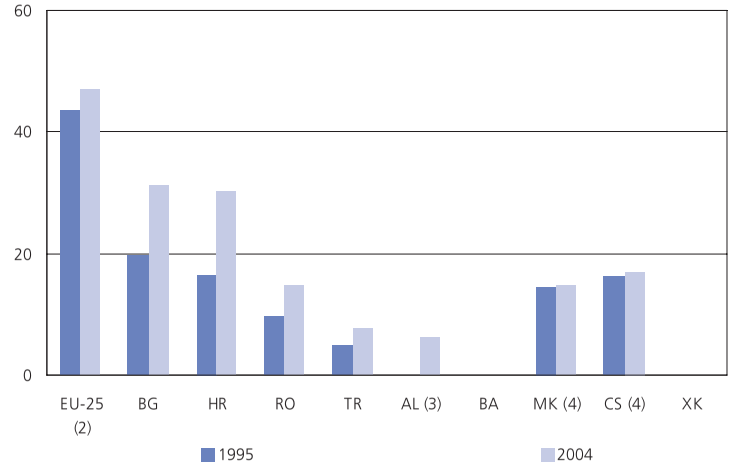
	Road freight transport as a share of total inland freight transport (%)									
	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	72.2	72.6	72.3	73.6	74.8	74.5	75.5	76.1	76.4	:
Bulgaria (3)	77.3	77.2	76.7	77.0	77.8	52.3	60.2	62.9	61.7	:
Croatia (4)	38.4	39.1	38.6	37.9	38.6	37.1	75.9	76.4	76.2	76.6
Romania	42.0	41.4	45.1	43.1	43.5	41.7	48.6	57.4	62.9	:
Turkey	93.0	93.8	93.6	94.8	94.8	94.3	95.3	95.5	94.6	95.3
Albania	:	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:	:
Serbia and Montenegro	:	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) EU-15. (2) Data for 2002 and 2003, excluding Montenegro. (3) Break in series in 2000 and thereafter.
(4) Up until 2000 data cover all legal entities with 5 or more freight vehicles, while transport performed by private individual road carriers (natural persons) was excluded; from 2001 onwards data cover the operation of legal entities and natural persons engaged in the transport of goods, road freight vehicles are defined with a loading capacity of over 3 500kg and must be registered with the Ministry of Interior.

Following political change in many of the Candidate countries and the Western Balkans, most territories reported that average household incomes were rising. This may, to some degree, explain why higher motorisation rates were recorded; although even when GDP per capita did not grow at a rapid pace there was a general increase in motorisation rates. The number of passenger cars increased on average by at least 5 % per annum between 2000 and 2004 in Bulgaria and Turkey, rising to 13.5 % per annum in Albania (which started from a particularly low level). The average number of passenger cars per inhabitant was highest in Bulgaria and Croatia (with approximately one car per three inhabitants in 2004), although these rates were still some way behind the EU-25 average (almost one car per two inhabitants).

Within the EU-25 there has been a marked switch to road freight transport in recent years, with 76.4 % of all inland freight being transported by road in 2003. The modal split in Croatia resembled closely that of the EU-25, while road freight played an even greater role in the transport mix in Turkey.

Figure 10.2: Average number of cars per 100 inhabitants (units) (1)



(1) Bosnia and Herzegovina and Kosovo, not available; Albania, not available for 1995. (2) EU-15, 1996 instead of 1995, 2000 instead of 2004. (3) Population data was revised based on the 1989 and 2001 population census. (4) 2003 instead of 2004.

FREIGHT TRANSPORT

Table 10.3: Total inland freight transport in tonne-km/GDP in 1995 constant prices (1995=100)

	1995	1996	1997	1998	1999	2000	2001	2002	2003
EU-25	100.0	99.2	101.2	101.6	100.9	100.8	99.8	100.6	99.7
Bulgaria (1)	100.0	97.2	100.3	81.7	67.3	31.8	33.3	33.2	33.5
Croatia	:	:	:	:	:	:	:	:	:
Romania	100.0	97.8	104.8	83.7	71.5	77.6	81.7	90.1	95.4
Turkey	100.0	111.7	107.3	111.9	116.4	116.6	117.0	107.8	103.6
Albania	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:
Serbia and Montenegro	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:

(1) Break in series beginning in 2000.

The most important driver of freight transportation is economic growth, as measured by GDP. Freight transport intensity is measured by taking the volume of total inland freight transport (in tonne-kilometres) and expressing this relative to GDP (in this publication in constant 1995 prices).

Road and rail were usually the most important transport modes for freight transport in the Candidate countries and the Western Balkans. Bulgaria, Romania, and Serbia and Montenegro reported a relatively high propensity to use rail freight transport. Indeed, in Bulgaria and Serbia and Montenegro the number of tonne-kilometres transported by rail exceeded that for road freight transport. On the other hand, in the former Yugoslav Republic of Macedonia and in Turkey the use of road freight transport was 9.4 times and 16.7 times greater than the use of rail.

Road freight transport grew by more than 10 % per annum between 2000 and 2004 in Bulgaria, Croatia and Romania, as well as in the former Yugoslav Republic of Macedonia, while Serbia and Montenegro was the only country where rail freight expanded by upwards of 10 % per annum. In contrast, Bulgaria, Turkey and the former Yugoslav Republic of Macedonia all reported that their levels of rail freight transport declined, in absolute terms, over the period considered.

Table 10.4: Breakdown of freight transport, 2004

	Rail (million tonne-km)	Road (million tonne-km)	Inland waterways (million tonne-km)	Pipeline (million tonne-km)	Sea - inward and outward (million tonnes)	Air - loaded and unloaded (million tonnes)
EU-25	:	:	:	:	:	:
BG (1)	5 211	4 612	697	275	23	0
HR (2)	2 493	8 819	199	1 841	20	10
RO (3)	11 238	14 651	2 176	610	41	:
TR (4)	9 417	156 853	:	2 317	128	1
AL	32	:	:	:	:	:
BA	:	:	:	:	:	:
MK	426	4 004	:	:	:	0
CS	3 258	342	1 115	1 238	:	0
XK	:	:	:	:	:	:

(1) Pipeline transport includes only oil pipelines; air transport, 2003.
(2) Rail, excluding empty private wagons.
(3) Air transport, value is under 0.05 million tonnes.
(4) Sea transport, 2001.

11 FIXED AND CELLULAR TELEPHONY

Table 11.1: Fixed and cellular telephony (thousands)

Number of main telephone lines

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	205 049	212 675	219 617	:	:	236 059	235 527	:	:
Bulgaria	2 563	2 648	2 681	2 758	2 833	2 882	2 922	2 906	2 856	2 770
Croatia (1)	1 254	1 389	1 488	1 558	1 641	1 692	1 716	1 685	1 684	1 676
Romania	2 934	3 120	3 374	3 570	3 705	3 813	4 029	4 207	4 330	4 390
Turkey	13 332	14 287	15 744	16 960	18 054	18 395	18 905	18 915	18 917	19 125
Albania	:	64	87	116	:	:	198	220	255	:
Bosnia and Herzegovina	:	272	303	333	:	:	847	903	938	:
The former Yugoslav Republic of Macedonia (2)	348	368	408	457	784	806	792	793	723	733
Serbia and Montenegro	2 133	2 214	2 339	2 326	2 167	2 367	2 802	2 486	2 597	:
Kosovo	:	:	:	:	:	:	:	:	:	:

Number of subscriptions to cellular mobile telephone services

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
EU-25	:	34 768	55 528	94 831	:	:	309 948	337 218	368 505	:
Bulgaria	16	40	70	131	328	738	1 615	2 600	3 534	4 842
Croatia	31	60	120	177	361	1 112	1 731	2 340	2 537	2 842
Romania	:	:	202	552	1 126	2 019	4 595	5 099	7 065	10 215
Turkey	436	806	1 610	3 506	7 685	15 064	19 573	23 374	27 925	34 736
Albania	:	2	3	6	:	:	393	851	1 100	:
Bosnia and Herzegovina	:	2	9	25	:	:	445	749	1 050	:
The former Yugoslav Republic of Macedonia	:	1	12	30	48	100	221	366	608	998
Serbia and Montenegro	:	15	87	240	:	:	1 998	2 898	3 408	:
Kosovo	:	:	:	:	:	:	:	:	:	:

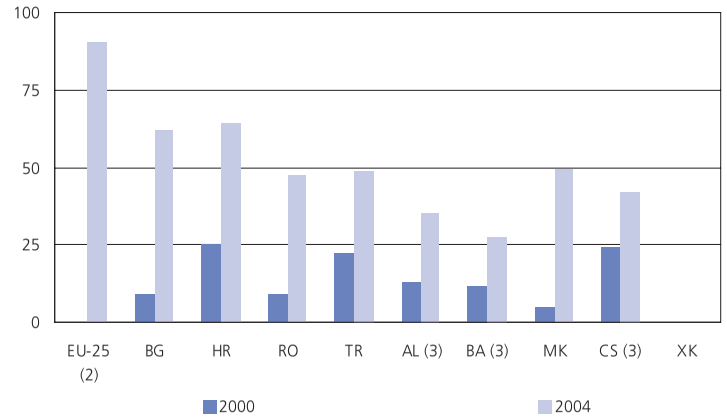
(1) 2000 to 2004, number of main telephone lines is presented as the total sum of telephone lines (analogue), ISDN lines and FGSM lines.
(2) 1995 to 1998, number of telephone subscribers.

In the EU-25 there were 236 million main telephone lines in 2002. The cumulated sum of lines in the Candidate countries and the Western Balkans (excluding *Kosovo*) was 32 million lines, equivalent to 13.6% of the EU-25 total.

There were 369 million mobile subscribers in the EU-25 in 2003, while the cumulated sum for the Candidate countries and the Western Balkans (again excluding *Kosovo* was 47 million subscribers, or 12.8 % of the EU-25 total.

While some markets for mobile telephony in the Member States appear to have reached saturation (with penetration rates in excess of 100 %; for example as a result of subscribers having multiple subscriptions), rapid growth was still being reported in most of the Candidate countries and the Western Balkans in 2003 and/or 2004. The highest take-up of mobile subscriptions was recorded in Bulgaria and Croatia, where there was an average of more than 0.6 subscriptions per inhabitant.

Figure 11.1: Average number of subscriptions to cellular mobile telephony per 100 inhabitant (units) (1)



(1) *Kosovo*, not available. (2) 2000, not available; 2004, estimate.
(3) 2001 instead of 2000; 2003 instead of 2004.

PCs AND THE INTERNET

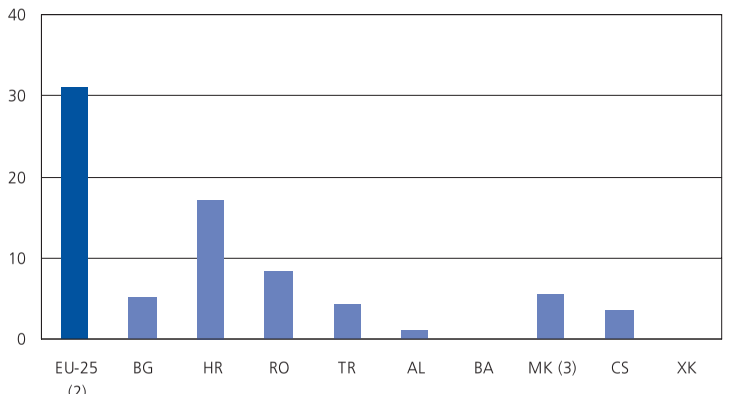
Table 11.2: Number of personal computers, 2002 (thousands)

EU-25	139 756
Bulgaria	405
Croatia	760
Romania	1 800
Turkey	3 000
Albania	36
Bosnia and Herzegovina	:
The former Yugoslav Republic of Macedonia (1)	113
Serbia and Montenegro	290
Kosovo	:

(1) Number of households that had a computer, 2004.

There was generally a more gradual progression to the evolution of PC and Internet use in the Candidate countries and the Western Balkans. This difference may, in part, be explained by the higher average cost of a PC.

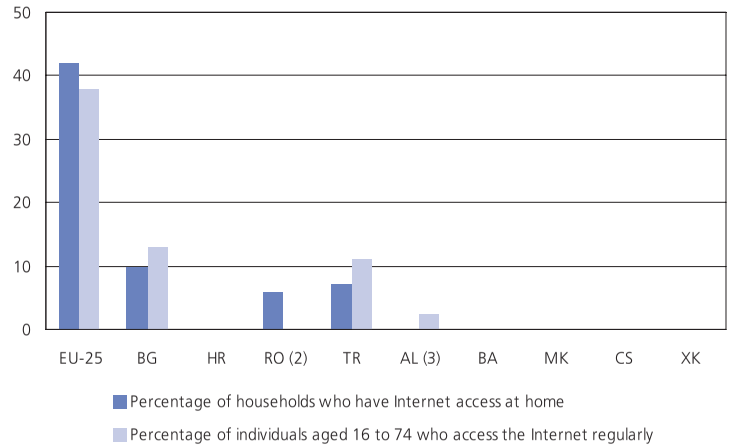
Figure 11.2: Average number of personal computers per 100 inhabitants, 2002 (units) (1)



(1) Bosnia and Herzegovina and *Kosovo*, not available.
(2) Estimate.
(3) Based upon the number of households that had a computer, 2004.

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 proportion of individuals who access the Internet, on average, at least once a week. Regular use of the Internet was generally much lower in the Candidate countries and the Western Balkans than it is in the EU-25.

Figure 11.3: Use of the Internet among individuals, 2004 (%) (1)



(1) Croatia, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro and *Kosovo*, not available.
(2) Percentage who access the Internet at least once a week, not available.
(3) Source, Living Standards Measurement Study 2003 panel survey; proportion of population aged 15 years and above; percentage with Internet access, not available.

ENTERPRISES AND THE INFORMATION SOCIETY

Table 11.3: Turnover indices (2000=100)

	Communications				
	2000	2001	2002	2003	2004
EU-25 (1)	100.0	111.2	116.6	122.3	128.9
Bulgaria	100.0	130.8	169.3	134.4	153.6
Croatia	:	:	:	:	:
Romania	:	:	:	:	:
Turkey	:	:	:	:	:
Albania (2)	:	100.0	96.9	111.7	118.5
Bosnia and Herzegovina	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:
Serbia and Montenegro	:	:	:	:	:
Kosovo	:	:	:	:	:

	Computer services				
	2000	2001	2002	2003	2004
EU-25 (1)	100.0	110.6	110.9	115.4	118.9
Bulgaria (1)	100.0	122.6	141.4	157.4	187.2
Croatia	:	:	:	:	:
Romania	:	:	:	:	:
Turkey	:	:	:	:	:
Albania (2)	:	100.0	78.6	43.0	43.4
Bosnia and Herzegovina	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:
Serbia and Montenegro	:	:	:	:	:
Kosovo	:	:	:	:	:

(1) Gross data.
(2) 2001=100.

There is a limited set of information available for technology use within enterprises. While almost nine out of ten enterprises in the EU-25 had access to the Internet in 2004, this proportion was 61 % in Bulgaria and 51 % in Romania (in 2003). Just over half of the enterprises in the EU-25 used the Internet to interact with public authorities, while the corresponding shares for Bulgaria and Romania (again in 2003) were approximately one in three enterprises. The proportion of enterprises' turnover from Internet e-commerce was 2.1 % in the EU-25, which was almost double the proportions recorded in Bulgaria and Romania (slightly over 1 %).

Table 11.4: Use of the Internet among enterprises, 2004 (%)

	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-25 (1)	89.0	52.0	2.1
BG	61.0	38.0	1.2
HR	:	:	:
RO (2)	51.4	31.0	1.3
TR	:	:	:
AL	:	:	:
BA	:	:	:
MK	:	:	:
CS	:	:	:
XK	:	:	:

(1) Enterprises with 10 or more persons employed; NACE Sections D, G, H, I or K for Internet access and turnover from e-commerce; NACE Sections D, F, G, H, I and K to O for interaction with public authorities
(2) 2003.

TOTAL EXTERNAL TRADE

Table 12.1: External trade of goods (EUR million)

	Total exports					
	1999	**2000**	**2001**	**2002**	**2003**	**2004**
EU-25 (1)	689 434	857 782	826 372	903 601	882 897	968 295
Bulgaria	3 734	5 253	5 277	6 063	6 668	7 985
Croatia	4 049	4 822	5 214	5 188	5 439	6 312
Romania	7 992	11 273	11 759	14 675	15 614	18 935
Turkey	24 964	30 182	32 677	38 137	41 516	50 511
Albania	:	86	93	90	64	:
Bosnia and Herzegovina	:	:	:	:	908	:
The former Yugoslav Republic of Macedonia	:	1 436	1 291	1 178	879	:
Serbia and Montenegro	1 405	1 853	2 125	2 406	:	:
Kosovo	:	:	11	28	36	57

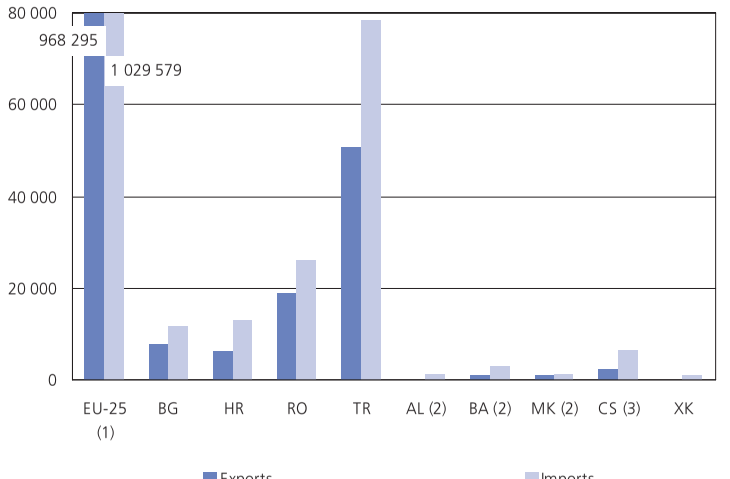
	Total imports					
	1999	**2000**	**2001**	**2002**	**2003**	**2004**
EU-25 (1)	746 622	995 980	896 169	942 522	940 774	1 029 579
Bulgaria	5 140	7 085	7 559	8 411	9 611	11 619
Croatia	7 351	8 597	10 245	11 327	12 510	13 213
Romania	9 774	14 235	16 144	18 881	21 201	26 281
Turkey	38 351	59 444	41 924	54 478	60 136	78 231
Albania	:	1 191	1 489	1 587	1 207	:
Bosnia and Herzegovina	:	:	:	:	2 928	:
The former Yugoslav Republic of Macedonia	:	2 271	1 887	2 105	1 467	:
Serbia and Montenegro	3 092	4 017	5 401	6 684	:	:
Kosovo	:	:	685	855	973	1 063

(1) Trade with partners outside of the EU-25 (extra-EU trade).

External trade figures that are presented in this section cover trade in goods (and not services). Note that all of the EU-25 data in this section refers to extra-EU trade, in other words, trade with non-Community countries. As such, the data does not cover the considerable amount of foreign trade that takes place within the EU-25 between the Member States, but instead presents information on the trading activities of the EU-25 trading block with the rest of the world.

The EU-25 ran a trade deficit for goods that was valued at EUR 61 billion in 2004. Expressed in a different way, exports from the EU-25 covered 94 % of total imports; this indicator is often referred to as the cover ratio. The information available for the Candidate countries shows they all recorded trade deficits in 2004, while in the Western Balkans the situation was the same (in 2003 or 2002, subject to data availability). Cover ratios in the Candidate countries and the Western Balkans ranged from just over 5 % in Albania (where imports were valued 19 times higher than exports), to 72 % in Romania.

Figure 12.1: External trade of goods, 2004 (EUR million)



(1) Trade with partners outside of the EU-25 (extra-EU trade).
(2) 2003.
(3) 2002.

12 EXTERNAL TRADE WITH THE EU

Table 12.2: External trade of goods with the EU-25

	Exports to the EU-25 (% of total exports)					
	1999	2000	2001	2002	2003	2004
Bulgaria	55.8	54.4	58.2	59.3	60.1	58.3
Croatia	66.8	69.3	67.6	:	:	:
Romania	71.3	69.4	73.2	72.6	73.6	72.8
Turkey	56.1	54.3	53.5	53.9	55.1	54.7
Albania	:	79.3	71.4	:	:	:
Bosnia and Herzegovina	:	:	:	:	53.1	:
The former Yugoslav Republic of Macedonia	:	46.9	51.4	:	:	:
Serbia and Montenegro	44.5	48.1	51.3	51.8	:	:
Kosovo	:	:	:	:	40.7	28.7
	Imports from the EU-25 (% of total imports)					
	1999	2000	2001	2002	2003	2004
Bulgaria	53.6	49.4	55.2	55.6	55.3	54.1
Croatia	71.7	70.1	71.7	:	:	:
Romania	68.5	64.6	66.4	67.4	67.2	64.9
Turkey	53.7	50.3	45.6	47.5	48.2	46.7
Albania	:	78.3	78.1	:	:	:
Bosnia and Herzegovina	:	:	:	:	57.6	:
The former Yugoslav Republic of Macedonia	:	48.7	52.5	:	:	:
Serbia and Montenegro	50.8	49.4	51.9	55.2	:	:
Kosovo	:	:	:	:	36.1	35.6

The EU-25 was the main trading partner of each Candidate and Western Balkan country, accounting for the absolute majority of imports and exports. The only exceptions to this rule (subject to data availability) were *Kosovo* (28.7 % of exports to the EU-25 and 35.6 % of imports originating from the EU-25) and Turkish imports originating from the EU-25 (46.7 % of total Turkish imports in 2004).

Each of the Candidate and Western Balkan countries ran a trade deficit with the EU-25. The same was true with respect to their external trade with the New Independent States, China and Japan, while Bulgaria, Turkey and the former Yugoslav Republic of Macedonia were the only countries to report a trade surplus with the United States.

Table 12.3: Trade balance for goods with the EU-25 (EUR million)

	1999	2000	2001	2002	2003	2004
Bulgaria	-669	-641	-1 096	-1 085	-1 308	-1 629
Croatia	-2 566	-2 685	-3 818	:	:	:
Romania	-995	-1 376	-2 104	-2 072	-2 752	-3 267
Turkey	-6 577	-13 504	-1 623	-5 295	-6 103	-8 923
Albania	:	-865	-1 096	:	:	:
Bosnia and Herzegovina	:	:	:	:	-1 203	:
The former Yugoslav Republic of Macedonia	:	-432	-328	:	:	:
Serbia and Montenegro	-946	-1 096	-1 714	-2 444	:	:
Kosovo	:	:	:	:	-337	-362

TRADE BALANCE

Table 12.4: Trade balance of goods

	Trade balance (EUR million)					
	1999	2000	2001	2002	2003	2004
EU-25 (1)	-57 188	-138 198	-69 797	-38 921	-57 877	-61 284
Bulgaria	-1 406	-1 832	-2 283	-2 348	-2 942	-3 635
Croatia	-3 302	-3 776	-5 031	-6 139	-7 071	-6 901
Romania	-1 781	-2 962	-4 386	-4 206	-5 588	-7 346
Turkey	-13 387	-29 263	-9 247	-16 341	-18 620	-27 720
Albania	:	-1 105	-1 395	-1 497	-1 144	:
Bosnia and Herzegovina	:	:	:	:	-2 019	:
The former Yugoslav Republic of Macedonia	:	-835	-596	-927	-588	:
Serbia and Montenegro	-1 687	-2 165	-3 276	-4 278	:	:
Kosovo	:	:	-674	-827	-937	-1 006

	Trade balance with the EU-25 (% of total trade balance)					
	1999	2000	2001	2002	2003	2004
Bulgaria	47.6	35.0	48.0	46.2	44.5	44.8
Croatia	77.7	71.1	75.9	:	:	:
Romania	55.9	46.4	48.0	49.3	49.3	44.5
Turkey	49.1	46.1	17.6	32.4	32.8	32.2
Albania	:	78.3	78.6	:	:	:
Bosnia and Herzegovina	:	:	:	:	59.6	:
The former Yugoslav Republic of Macedonia	:	51.7	54.9	:	:	:
Serbia and Montenegro	56.1	50.6	52.3	57.1	:	:
Kosovo	:	:	:	:	35.9	36.0

(1) Trade with partners outside of the EU-25 (extra-EU trade).

Indicators relating to the breakdown of external trade statistics show the proportion of exports and imports according to the SITC (standard international trade classification) - see the next double page spread (pages 116 and 117). The classification may be summarised 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: chemicals & 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.

Table 12.5: Value of trade balance with various partners, 2004 (EUR million)

	EU-25	New Independent States	United States	China	Japan
EU-25	~	-34 378	76 507	-78 868	-30 538
BG	-1 629	-1 882	102	-347	-140
HR (1)	-3 818	-923	-119	-502	-187
RO	-3 267	-2 942	-225	-694	-315
TR	-8 923	-7 159	131	-3 269	-2 001
AL (2)	-1 096	-65	-10	-38	-5
BA (3)	-1 203	-51	-36	-53	:
MK (2)	-328	-167	2	-19	-12
CS (4)	-1 714	-749	-123	-142	-61
XK	-362	:	:	:	:

(1) 2001 for EU-25.
(2) 2001 for EU-25; 2003 for other partners.
(3) 2003.
(4) 2002.

BREAKDOWN OF EXPORTS

Table 12.6: Breakdown of exports of goods (% of total exports)

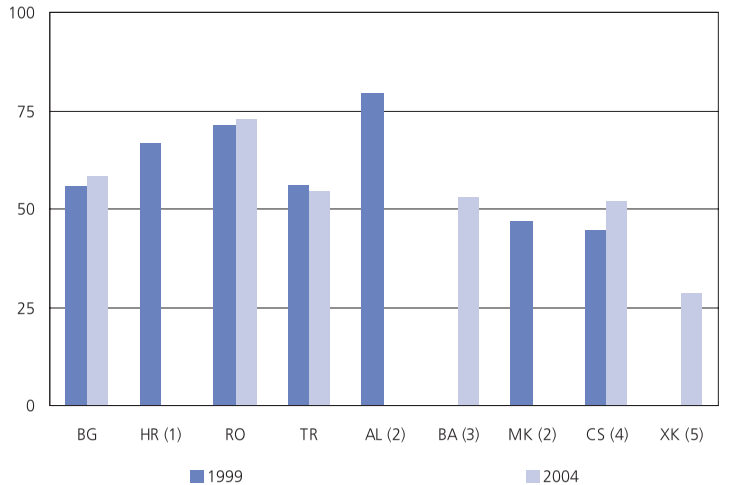
	1999									
	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9
EU-25 (1)	4.3	1.8	1.7	2.2	0.3	14.2	14.4	46.0	12.3	2.6
Bulgaria	8.2	4.8	6.9	7.4	0.6	8.9	23.1	11.2	21.7	7.1
Croatia	6.7	2.4	5.6	7.9	0.2	11.9	13.3	29.4	22.4	0.1
Romania	3.4	0.3	8.5	4.9	0.6	4.9	20.3	16.8	39.1	1.0
Turkey	12.0	2.2	2.6	1.3	1.0	3.6	28.5	19.0	28.6	1.2
Albania (2)	6.7	10.3	28.3	6.1	0.1	2.1	27.8	3.5	15.1	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia (2)	5.0	9.9	3.7	4.8	0.2	4.5	36.7	6.3	28.6	0.3
Serbia and Montenegro	19.4	1.5	5.5	2.4	0.6	9.7	31.1	12.3	14.8	2.9
Kosovo	:	:	:	:	:	:	:	:	:	:
	2004									
	SITC 0	**SITC 1**	**SITC 2**	**SITC 3**	**SITC 4**	**SITC 5**	**SITC 6**	**SITC 7**	**SITC 8**	**SITC 9**
EU-25 (1)	3.5	1.5	1.8	3.3	0.3	15.8	14.3	45.2	11.9	2.4
Bulgaria	6.8	2.3	5.9	8.0	0.3	6.6	27.4	12.4	25.6	4.8
Croatia	6.1	2.3	5.6	11.1	0.2	9.3	14.8	32.5	18.0	0.0
Romania	2.1	0.2	6.0	6.8	0.3	5.5	21.2	23.7	33.8	0.5
Turkey	7.9	0.9	1.8	2.2	0.3	3.7	29.5	29.2	23.4	1.1
Albania (3)	4.8	3.8	36.9	5.3	0.3	2.6	25.5	8.6	11.9	0.2
Bosnia and Herzegovina (3)	3.5	1.4	16.6	6.1	0.0	2.3	28.8	17.5	23.9	0.0
The former Yugoslav Republic of Macedonia (3)	6.5	8.7	2.9	5.2	0.1	5.2	30.2	5.8	35.2	0.2
Serbia and Montenegro (4)	21.2	0.9	5.2	3.4	0.8	7.4	31.3	11.2	16.2	2.3
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) Exports to partners outside of the EU-25 (extra-EU exports).
(2) 2000.
(3) 2003.
(4) 2002.

The largest proportion of exports made by the Candidate and Western Balkan countries was often found to be manufactured goods classified chiefly by material (such as iron and steel, textiles, wood, paper), or alternatively miscellaneous manufactured articles (such as clothing, footwear or furniture).

Between 1999 and 2004 the proportion of exports destined for the EU-25 rose somewhat in Bulgaria and Romania. As a result, by 2004, some 72.8 % of total exports that left Romania were destined for the EU-25, while the corresponding figure in Bulgaria was 58.3 %. On the other hand, the proportion of exports from Turkey to the EU-25 declined from 56.1 % to 54.7 % over the same period. Within the Western Balkans, there was a more substantial increase in the proportion of exports from Serbia and Montenegro to the EU-25, which rose from 44.5 % in 1999 to 51.8 % by 2002.

Figure 12.2: Exports of goods destined for the EU-25 (% of total exports)



(1) 2004, not available. (2) 2000 instead of 1999; 2004, not available.
(3) 1999, not available; 2003 instead of 2004. (4) 2002 instead of 2004.
(5) 1999, not available.

BREAKDOWN OF IMPORTS

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

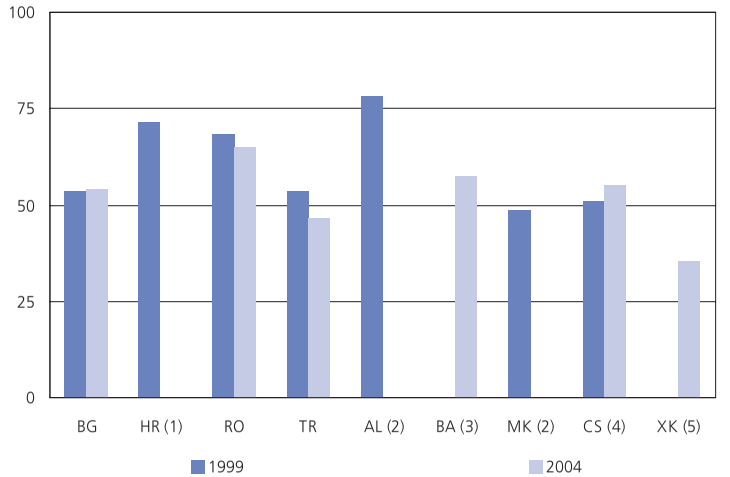
	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9
					1999					
EU-25 (1)	6.0	0.7	4.8	11.2	0.4	7.9	11.6	38.6	15.9	2.9
Bulgaria	4.5	0.9	5.3	3.5	0.3	10.1	18.1	29.0	8.4	19.8
Croatia	7.2	0.8	2.2	11.0	0.3	12.0	16.0	35.1	11.8	3.5
Romania	5.8	1.3	3.7	10.1	0.2	11.2	29.0	26.3	11.5	0.9
Turkey	2.6	0.7	6.2	10.9	1.1	15.4	16.1	37.7	6.6	2.6
Albania (2)	16.1	3.7	1.4	9.1	1.9	6.9	24.0	21.6	15.2	0.2
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia (2)	10.1	1.1	2.6	14.0	0.7	9.0	12.9	19.5	4.9	25.3
Serbia and Montenegro	8.5	1.2	7.0	17.8	0.2	15.7	20.5	21.7	6.5	0.8
Kosovo	:	:	:	:	:	:	:	:	:	:
					2004					
	SITC 0	SITC 1	SITC 2	SITC 3	SITC 4	SITC 5	SITC 6	SITC 7	SITC 8	SITC 9
EU-25 (1)	5.1	0.6	4.3	17.6	0.4	8.5	11.4	34.3	15.0	2.9
Bulgaria	4.4	0.5	6.0	3.9	0.3	10.4	21.6	29.5	9.0	14.3
Croatia	7.2	0.7	2.1	12.0	0.3	11.2	19.7	34.8	11.9	0.1
Romania	4.9	1.0	3.0	11.8	0.2	10.3	26.2	32.5	9.7	0.2
Turkey	1.8	0.3	7.1	11.4	0.6	14.4	16.9	34.6	5.5	7.3
Albania (3)	14.3	3.9	1.4	8.9	1.4	7.4	25.0	21.8	15.8	0.0
Bosnia and Herzegovina (3)	15.0	4.2	2.5	7.7	1.1	11.3	21.0	25.3	11.9	:
The former Yugoslav Republic of Macedonia (3)	11.2	1.0	2.6	14.6	0.9	11.0	14.2	18.5	5.5	20.6
Serbia and Montenegro (4)	8.3	1.8	3.2	16.9	0.3	13.5	16.0	25.8	8.8	5.5
Kosovo	:	:	:	:	:	:	:	:	:	:

(1) Imports from partners outside of the EU-25 (extra-EU imports).
(2) 2000.
(3) 2003.
(4) 2002.

As regards an analysis of imports, the Candidate and Western Balkan countries tended to record their highest proportion of imports for manufactured goods classified chiefly by material or for machinery and transport equipment (which includes products such as machines, computer and office equipment, motor vehicles and other transport equipment).

The proportion of total imports of goods originating from the EU-25 was almost unchanged in Bulgaria between 1999 and 2004. In Romania and Turkey the proportion fell by 3.6 and 7.0 percentage points respectively to 64.9 % and 46.7 % of total imports. There was an increase in the share of imports originating from the EU-25 into Serbia and Montenegro, which rose from 50.8 % in 1999 to 55.2 % in 2002.

Figure 12.3: Imports of goods originating from the EU-25 (% of total imports)



(1) 2004, not available. (2) 2000 instead of 1999; 2004, not available.
(3) 1999, not available; 2003 instead of 2004. (4) 2002 instead of 2004.
(5) 1999, not available.

12

EXTERNAL TRADE BY PARTNER

The EU-25 exported EUR 234 billion of goods to the United States in 2004, some EUR 66 billion to the New Independent States, EUR 48 billion to China and EUR 43 billion to Japan. As already noted the EU was the main destination for exports from the Candidate and Western Balkan countries, with the United States often occupying the position of the second most important export partner.

Table 12.8: Value of exports to various partners, 2004 (EUR million)

	EU-25	New Independent States	United States	China	Japan
EU-25	~	65 825	234 207	48 132	43 215
BG	4 654	269	357	30	11
HR (1)	3 523	125	170	6	37
RO	13 777	428	527	158	38
TR	27 622	3 156	3 911	313	153
AL (2)	66	2	1	0	0
BA (3)	483	1	8	0	:
MK (2)	664	10	41	13	0
CS (4)	1 246	141	17	2	0
XK	16	:	:	:	:

(1) 2001 for EU-25.
(2) 2001 for EU-25; 2003 for other partners.
(3) 2003.
(4) 2002.

The emergence of China as one of the main trading nations was evident from the data for imports, as EU-25 imports from China were valued at EUR 127 billion in 2004, some EUR 30 billion less than those from the United States, but EUR 53 billion more than the value of imports from Japan. As regards the Candidate and Western Balkan countries, there was often a higher propensity to import goods from the New Independent States or from China than from the United States.

Table 12.9: Value of imports from various partners, 2004 (EUR million)

	EU-25	New Independent States	United States	China	Japan
EU-25	~	100 202	157 700	127 000	73 753
BG	6 283	2 151	255	377	151
HR (1)	7 341	1 048	289	508	224
RO	17 044	3 371	752	852	353
TR	36 545	10 315	3 780	3 582	2 153
AL (2)	1 163	66	12	38	5
BA (3)	1 685	53	44	54	28
MK (2)	991	177	39	33	12
CS (4)	3 691	966	152	204	87
XK	378	:	:	:	:

(1) 2001 for EU-25.
(2) 2001 for EU-25; 2003 for other partners.
(3) 2003.
(4) 2002.

13 EXPENDITURE ON RESEARCH AND DEVELOPMENT

Table 13.1: Expenditure on research and development

	Gross domestic expenditure on research and development (EUR million)								
	1995	1996	1997	1998	1999	2000	2001	2002	2003
EU-25	125 751	131 156	137 784	144 763	155 586	168 230	178 708	186 035	189 530
Bulgaria	62	41	47	65	69	71	71	81	88
Croatia	:	:	:	:	184	246	238	271	292
Romania	217	196	181	184	134	149	177	184	204
Turkey	499	654	831	889	1 098	1 391	1 181	1 289	:
Albania	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	12	14	12	17	12	10	9
Serbia and Montenegro	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:

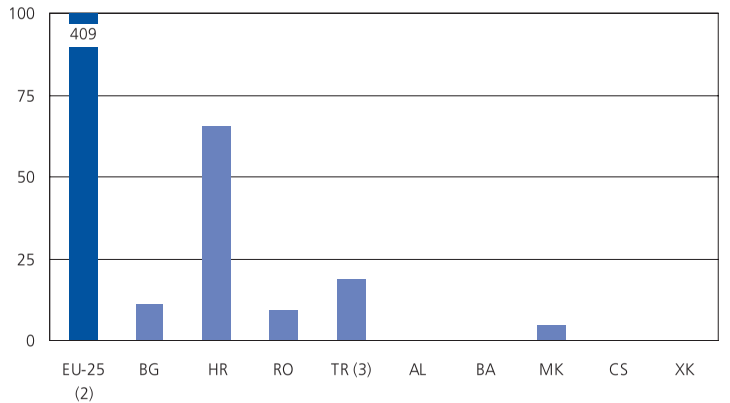
	Gross domestic expenditure on research and development relative to GDP (%)								
	1995	1996	1997	1998	1999	2000	2001	2002	2003
EU-25	1.8	1.8	1.8	1.8	1.9	1.9	1.9	1.9	2.0
Bulgaria	0.6	0.5	0.5	0.6	0.6	0.5	0.5	0.5	0.5
Croatia	:	:	:	:	1.0	1.2	1.1	1.1	1.1
Romania (1)	0.8	0.7	0.6	0.5	0.4	0.4	0.4	0.4	0.4
Turkey	0.4	0.5	0.5	0.5	0.6	0.6	0.7	0.7	:
Albania	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	0.4	0.4	0.3	0.4	0.3	0.3	0.2
Serbia and Montenegro	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:

(1) The data for the period 1995-1997 are calculated on the basis of GDP based on the ESA 1979 methodology; starting in 1998 and thereafter, data are calculated on the basis of GDP based on the ESA 1995 methodology.

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

As part of the Lisbon objectives for 2010, the EU is trying to raise its research and development expenditure such that it accounts for at least 3 % of GDP. In 2003, EU-25 gross domestic expenditure on research and development was equal to 2.0 % of GDP. The corresponding ratio was lower in each of the Candidate countries, with only Croatia reporting R&D expenditure above 1 % of GDP.

Figure 13.1: Gross domestic expenditure on research and development per capita, 2003 (EUR) (1)



(1) Albania, Bosnia and Herzegovina, Serbia and Montenegro and *Kosovo*, not available.
(2) Estimate.
(3) 2002.

14 GREENHOUSE GAS EMISSIONS AND MUNICIPAL WASTE

Table 14.1: Total greenhouse gas emissions (tonnes of CO_2 equivalent per capita)

	1995	1996	1997	1998	1999	2000	2001	2002	2003
EU-25	11.0	11.2	11.0	10.9	10.7	10.7	:	:	:
Bulgaria (1)	62.8	60.8	52.2	51.5	47.6	47.5	48.0	45.9	50.0
Croatia	70.4	73.9	78.8	79.5	82.7	82.6	85.1	88.5	:
Romania (2)	71.9	74.4	65.8	56.3	49.0	50.3	51.5	54.9	58.4
Turkey (3)	122.7	134.1	141.0	140.7	139.9	155.4	143.6	146.7	155.3
Albania	:	:	:	:	:	:	:	:	:
Bosnia and Herzegovina	:	:	:	:	:	:	:	:	:
The former Yugoslav Republic of Macedonia	:	:	:	:	:	:	:	:	:
Serbia and Montenegro	:	:	:	:	:	:	:	:	:
Kosovo	:	:	:	:	:	:	:	:	:

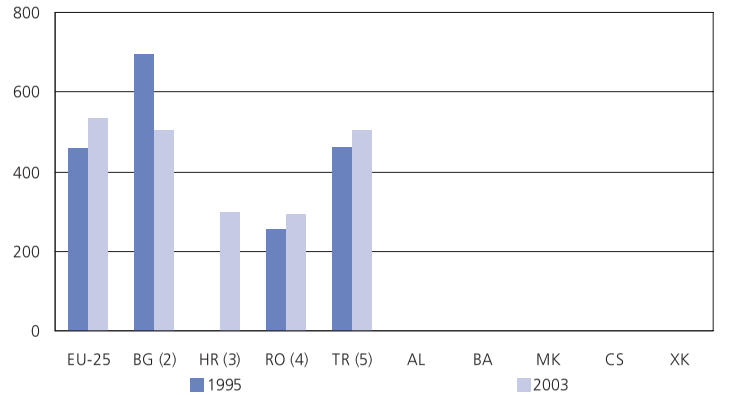
(1) 1988=100; source, Executive Agency on Environmental Protection at the Ministry of Environment and Water.
(2) Source, Ministry of the Environment and Water Management.
(3) Direct emission gases (CO_2, CH_4 and N_20) from the fuel combustion in the following sectors (electricity production, transport, industry, households and others), as well as agriculture, enteric and industrial processes.

EU targets set by the Kyoto Protocol include reducing climate-changing greenhouse gas emissions by 8 % between 1990 and 2008-2012. Per capita emissions in the EU-25 were generally reduced during the period 1995 to 2000 and this pattern will need to continue if the targets are to be met.

Among the Candidate countries, emissions per inhabitant were considerably higher than in the EU-25. While there was some evidence of falling emissions in the Candidate countries during the late 1990s, the fast expansion of energy consumption associated with the relatively rapid pace of economic development often led to emissions per capita once again rising from 2000 onwards (except in Turkey, where the level of emissions per capita was stable).

The bulk of municipal waste is from households, although similar wastes from sources such as commerce, offices and public institutions are also included in the data presented. Municipal waste includes paper, paperboard and paper products, plastics, glass, metals, food and garden waste, and textiles.

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



(1) Albania, Bosnia and Herzegovina, the former Yugoslav Republic of Macedonia, Serbia and Montenegro and *Kosovo*, not available. (2) Collected municipal waste per person served by municipal services. (3) 1995, not available. (4) Source, Ministry of the Environment and Water Management. (5) Survey results applied to municipalities; indicators are calculated according to the general population census of Turkey; mid-year population data between censuses has been kept constant, as the population of municipalities cannot be estimated.

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://europa.eu.int/comm/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 (km^2). 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.

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.

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). The information collected relates to all education or training and includes initial education, further education, continuing or further training, training within an enterprise, apprenticeships, on-the-job training, seminars, distance learning, evening classes, and self-learning. It also includes general interest courses, such as language courses, computing, management, art/culture, and health/medicine courses.

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

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 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.

The tax wedge is defined as the proportion of total labour costs that are accounted for by income tax on gross wage earnings, employee's and employer's social security contributions.

Total labour costs are defined as gross earnings plus employer's social security contributions and payroll taxes (where applicable). The indicator is compiled for single persons without children who are earning 67 % of the average salary for a production worker (APW).

The unemployment trap measures the proportion of gross earnings which is taxed away by higher tax and social security contributions and the withdrawal of unemployment and other benefits when an unemployed person moves into employment. This indicator is defined as the difference between gross earnings and the increase in net income when moving from unemployment to employment, expressed as a proportion of gross earnings. This indicator is compiled for single persons without children earning 67 % of the APW.

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, and savings are all 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 consists of transfers, in cash or in kind, by social protection schemes to households and individuals to relieve them of the burden of sickness, disability, old age, 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 years or more who did any work for pay or profit during the reference week.

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 years who were not employed during the reference week of the survey, but who had actively sought work during the previous four weeks prior to the survey and were ready to begin working within two weeks. 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 long-term 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). 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, 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 non-profit-making institutions' final consumption expenditure. Households consist of employers, employees, recipients of property incomes, recipients of pensions, recipients of other transfer incomes.
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, plus subsidies, minus taxes linked to production.

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 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 are defined as all persons who, by agreement, work for another resident institutional unit and receive remuneration. Total employment 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). 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), which was developed in line with the IMF's balance of payments manual (fifth edition). Foreign direct investment (FDI) is international investment made by an entity resident in one economy (the direct investor) to acquire a lasting interest in an enterprise operating in another economy.

Money supply aggregates are end of year stock data.

The information presented for interest rates covers day-to-day money rates, with the data presented as the annual average of overnight inter-bank rates. The lending interest rate is an annual average of the lending rate of banks to customers other than banks. The deposit interest rate is an annual average of the deposit rate applied to bank deposits for customers other than banks.

Consumer price indices (CPIs) should cover all purchases by households within the territory; those by resident and non-resident households (the so-called domestic concept), while prices should measure those faced by consumers (excluding interest and credit charges, which are regarded as financing costs rather than consumption expenditure).

Reserve assets are measured as end of year stock data. They are defined as the sum of central bank holdings of foreign exchange, special drawing rights (SDRs), reserve positions in the IMF, and other claims on non-residents. Gold is also valued at the end of year market price when included in reserve assets.

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) is the land used for farming. In the case of successive or combined cropping, the area concerned must not be counted more than once. 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 as 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, and forest-tree nurseries. Non-commercial woodland, commercial woodland, deciduous, coniferous and mixed woodland are all included, while trees grown mainly for their fruit or other non-forest crops, as well as heath and moorland are excluded.

Other land (which is not used for agriculture or as wooded areas) includes built-up areas and open land (for example, heathland or tundra).

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, including 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 defined as domestic animals and may be divided into breeding females, female sheep which have lambed, ewes and ewe lambs for breeding, cull ewes and other sheep. Goats are defined in a similar way and may be categorised as breeding females, female goats which have kidded, nanny-goats and kids for breeding, cull nanny-goats 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 the production of dry grain, as cereals harvested green for forage, silage or grazing are excluded (they are classified as green fodder crops). The heading of cereals includes the following: wheat, rye and maslin, barley, oats, grain maize, sorghum, triticale, buckwheat, millet, and canary seed, while 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, sunflower seed, oil flax, soya bean, poppy, mustard, sunflower, cotton, earth almond, sesame, and groundnut. Potatoes include early potatoes and seed potatoes. The production of fruit includes apples, pears, stoned fruits (such as apricots, peaches, plums, and 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 outdoors or under low non-accessible cover; vegetables grown principally for animal feed and cultivated vegetables for seeds are excluded.

8. Energy

Gross inland consumption is the quantity of energy necessary to satisfy inland consumption of the geographical territory under consideration. It may be calculated as primary production plus recovered products plus imports plus variations of stocks minus exports minus bunkers. As such, it corresponds to consumption, distribution and transformation losses. Gross inland consumption is measured in terms of tonnes of oil equivalent (TOE).

Gross national electricity consumption comprises total gross national electricity generation from all energy sources, plus electricity imports, minus electricity exports.

Primary production of crude oil is defined as the quantity 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 quantity 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 quantities supplied to other on-site producers of energy for transformation or other uses.

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

Net imports of energy products are defined as the volume of imports minus the volume of exports.

Final energy consumption is calculated net of transformation and network losses, and also excludes consumption of energy products for non-energy purposes.

9. Industry, construction and services

The theoretical aim of the industrial production index (IPI) is to reflect developments in value added. 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 output quantities, gross production value, turnover, raw material consumption, labour input and energy use. The production index is a volume index which should cover NACE Sections C and D and Groups 40.1 and 40.2. The basic form of the index is working-day adjusted; if this is not available an unadjusted index should be provided.

The industrial producer price index (PPI) should reflect domestic output prices, as determined by the residency of the third party that has ordered 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 theoretical aim of the volume index of construction output is to reflect developments in value added. In practice, however, data is generally collected for variables other than value added and the index may be compiled from gross output data (quantity, production value or turnover) or input data (hours worked, employment or materials used), or administrative declarations (such as building permits). The output of the production process in construction includes new structures and extensions, repair, maintenance and improvement. 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). Material costs should be based on actual rather than list prices (excluding VAT). Labour costs should cover wages and salaries and social security charges. Other components of the cost index include plant and equipment, transport and energy, although architect's fees are not included. The index should be limited to new building work for residential buildings, excluding residences such as old people's homes, student halls or hostels. 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 (except for VAT), as well as charges for transport or packaging that are passed on to the customer. Reduction, rebates and discounts should be deducted. The index should be a volume index and an adjusted consumer price index is often used as the deflator. 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 (both domestic and international) at hotels and similar establishments, which should include other collective accommodation establishments, such as holiday dwellings, tourist campsites, youth hostels and other forms of group accommodation.

10. Transport

A road may be defined as a line of communication using a stabilised base, 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 that are in use or operation. 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 (which are not open to public traffic).

Motorways are defined as roads that have been especially designed for motor traffic, providing separate carriageways for two directions of traffic that are separated from each other, while not crossing at the same level any other road, railway 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 network, with a dedicated port in the telephone exchange system. This is synonymous with the terms 'main station' or 'direct exchange line'. The data on the number of main fixed telephone lines are provided either by the NSIs or they are taken from the International Telecommunications Union (ITU), available at: http://www.itu.int/home. A main telephone line may be an exclusive exchange line or a shared line. Note that the number of main telephone lines is not the same as the number of subscribers as, for example, several subscribers may share a line or have private extensions from a private branch exchange.

Cellular mobile telephone subscribers refer to users of portable telephones subscribing to an automatic public mobile telephone service using cellular technology that provides access to the Public Switched Telephone Network (PSTN). The number of subscriptions to cellular mobile telephone services

is also provided either by the NSIs or is taken from the International Telecommunications Union (ITU). The data provided by the ITU come from an annual questionnaire sent to telecommunication authorities and operating companies. These data are supplemented by annual reports and statistical yearbooks of telecommunication ministries, regulators, operators and industry associations. Note that one person may have multiple subscriptions (often as a way to obtain a new hand-set) which may or may not be in use, and as such penetration rates may rise to over 100 %.

The number of personal computers (PCs) is also provided either by the NSIs or is taken from the International Telecommunication Union (ITU). Data from the ITU are estimates.

Turnover indices for services comprise the totals invoiced by the observation unit during the reference period. The data correspond to market sales of goods or services supplied to third parties. Turnover includes all duties and taxes on the goods or services invoiced by the unit with the exception of the VAT invoiced by the unit with respect to its customer, and other similar deductible taxes directly linked to turnover. Turnover also includes all other charges (for example, transport, packaging) passed on to the customer, even if these charges are listed separately in the invoice. Reductions in prices, rebates and discounts, as well as the value of returned packing must be deducted. Price reductions, rebates and bonuses conceded later to clients, for example at the end of the year, are not taken into account. Subsidies received from public authorities are also excluded. The turnover index is a value index and in its basic form it is provided as a working-day adjusted index; if this is not available an unadjusted index should be provided.

The EU-25 information on the use of technology within enterprises is derived from a Eurostat pilot survey. The data relating to Internet access refer to all enterprises with 10 or more persons employed within NACE Sections D, G, H, I or 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 or O. The proportion of turnover from Internet e-commerce is defined as 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 or K.

12. External trade

External trade data for imports and exports cover normal trade (mainly goods exported definitively and released into free circulation), inward and outward processing and economic processing arrangements for textiles. The statistical value of external trade is calculated at national frontiers. It can be calculated free on board (FOB) for exports, or including cost, insurance, freight (CIF) for imports. The values therefore only include incidental expenses incurred during the part of the journey that takes place within the territory from which the goods are exported (in the case of exports) and outside of the territory into which the goods are imported (for imports). 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 (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 ESA 1995. 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 (CO_2), methane (CH_4), nitrous oxide (N_2O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), and sulphur hexafluoride (SF_6). Figures are given in CO_2 equivalents based on tonnage, with the base year set as 1990.

Data for municipal waste are calculated on the basis of the amount of municipal waste which is collected by or on behalf of municipal authorities, together with the amounts for landfill or incineration. Landfill is defined as the deposit of waste into or onto land, including specially engineered landfill, and temporary storage of over one year on permanent sites. The definition covers both landfill in internal sites (i.e. where a generator of waste is carrying out its own waste disposal at the place of generation) and in external sites. Incineration is defined as the thermal treatment of waste in an incineration plant or a co-incineration plant.

COICOP - classification of individual consumption by purpose

This classification is used for the breakdown of household consumption. Note that 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 (initial stage of organised instruction, designed primarily to introduce very young children to a school-type environment)
1	Primary level of education (programmes normally designed to give students a sound basic education in reading, writing and mathematics)
2	Lower secondary level of education (generally continues the basic programmes of the primary level, although teaching is typically more subject-focused, often employing more specialised teachers who conduct classes in their field of specialisation)
3	Upper secondary level of education (final stage of secondary education in most countries. Instruction is often more organised along subject-matter lines than at ISCED level 2 and teachers typically need to have a higher level, or more subject-specific, qualification than at ISCED 2. There are substantial differences in the typical duration of ISCED 3 programmes both across and between countries, ranging from 2 to 5 years of schooling)
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 3 but they serve to broaden the knowledge of participants who have already completed a programme at level 3. The students are typically older than those in ISCED 3 programmes. They typically have a full-time equivalent duration of between 6 months and 2 years)
5	First stage of tertiary education (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 is used for the breakdown of value added and employment, for defining the coverage of indices of production, output price and turnover from short-term business statistics, as well as to determine the scope of selected information society indicators in relation to enterprise use of technology.

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