

# **European Neighbourhood: a statistical overview**

**2009 edition**



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

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

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### **Credits**

This publication would not have been possible without the cooperation and goodwill received from a large number of persons working in the National Statistical Institutes of the European Neighbourhood Policy (ENP) countries.



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Central Bureau of Statistics  
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## FOREWORD

In 2004, the European Union adopted a new foreign policy for the EU - the European Neighbourhood Policy (ENP), a framework policy to cover its eastern and southern neighbours.

Through the ENP, the EU offers these neighbours the opportunity of an increasingly close relationship, in order to work together for mutual prosperity, stability and security.

The statistical overview of the European Neighbourhood is a first attempt to put together in a detailed publication the data collected separately by Eurostat from the ENP-East (Armenia, Azerbaijan, Belarus, Georgia, Moldova and Ukraine) and ENP-South partners (Algeria, Egypt, Israel, Jordan, Lebanon, Morocco, the occupied Palestinian territory, Syria and Tunisia). This information aims to support the dialogue and exchanges between the EU and the partners in the ENP region.

The publication presents data available for the region regarding key macroeconomic indicators, finance, external trade, balance of payments, population and social conditions, agriculture, transport, energy and environment.

The electronic version of this publication can be downloaded from Eurostat's website at <http://ep.eurostat.ec.europa.eu>

Arunas Butkevicius

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# Introduction

1



## 1. Introduction

### 1.1 The European Neighbourhood Policy (ENP)<sup>(1)</sup>

The European Neighbourhood Policy (ENP) was developed in 2004, with the objective of avoiding the emergence of new dividing lines between the enlarged EU and its neighbours and instead strengthening the prosperity, stability and security of all concerned. It is based on a Commission Communication on 'Wider Europe' (March 2003) and a Strategy Paper on the European Neighbourhood Policy published in May 2004. The latter document sets out in concrete terms how the EU proposes to work more closely with these countries.

The premise of the European Neighbourhood Policy is that the EU has a vital interest in seeing greater economic development and stability and better governance in its neighbourhood. The responsibility for this lies primarily with the countries themselves, but the EU can substantially encourage and support their reform efforts. In that framework the EU offers its neighbours a privileged relationship, building upon a mutual commitment to the common values democracy and human rights, rule of law, good governance, market economy principles and sustainable development. The European Neighbourhood Policy remains distinct from the process of enlargement although it does not prejudice, for European neighbours, how their relationship with the EU may develop in future, in accordance with Treaty provisions.

The ENP applies to the EU's immediate neighbours by land or sea — Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Israel, Jordan, Lebanon, Libya, Moldova, Morocco, the occupied Palestinian territory, Syria, Tunisia and Ukraine. Libya is not part of this publication because so far there are no contractual relations between the EU and Libya. Although being a direct land neighbour to the EU, Russia is also not included. Relations with Russia are developed through another programme called 'Strategic Partnership'.

The ENP goes beyond classical political cooperation to include elements of economic integration, as well as support for reforms to stimulate economic and social development. The tool to achieve these reforms is the bilateral 'ENP Action Plan' commonly agreed between the EU and each partner. They define an agenda of political and economic reforms with short and medium-term priorities establishing concrete mutual commitments and an enhanced dialogue with the partner countries. Action Plans are scheduled for 3-5 years with precise commitments to promote economic modernisation, to strengthen the rule of law, democracy and the respect for human rights and to cooperate on key foreign policy objectives.

The implementation of 'ENP Action Plans' is underway with the following countries:

- Agreed in 2005 with Israel, Jordan, Moldova, Morocco, the occupied Palestinian territory (then named Palestinian Authority), Tunisia and the Ukraine.
- Agreed in 2006 with Armenia, Azerbaijan and Georgia.
- Agreed in 2007 with Egypt and Lebanon.

Countries without an 'Action Plan' are Algeria, Syria and Belarus.

More information concerning the European Neighbourhood Policy may be found at the following address:  
<http://ec.europa.eu/world/enp>

(1) Sources: Commission Press release S.122007 'A Strong European Neighbourhood Policy – further efforts are needed'; Council Conclusions on European Neighbourhood Policy, 2851st External Relations Council meeting (Brussels, 18 February 2008); Speech of Commissioner Ferrero-Waldner, May 5, 2008 on the occasion of the 'First meeting of the Governing Board – Neighbourhood Investment Facility'.

## 1.2 Data sources and comparability

EU-27 data that are presented for the purpose of comparison have been processed and calculated by Eurostat on the basis of information provided by the national statistical institutes (NSIs) of the 27 Member States. The information was extracted from Eurostat's free dissemination database. For the European Neighbourhood countries, the vast majority of the data were provided by the NSIs. This information was collected by Eurostat through the exchange of a questionnaire with each national statistical institute. In most cases the data request was sent to a central coordinator 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.

For the comparison of data between the countries, country groups and with EU-27 values it has to be taken into account that the data do not always correspond to the same years. In addition to that definitions for indicators may vary between the ENP-East and the ENP-South countries. Thus the analysis can only show tendencies, which have to be interpreted carefully.

The data given for the ENP countries are provided by and under the responsibility of the national statistical authorities of each of the countries or territories. The data and their denomination in no way constitute the expression of an opinion by the European Commission on the legal status of a country or territory or on the delimitation of its frontiers.

The data collected from the ENP countries are disseminated on Eurostat's free dissemination database and are regularly updated. For the most recent information please consult Eurostat's website at <http://epp.eurostat.ec.europa.eu>

### 1.2.1 Timeliness

The majority of indicators are available up until the reference year 2006 or 2007 for the ENP-East countries and only until the reference years 2005 or 2006 for the ENP-South countries (depending upon the statistical theme and territory). The EU-27 totals that are provided for the purpose of comparison were extracted from Eurostat's free dissemination database.

### 1.2.2 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. However, statistical themes closely linked are combined in different chapters. All tables and graphs are commented. The text is intended to interpret the data presented and 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. Definitions of indicators and information on classifications and abbreviations used are provided at the end of the publication.

### 1.2.3 Exchange rates

For some indicators monetary values were requested from the ENP countries in terms of national currency denomination. 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. 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 ENP countries (please refer to Chapter 2 — Table 2.4).

### 1.2.4 Geographical coverage

The data presented for the EU-27 covers all 27 Member States throughout the period considered in each table and graph regardless of whether there were 15 or 25 or 27 members in the reference year concerned (in other words, the data have been back calculated with a stable coverage). If not all countries are included in the EU-27 total this is indicated with a footnote.



# 2

## Country overview



## 2. Country overview

**Table 2.1:** Main indicators, 2007 <sup>(1)</sup>

	Capital city		Infant mortality rate (‰)	GDP per capita at current prices (EUR)	Main economic sector		
	City	Population (1 000 inhabitants)			Sector	Share in total gross value added (%)	Share in total employment (%)
EU-27	-	-	4.7 <sup>(2)</sup>	24 794	Services	71.7	66.5
Algeria	Algiers	2 159 <sup>(3)</sup>	26.9	2 770	Manufacturing	53.8	28.4
Armenia	Yerevan	1 108	10.7	2 086	Services	35.8	52.0 <sup>(2)</sup>
Azerbaijan	Baku	2 036 <sup>(4)</sup>	12.1	2 675	Manufacturing	60.6	12.7
Belarus	Minsk	1 815	5.2	3 368	Services	49.3	54.5 <sup>(2)</sup>
Egypt	Cairo	6 759	20.1 <sup>(4)</sup>	1 066 <sup>(4)</sup>	Services	48.8 <sup>(4)</sup>	47.6 <sup>(4)</sup>
Georgia	Tbilisi	1 093 <sup>(4)</sup>	15.8 <sup>(2)</sup>	1 692	Services	65.0	35.6 <sup>(2)</sup>
Israel	Jerusalem	732 <sup>(3)</sup>	3.9	15 726	Services	76.0	76.4
Jordan	Amman	2 125 <sup>(4)</sup>	20.0	2 034 <sup>(2)</sup>	Services	72.7 <sup>(5)</sup>	-
Lebanon	Beirut	1 700 <sup>(3)</sup>	16.1 <sup>(5)</sup>	4 598 <sup>(5)</sup>	Services	75.4 <sup>(5)</sup>	68.0 <sup>(5)</sup>
Moldova	Chisinau	593	11.3	744 <sup>(2)</sup>	Services	59.9 <sup>(2)</sup>	48.5
Morocco	Rabat	630	40.0 <sup>(5)</sup>	1 716	Services	56.5	36.3
Occupied Palestinian territory	Ramallah	26	25.3	1 003 <sup>(6)</sup>	Services	76.7	60.4
Syria	Damascus	1 669 <sup>(3)</sup>	18.0	1 415	Services	50.1	-
Tunisia	Tunis	728 <sup>(5)</sup>	18.7	2 447	Services	55.2 <sup>(4)</sup>	49.0
Ukraine	Kiev	2 700	10.0	2 218	Services	55.1	50.5

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2006 data. (3) 2007 data. (4) 2005 data. (5) 2004 data. (6) 2003 data.

**Table 2.2:** Population <sup>(1)</sup>

	Population (1 000)				Average annual growth rate (%)		
	2000	2005	2006	2007	Total	Male	Female
EU-27	482 761	491 024	492 975	495 129	0.4	0.4	0.3
Algeria	30 416	32 906	33 481	-	1.6	1.6	1.6
Armenia	3 227	3 216	3 219	3 226	-0.0	0.1	-0.1
Azerbaijan	8 016	8 347	8 436	8 533	0.9	1.0	0.8
Belarus	10 019	9 800	9 751	9 714	-0.4	-0.5	-0.4
Egypt	63 771	70 372	71 348	-	1.9	1.9	1.9
Georgia	4 435	4 322	4 401	4 395	-0.1	-0.1	-0.2
Israel	6 369	6 991	7 117	-	1.9	1.9	1.8
Jordan	4 857	5 473	5 600	-	2.4	2.4	2.4
Lebanon	-	3 755 <sup>(2)</sup>	-	-	-	-	-
Moldova	3 644	3 600	3 590	3 581	-0.2	-0.2	-0.3
Morocco	28 306	30 033	30 366	-	1.2	1.2	1.2
Occupied Palestinian territory	3 084	3 700	3 825	-	3.7	3.7	3.6
Syria	16 320	18 138	18 488	-	2.1	2.1	2.1
Tunisia	9 564	10 029	10 077	-	0.9	0.7	1.0
Ukraine	49 115	47 100	46 749	46 466	-0.8	-0.9	-0.7

(1) For ENP-South countries average annual growth rates correspond to the period 2000-2006 and for EU-27 and ENP-East countries to the period 2000-2007. (2) 2004 data.



**Table 2.3:** Gross domestic product (GDP) <sup>(1)</sup>

	GDP (2000 constant prices, million EUR)								Average annual growth rate (%)
	2000	2001	2002	2003	2004	2005	2006	2007	
EU-27	9 175 444	9 358 953	9 471 260	9 594 386	9 834 246	10 021 097	10 331 751	10 631 372	2.1
Algeria	59 378	60 981	63 847	68 252	71 802	75 463	79 689	:	5.0
Armenia	2 068	2 267	2 566	2 925	3 232	3 681	4 171	4 746	12.6
Azerbaijan	:	:	6 603	7 340	8 085	10 223	13 747	17 183	21.1
Belarus	15 030	15 736	16 523	17 679	19 695	21 546	23 701	25 644	7.9
Egypt	105 295	108 980	112 468	116 067	120 825	126 262	:	:	3.7 <sup>(2)</sup>
Georgia	3 320	3 480	3 670	4 076	4 315	4 730	5 173	5 817	8.3
Israel	130 925	130 139	128 968	130 902	137 186	144 319	151 680	:	2.5
Jordan	9 198	9 685	10 247	10 678	11 660	12 546	:	:	6.4 <sup>(2)</sup>
Lebanon	18 070	18 865	19 355	20 149	21 640	:	:	:	4.6 <sup>(3)</sup>
Moldova	1 394	1 479	1 595	1 700	1 825	1 962	2 040	:	6.6 <sup>(4)</sup>
Morocco	40 236	43 294	44 722	47 450	49 918	51 116	55 205	:	5.4
Occupied Palestinian territory	4 456	4 171	4 012	4 354	4 441	4 707	4 293	:	-0.6
Syria	20 488	21 533	22 803	23 054	25 037	26 164	27 472	:	5.0
Tunisia	21 096	22 130	22 506	23 767	25 216	26 225	27 641	:	4.6
Ukraine	33 811	36 922	38 842	42 570	47 722	49 010	52 588	56 584	7.6

(1) For ENP-South countries average annual growth rates correspond to the period 2000-2006, except otherwise indicated; for EU-27 and ENP-East countries average annual growth rates correspond to the period 2000-2007, except otherwise indicated. (2) 2000-2005. (3) 2000-2004. (4) 2000-2006.

**Table 2.4:** Exchange rates

	Average of the period (1 EUR = ... national currency)							
	2000	2001	2002	2003	2004	2005	2006	2007
Algeria	69.4455	69.2034	75.3015	87.4291	89.6198	91.3226	91.2231	:
Armenia	498.7100	497.1700	541.6500	653.7700	662.2800	570.3900	521.2000	467.8100
Azerbaijan <sup>(1)</sup>	:	:	0.9181	1.1111	1.2220	1.1810	1.1220	1.1750
Belarus <sup>(2)</sup>	607.7200	1 234.0300	1 680.0700	2 316.4000	2 683.7500	2 681.4900	2 692.0700	2 937.0600
Egypt	3.2300	3.5639	4.2889	6.8161	7.7337	7.1802	7.2439	:
Georgia <sup>(3)</sup>	1.8200	1.8855	2.0833	2.4252	2.3808	2.2594	2.2295	2.2859
Israel	3.7679	3.7644	4.4780	5.1362	5.5694	5.5830	5.5922	:
Jordan	0.6211	0.6329	0.6662	0.7981	0.8787	0.8795	0.8892	:
Lebanon	1 391.4400	1 349.9700	1 425.4100	1 706.6700	1 873.9900	1 872.2500	1 893.7200	:
Moldova	11.4945	11.5239	12.8337	15.7403	15.3286	15.6978	16.4918	:
Morocco	9.7870	10.2320	10.3900	10.8140	11.0210	11.0220	11.0420	:
Occupied Palestinian territory <sup>(4)</sup>	3.7679	3.7644	4.4780	5.1362	5.5694	5.5830	5.5922	:
Syria	44.1204	43.1052	46.5046	55.6664	63.6130	66.4349	65.3000	:
Tunisia	1.2633	1.2877	1.3418	1.4573	1.5486	1.6126	1.6709	:
Ukraine	5.0300	4.8100	5.0300	6.0200	6.6100	6.3900	6.3369	6.9179

(1) National currency AZN (1 AZN = 5 000 old AZM). (2) Source: National Bank of the Republic of Belarus. The official average exchange rate of the Belarusian ruble, calculated as a geometric mean of the official rates of the Belarusian ruble to the euro. (3) For 2000, the rate was calculated using the Georgian Lari to the US Dollar (GEL/USD) and USD/Euro exchange rates. (4) The currency officially in use in the occupied Palestinian territory is the Israeli shekel.



**Table 2.3: Gross domestic product (GDP) <sup>(1)</sup>**

	GDP (2000 constant prices, million EUR)								Average annual growth rate (%)
	2000	2001	2002	2003	2004	2005	2006	2007	
EU-27	9 175 444	9 358 953	9 471 260	9 594 386	9 834 246	10 021 097	10 331 751	10 631 372	2.1
Algeria	59 378	60 981	63 847	68 252	71 802	75 463	79 689	:	5.0
Armenia	2 068	2 267	2 566	2 925	3 232	3 681	4 171	4 746	12.6
Azerbaijan	:	:	6 603	7 340	8 085	10 223	13 747	17 183	21.1
Belarus	15 030	15 736	16 523	17 679	19 695	21 546	23 701	25 644	7.9
Egypt	105 295	108 980	112 468	116 067	120 825	126 262	:	:	3.7 <sup>(2)</sup>
Georgia	3 320	3 480	3 670	4 076	4 315	4 730	5 173	5 817	8.3
Israel	130 925	130 139	128 968	130 902	137 186	144 319	151 680	:	2.5
Jordan	9 198	9 685	10 247	10 678	11 660	12 546	:	:	6.4 <sup>(2)</sup>
Lebanon	18 070	18 865	19 355	20 149	21 640	:	:	:	4.6 <sup>(3)</sup>
Moldova	1 394	1 479	1 595	1 700	1 825	1 962	2 040	:	6.6 <sup>(4)</sup>
Morocco	40 236	43 294	44 722	47 450	49 918	51 116	55 205	:	5.4
Occupied Palestinian territory	4 456	4 171	4 012	4 354	4 441	4 707	4 293	:	-0.6
Syria	20 488	21 533	22 803	23 054	25 037	26 164	27 472	:	5.0
Tunisia	21 096	22 130	22 506	23 767	25 216	26 225	27 641	:	4.6
Ukraine	33 811	36 922	38 842	42 570	47 722	49 010	52 588	56 584	7.6

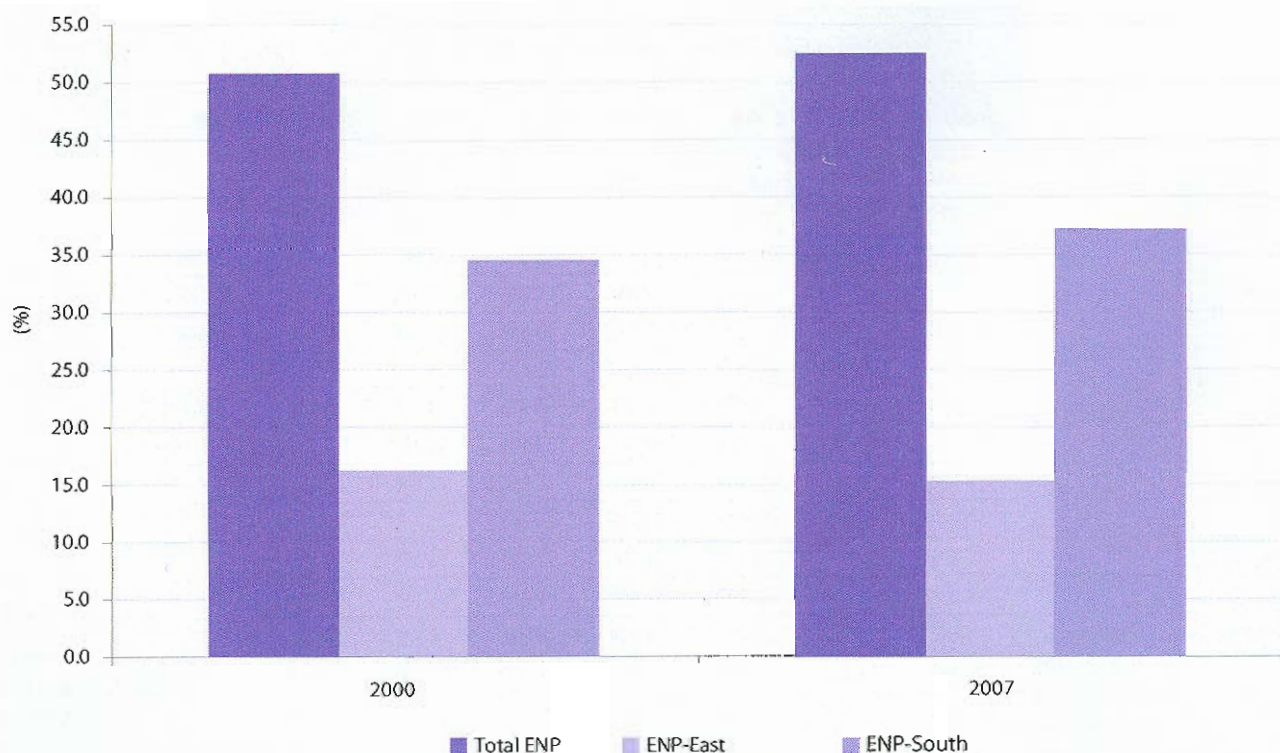
(1) For ENP-South countries average annual growth rates correspond to the period 2000-2006, except otherwise indicated; for EU-27 and ENP-East countries average annual growth rates correspond to the period 2000-2007, except otherwise indicated. (2) 2000-2005. (3) 2000-2004. (4) 2000-2006.

**Table 2.4: Exchange rates**

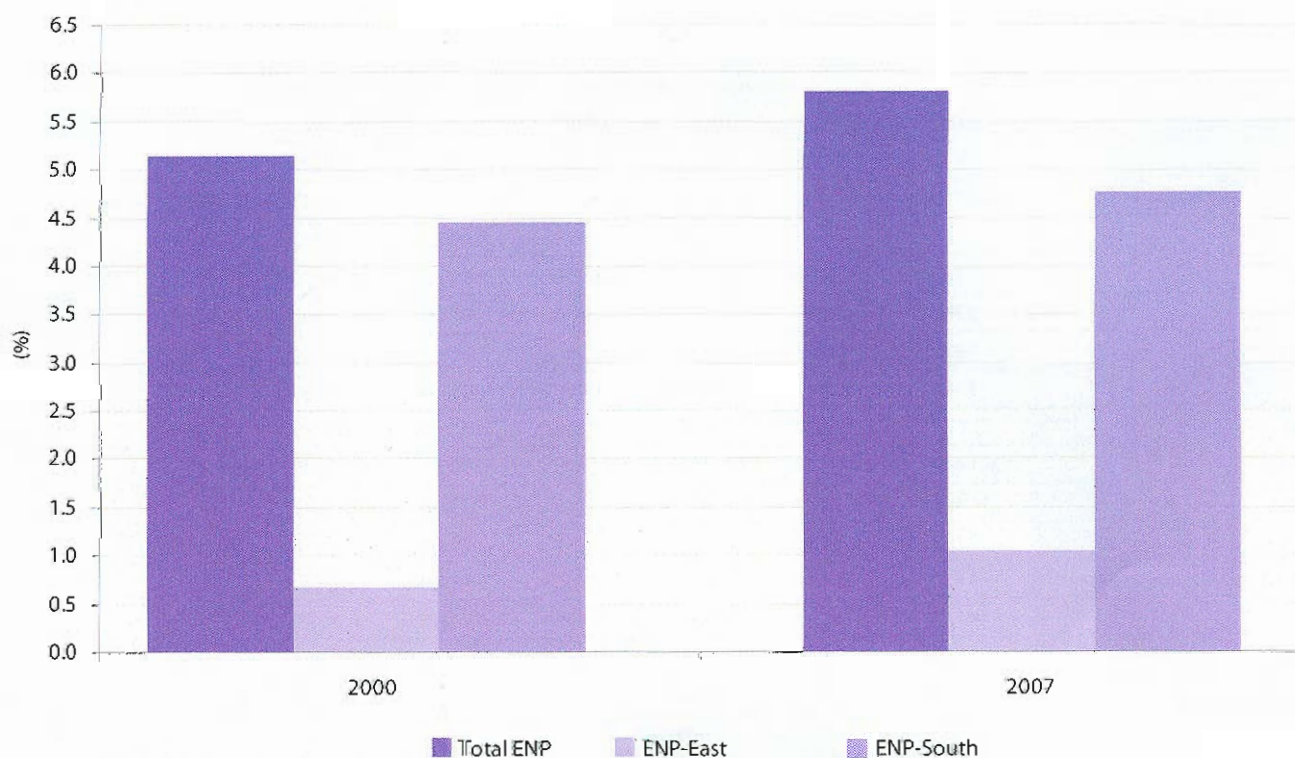
	Average of the period (1 EUR = ... national currency)							
	2000	2001	2002	2003	2004	2005	2006	2007
Algeria	69.4455	69.2034	75.3015	87.4291	89.6198	91.3226	91.2231	:
Armenia	498.7100	497.1700	541.6500	653.7700	662.2800	570.3900	521.2000	467.8100
Azerbaijan <sup>(1)</sup>	:	:	0.9181	1.1111	1.2220	1.1810	1.1220	1.1750
Belarus <sup>(2)</sup>	607.7200	1 234.0300	1 680.0700	2 316.4000	2 683.7500	2 681.4900	2 692.0700	2 937.0600
Egypt	3.2300	3.5639	4.2889	6.8161	7.7337	7.1802	7.2439	:
Georgia <sup>(3)</sup>	1.8200	1.8855	2.0833	2.4252	2.3808	2.2594	2.2295	2.2859
Israel	3.7679	3.7644	4.4780	5.1362	5.5694	5.5830	5.5922	:
Jordan	0.6211	0.6329	0.6662	0.7981	0.8787	0.8795	0.8892	:
Lebanon	1 391.4400	1 349.9700	1 425.4100	1 706.6700	1 873.9900	1 872.2500	1 893.7200	:
Moldova	11.4945	11.5239	12.8337	15.7403	15.3286	15.6978	16.4918	:
Morocco	9.7870	10.2320	10.3900	10.8140	11.0210	11.0220	11.0420	:
Occupied Palestinian territory <sup>(4)</sup>	3.7679	3.7644	4.4780	5.1362	5.5694	5.5830	5.5922	:
Syria	44.1204	43.1052	46.5046	55.6664	63.6130	66.4349	65.3000	:
Tunisia	1.2633	1.2877	1.3418	1.4573	1.5486	1.6126	1.6709	:
Ukraine	5.0300	4.8100	5.0300	6.0200	6.6100	6.3900	6.3369	6.9179

(1) National currency AZN (1 AZN = 5 000 old AZM). (2) Source: National Bank of the Republic of Belarus. The official average exchange rate of the Belarusian ruble, calculated as a geometric mean of the official rates of the Belarusian ruble to the euro. (3) For 2000, the rate was calculated using the Georgian Lari to the US Dollar (GEL/USD) and USD/Euro exchange rates. (4) The currency officially in use in the occupied Palestinian territory is the Israeli shekel.



**Figure 2.1:** Population of ENP countries as share in total EU-27 population, 2000 and 2007 (%) <sup>(1)</sup>

(1) For ENP-South countries 2006 data are used instead of 2007, except for Lebanon, where only 2004 data are available.

**Figure 2.2:** GDP of ENP countries as share in total EU-27 GDP, 2000 and 2007 (%) <sup>(1)</sup>

(1) For ENP-South countries 2006 data are used instead of 2007, except for Egypt and Jordan, where 2005 data are used and for Lebanon, where 2004 data are used. For Azerbaijan, 2002 are used instead of 2000 and for Moldova 2006 instead of 2007.



# 3

## Economy and finance



### 3. Economy and finance

#### 3.1 Introduction

The ENP countries are very different in terms of size, income levels, economic structure and economic performance. Obtaining up-to-date comparable data is not always possible, so in some cases (footnoted) in the following tables and graphs the data relate to years other than those shown in the column

heading. Given the range of years for which data are available, direct comparisons between countries are not straightforward. Average annual growth rates therefore show the closest comparisons which can be made, but any conclusions drawn about relative performance should be treated with care.

#### 3.2 Gross domestic product

**Table 3.2.1:** Gross domestic product (GDP) <sup>(1)</sup>

	2007		Average annual growth rate (%)		
	GDP at current prices (million EUR)	GDP per capita at current prices (EUR)	GDP per capita at current prices	GDP at 2000 constant prices	GDP per capita at 2000 constant prices
EU-27	12 276 233	24 794	3.9	2.1	1.8
Algeria	92 745	2 770	6.0	5.0	3.4
Armenia	6 731	2 086	18.4	12.6	12.6
Azerbaijan	22 821	2 675	27.0 <sup>(2)</sup>	21.1 <sup>(2)</sup>	19.9 <sup>(2)</sup>
Belarus	32 715	3 368	12.2	7.9	8.4
Egypt <sup>(3)</sup>	74 998	1 066	-8.4	3.7	1.7
Georgia	7 436	1 692	12.4	8.3	8.5
Israel	111 914	15 726	-4.4	2.5	0.6
Jordan	11 388	2 034	1.2	6.4 <sup>(3)</sup>	3.9 <sup>(3)</sup>
Lebanon	17 266 <sup>(4)</sup>	4 598 <sup>(4)</sup>	:	:	:
Moldova <sup>(5)</sup>	2 672	744	11.7	6.6	6.8
Morocco	52 098	1 716	3.2	5.4	4.2
Occupied Palestinian territory	3 466 <sup>(6)</sup>	1 003 <sup>(6)</sup>	-11.4 <sup>(6)</sup>	-0.6	-4.1
Syria	26 168	1 415	2.0	5.0	2.8
Tunisia	24 662	2 447	1.7	4.6	3.7
Ukraine	103 058	2 218	18.2	7.6	8.5

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated; average annual growth rates correspond to the period 2000-2006, except otherwise indicated. For the EU-27 and ENP-East countries average annual growth rates correspond to the period 2000-2007, except otherwise indicated. (2) 2002-2007. (3) 2005 data and growth 2000-2005. (4) 2004 data. (5) 2006 data and growth 2000-2006. (6) 2003 data and growth 2000-2003.

Table 3.2.1 shows the size of the ENP economies, measured in terms of GDP. Israel has the largest economy (EUR 112 billion, representing 19% of the ENP total), followed closely by Ukraine (EUR 103 billion, representing 18% of the ENP total). The following three countries by size of economy are Algeria, Egypt and Morocco. The smallest economy is Moldova (EUR 2.7 billion), while the occupied Palestinian territory is only slightly larger at EUR 3.5 billion.

The total GDP for ENP countries was EUR 590 billion representing 4.8% of EU-27. In the EU-27 the GDP per capita in 2007 was about EUR 25 000,

almost 1.6 times higher than in Israel, which is far ahead of all other ENP countries. Moldova, with a figure of EUR 744, has recorded a GDP per capita below EUR 1 000.

Growth of GDP per capita at current prices in many countries did not lead to an increase of purchasing power because most ENP countries faced a depreciation of their national currency compared to the euro in recent years. Although Ukraine has the second largest GDP after Israel, its GDP per capita is just about 14% of the GDP per capita in Israel.



When looking at how these figures have changed compared to 2000, it can be seen that all ENP-East countries experienced higher average annual growth rates than the ENP-South countries. This is true whether the measure used is GDP totals in constant prices, or GDP per capita figures calculated in current or constant prices. Azerbaijan and Armenia recorded the highest average annual growth rate of GDP at constant prices (21.1% and 12.6% respectively). Except for the occupied Palestinian territory, all ENP countries show higher average annual growth rates of GDP at constant prices than in the EU-27 at 2.1%.

The changes in GDP per capita at constant prices also show a clear split between ENP-South and ENP-East countries. Over the period 2002 to 2007, Azerbaijan saw an average annual growth rate of the GDP per capita at constant prices of almost 20%, in contrast to the occupied Palestinian territory where this fell by 4%. Between these two extremes, Moldova showed the lowest average annual growth rates among ENP-East countries (6.8% for the period 2000 to 2006), and Morocco the highest rate for ENP-South countries (4.2% for the period 2000 to 2006). For the period 2000 to 2007 the EU-27 growth rate for GDP per capita at constant prices was 1.8%, lower than in all ENP countries except for Egypt, Israel and the occupied Palestinian territory.

### 3.3 Production

This section looks at the gross value added generated in the ENP economies by economic sectors. Gross value added is the difference between output and intermediate consumption. To obtain GDP at market prices, it is necessary to adjust gross value added by adding taxes and subtracting subsidies on products. As data on taxes less subsidies is only available for the whole economy, not by economic sector, it is not possible to calculate GDP for specific economic sectors. Gross value added, is therefore used to

analyse the relative position of different economic sectors. In this section, the ENP economies have been broken down into four economic sectors:

- agriculture;
- energy, mining, manufacturing, water and electricity;
- construction;
- services.

**Table 3.3.1:** Gross value added by economic sector (% share of total gross value added) <sup>(1)</sup>

	Agriculture		Energy, mining, manufacturing, water and electricity		Construction		Services	
	2000	2007	2000	2007	2000	2007	2000	2007
EU-27	2.4	1.9	22.3	20.2	5.6	6.3	69.7	71.7
Algeria	9.0	8.0	49.5	53.8	8.7	8.4	32.9	29.8
Armenia	25.5	20.1	24.1	16.7	11.3	27.4	39.1	35.8
Azerbaijan	15.9	5.5	36.1	60.6	6.5	7.1	41.5	26.8
Belarus	13.8	9.2	31.0	31.6	7.4	9.9	47.8	49.3
Egypt	16.5 <sup>(2)</sup>	14.9 <sup>(3)</sup>	30.1 <sup>(2)</sup>	32.3 <sup>(3)</sup>	4.7 <sup>(2)</sup>	4.0 <sup>(3)</sup>	48.7 <sup>(2)</sup>	48.8 <sup>(3)</sup>
Georgia	21.9	10.9	18.4	16.3	4.0	7.8	55.7	65.0
Israel	1.7	1.9	19.2	17.2	5.5	4.9	73.6	76.0
Jordan	2.0	2.5 <sup>(4)</sup>	18.0	20.8 <sup>(4)</sup>	3.4	4.0 <sup>(4)</sup>	76.6	72.7 <sup>(4)</sup>
Lebanon	6.4	5.2 <sup>(4)</sup>	12.9	11.9 <sup>(4)</sup>	8.0	7.4 <sup>(4)</sup>	72.7	75.4 <sup>(4)</sup>
Moldova	29.0	18.1 <sup>(5)</sup>	18.6	17.3 <sup>(5)</sup>	3.1	4.7 <sup>(5)</sup>	49.8	59.9 <sup>(5)</sup>
Morocco	14.9	15.7	24.0	21.6	5.1	6.2	56.0	56.5
Occupied Palestinian territory	9.1	8.0	15.7	12.8	6.3	2.5	68.9	76.7
Syria	24.8	20.2	30.1	27.1	3.2	2.6	41.9	50.1
Tunisia	14.3	12.2 <sup>(3)</sup>	27.6	26.5 <sup>(3)</sup>	5.4	6.2 <sup>(3)</sup>	52.7	55.2 <sup>(3)</sup>
Ukraine	16.4 <sup>(6)</sup>	7.6	30.6 <sup>(6)</sup>	32.2	4.1 <sup>(6)</sup>	5.1	48.9 <sup>(6)</sup>	55.1

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2002 data. (3) 2005 data. (4) 2004 data. (5) 2006 data. (6) 2001 data.



Table 3.3.1 shows that the ENP countries vary considerably in the way that their GVA is split between economic sectors. According to the latest available data, Syria, Armenia, Moldova and Morocco showed the highest GVA in agriculture, all recording values over 15%, while Israel and Jordan recorded values close to the EU-27 data. Algeria and Azerbaijan, both having large reserves of oil and natural gas, stand out as producing the majority of their GVA from the economic sector 'energy, mining, manufacturing, water and electricity', while in Israel, Jordan, Lebanon and the occupied Palestinian territory over 70% of the GVA comes from the services sector.

The percentage contributed by agriculture to total GVA varies in ENP countries from 1.9% in Israel to about 20% in Armenia and Syria. The three countries with the largest share of GVA produced in agriculture at the start of the time period — Armenia, Moldova and Syria — were still the most dependent on agriculture at the end of the time period. However, Moldova, whose percentage GVA from agriculture was 29% in 2000 saw this fall to 18% by 2006.

According to Table 3.3.1, the percentage of total GVA contributed by 'energy, mining, manufacturing, water and electricity' industries varied across ENP countries from 12% in Lebanon to more than 50% in Algeria and Azerbaijan. For these latter two countries the figures are accounted for by their large production of oil and natural gas. Armenia

recorded the biggest fall in the percentage of GVA from the industrial sector — over 7 percentage points — whereas Azerbaijan shows the highest increase in the GVA share of the industrial sector (24 percentage points). Except for Algeria and Azerbaijan, the countries maintained broadly stable contributions to GVA by the industrial sector.

Table 3.3.1 shows that construction has relatively low shares in GVA compared to the other economic sectors. Armenia has the highest share (27.4%), as well as the highest increase compared to 2000 (16 percentage points). All other ENP countries and the EU-27 saw little change in the importance of this sector to the economy.

For most ENP countries services is the economic sector with the highest share in GVA. Israel, Lebanon and the occupied Palestinian territory recorded the highest percentage value for this sector, all above the EU-27 value of 72%. Most countries showed little change of the services sector share in the GVA over the time period analysed, with the exception of Moldova (a rise of 10 percentage points between 2000 and 2006), Georgia (a rise of 9 percentage points between 2000 and 2007) and Syria (a rise of 8 percentage points between 2000 and 2006). Azerbaijan saw a fall of 15 percentage points in the share contributed to the economy by services (from almost 42% to less than 27%), mainly due to increasing importance of the industrial sector.

## 3.4 Expenditure

This section focuses on the main expenditure components of GDP. According to the expenditure approach, the GDP is calculated by adding up all of the expenditure on goods and services produced in the economy.

The GDP is obtained from the sum of final consumption expenditure of households and non-profit institutions serving households, final consumption expenditure of general government, gross capital formation (capital expenditure on tangible and intangible fixed assets, changes in inventories and acquisitions less disposals of valuables) and net exports of goods and services.

This approach can be represented by the following equation:

$$GDP = C + G + I + X - M$$

Where:

C = final consumption expenditure of households and NPISH (non-profit institutions serving households),

G = final consumption expenditure of general government,

I = gross capital formation,

X = exports,

M = imports.

The share of final consumption in the GDP is over 100% in Jordan, Lebanon, Moldova and the occupied Palestinian territory, but not much more than 40% in Algeria and Azerbaijan. In all other ENP countries the proportion is between 72% and 93% — whereas the figure for the EU-27 is 78%.

For countries where consumption is higher than 100% of the GDP, this means that the production of

the country cannot satisfy its internal demand which implies a strong dependency on imports either for investing or compensating this lack of production. Conversely, for countries with a low share of GDP devoted to consumption, this means that a large part of the production is oriented towards either exports or gross capital formation (see Table 3.4.2).

**Table 3.4.1: Final consumption expenditure (%) <sup>(1)</sup>**

	Final consumption expenditure as a share of GDP		of which:			
			Households and NPISHs		General Government	
	2000	2007	2000	2007	2000	2007
EU-27	78.5	77.7	58.6	57.2	19.8	20.5
Algeria	55.2	43.1	41.6	31.8	13.6	11.3
Armenia	108.9	81.2	97.1	70.7	11.8	10.5
Azerbaijan	79.5	41.8	64.4	35.3	15.1	6.5
Belarus	77.7	72.3	57.9	53.4	19.8	18.9
Egypt	87.1	84.3 <sup>(2)</sup>	75.9	71.6 <sup>(2)</sup>	11.2	12.7 <sup>(2)</sup>
Georgia	99.1	92.5	90.5	70.7	8.5	21.9
Israel	79.4	81.7	52.6	54.8	26.8	26.9
Jordan	103.9	107.6 <sup>(2)</sup>	80.2	88.1 <sup>(2)</sup>	23.7	19.5 <sup>(2)</sup>
Lebanon	103.2	100.4 <sup>(3)</sup>	85.6	85.5 <sup>(3)</sup>	17.6	15.0 <sup>(3)</sup>
Moldova	103.0	113.4 <sup>(4)</sup>	88.4	95.1 <sup>(4)</sup>	14.7	18.3 <sup>(4)</sup>
Morocco	79.9	73.8	61.5	55.5	18.4	18.3
Occupied Palestinian territory	121.4	129.1 <sup>(5)</sup>	95.6	102.0 <sup>(5)</sup>	25.8	27.1 <sup>(5)</sup>
Syria	75.8	78.8	63.4	66.0	12.4	12.8
Tunisia	76.3	78.6 <sup>(2)</sup>	60.7	63.5 <sup>(2)</sup>	15.6	15.1 <sup>(2)</sup>
Ukraine	75.2	78.6	56.6	60.1	18.6	18.5

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated; (2) 2005 data; (3) 2004 data; (4) 2006 data; (5) 2003 data



**Table 3.4.2:** Gross capital formation and imports and exports of goods and services as a share of GDP (%) <sup>(1)</sup>

	Gross capital formation as a share of GDP		of which:				Imports of goods and services as a share of GDP		Exports of goods and services as a share of GDP	
			Gross fixed capital formation		Change in stocks					
	2000	2007	2000	2007	2000	2007	2000	2007	2000	2007
EU-27	21.3	21.8	20.7	21.2	0.7	0.6	35.9	39.7	36.1	40.1
Algeria	23.6	29.6	20.7	23.1	2.9	6.5	20.8	21.7	42.1	49.0
Armenia	18.6	37.3	18.4	36.4	0.2	0.9	50.5	38.0	23.4	18.7
Azerbaijan	20.7	21.3	23.1	21.2	-2.4	0.1	38.4	30.2	40.2	72.1
Belarus	25.8	33.9	25.6	31.4	0.2	2.5	69.4	69.3	65.9	63.1
Egypt	19.6	18.0 <sup>(2)</sup>	18.9	17.9 <sup>(2)</sup>	0.6	0.1 <sup>(2)</sup>	22.8	32.6 <sup>(2)</sup>	16.2	30.3 <sup>(2)</sup>
Georgia	26.6	29.0	25.4	28.3	1.1	0.8	39.7	57.7	23.0	31.5
Israel	20.9	17.6	19.1	17.3	1.8	0.3	38.5	43.8	38.2	44.5
Jordan	22.4	33.8 <sup>(2)</sup>	21.1	30.3 <sup>(2)</sup>	1.3	3.4 <sup>(2)</sup>	68.1	89.1 <sup>(2)</sup>	41.8	49.2 <sup>(2)</sup>
Lebanon	20.3	21.9 <sup>(3)</sup>	:	:	:	:	37.1	42.1 <sup>(3)</sup>	13.6	19.9 <sup>(3)</sup>
Moldova	23.9	34.3 <sup>(4)</sup>	15.4	28.0 <sup>(4)</sup>	8.5	6.3 <sup>(4)</sup>	76.6	94.4 <sup>(4)</sup>	49.6	46.7 <sup>(4)</sup>
Morocco	25.5	31.6	25.9	28.7	-0.4	2.9	33.3	38.4	27.9	33.0
Occupied Palestinian territory	33.9	27.1 <sup>(5)</sup>	33.1	26.8 <sup>(5)</sup>	0.8	0.2 <sup>(5)</sup>	71.2	66.8 <sup>(5)</sup>	15.8	10.6 <sup>(5)</sup>
Syria	17.3	17.5	:	:	:	:	29.2	36.4	36.1	40.1
Tunisia	27.4	22.0 <sup>(2)</sup>	26.0	22.3 <sup>(2)</sup>	1.4	-0.3 <sup>(2)</sup>	48.2	52.1	44.5	50.1
Ukraine	19.8	27.0	19.7	27.4	0.1	-0.4	57.4	50.9	62.4	45.3

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2005 data. (3) 2004 data. (4) 2006 data. (5) 2003 data.

Over the period observed, the share of final consumption expenditure in GDP increased in seven countries (Israel, Jordan, Moldova, occupied Palestinian territory, Syria, Tunisia and Ukraine), while it decreased in the remaining ENP countries and the EU-27. Growth ranged from 2.3 percentage points in Israel to 10.4 percentage points in Moldova. Consumption increases in Israel and Tunisia were realised at the expense of reduced investments. In the case of Moldova, the value of imports almost equalled total GDP, representing 95% of its total value, while the occupied Palestinian territory's imports represented almost 70% of GDP, compared to a figure of 11% for exports. These figures contrast sharply with that of EU-27, which recorded almost equal values for imports and exports in both 2000 and 2007.

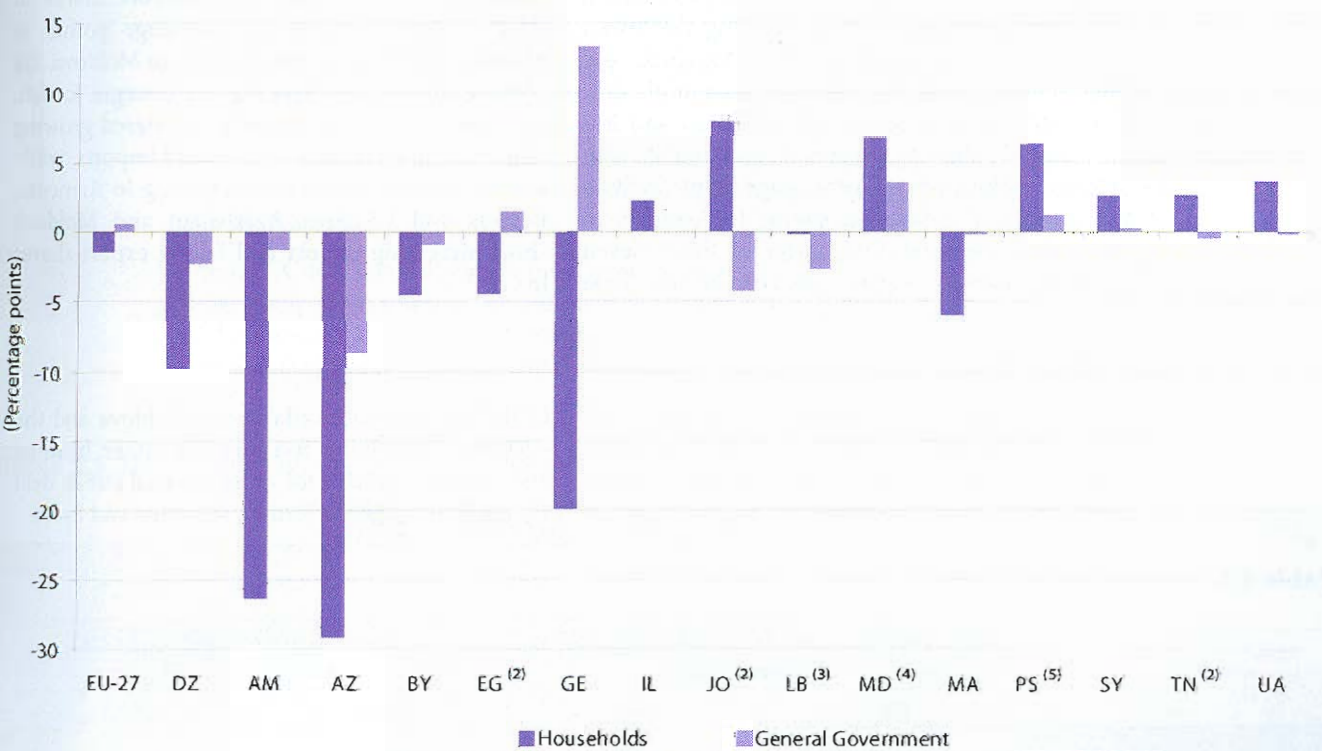
Decreases of final consumption expenditure as share of GDP were recorded in Algeria, Armenia, Azerbaijan, Belarus, Egypt, Georgia, Lebanon and Morocco. In Algeria and Azerbaijan this was due to investments, as well as higher exports than imports. Imports exceeded exports in the majority of ENP countries.

Table 3.4.1 shows that — similar to the EU-27 — final consumption expenditure in all ENP countries is mainly driven by private consumption. Private consumption is almost twice as high as general government consumption in Israel and seven times higher in Armenia. Countries showing a similar structure of final consumption expenditure to the EU-27 (households and NPISH's consumption being three times higher than general government consumption) are Algeria, Belarus, Georgia, Moldova and Ukraine.

Figure 3.4.1 shows how the share of households and general government final consumption expenditure changed during the period observed. The most striking changes were seen in Armenia, Azerbaijan and Georgia, which all recorded a fall of between 20% and 30% of households' share in final consumption expenditure. However, Georgia recorded the largest rise of general government consumption among the ENP countries, over 13%.

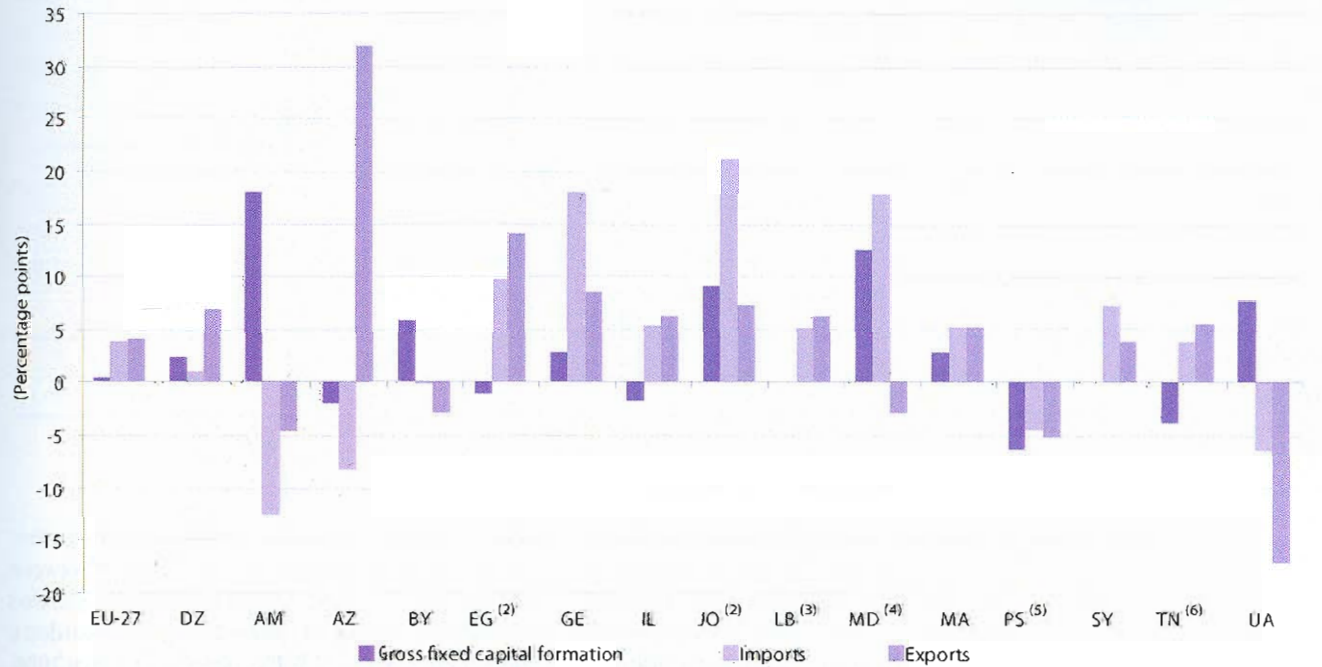


**Figure 3.4.1:** Change in percentage points between 2000 and 2007 of the final consumption expenditure of households and of the general government as a share of GDP <sup>(1)</sup>



(1) For ENP-South countries 2006 data are used instead of 2007, except otherwise indicated. (2) 2000-2005. (3) 2000-2004. (4) 2000-2006. (5) 2000-2003.

**Figure 3.4.2:** Change in percentage points between 2000 and 2007 of the gross fixed capital formation, imports and exports as a share of GDP <sup>(1)</sup>



(1) For ENP-South countries 2006 data are used instead of 2007, except otherwise indicated. (2) 2000-2005. (3) 2000-2004. (4) 2000-2006. (5) 2000-2003.

(6) 2000-2005 for gross fixed capital formation.



The figures for gross capital formation as percentage of GDP of all ENP countries are relatively closely grouped around the EU-27 value (22% in 2007), with Syria, Israel and Egypt recording the lowest percentages (around 18%) and Armenia and Moldova recording the highest, at around 35%. There are eleven countries (all ENP-East and five ENP-South) showing growing investment with increases of between 0.2 percentage points in Syria and almost 19 percentage points in Armenia in the period observed. Only three of these eleven countries, namely Algeria, Azerbaijan and Syria

were net exporters while the remaining eight (five of them ENP-East countries) were net importers with import shares exceeding export shares in GDP ranging between 5 percentage points in Morocco and 48 percentage points in Moldova. Six of these eleven countries (Algeria, Georgia, Jordan, Lebanon, Morocco and Syria) registered growing shares in GDP for both exports and imports, while exports and imports were decreasing in Armenia, Belarus and Ukraine. Azerbaijan and Moldova show increasing import and falling export shares in GDP.

### 3.5 Other economic indicators

Table 3.5.1 shows information on two aspects of the public finances of ENP countries — general government deficit/surplus and gross external public debt, both expressed as a percentage of

GDP. Data are not available for Moldova and the occupied Palestinian territory for either heading and also not available for gross external public debt for the EU-27, Egypt, Jordan, Morocco and Syria.

**Table 3.5.1:** Public finance (%) <sup>(1)</sup>

	General government deficit (-) / surplus (+) as a share of GDP		Gross external public debt as a share of GDP	
	2000	2007	2000	2007
EU-27	0.6	-0.9	:	:
Algeria	9.4	11.1	98.9 <sup>(2)</sup>	:
Armenia	-4.8	0.1	44.7	31.9
Azerbaijan	1.0	0.2	23.9	7.8
Belarus	0.3	0.4	16.0	28.4
Egypt	-9.8 <sup>(3)</sup>	-9.4 <sup>(4)</sup>	:	:
Georgia	-3.4	-0.3	50.4	14.0
Israel	-2.1	-1.8	88.1	88.3
Jordan	-2.0	-7.0 <sup>(4)</sup>	:	:
Lebanon	-8.9	-3.7 <sup>(5)</sup>	139.5	153.6 <sup>(5)</sup>
Moldova	:	:	:	:
Morocco	-2.3	-1.9 <sup>(5)</sup>	:	:
Occupied Palestinian territory	:	:	:	:
Syria	-2.1	-5.1 <sup>(4)</sup>	:	:
Tunisia	-1.8	-2.6 <sup>(4)</sup>	61.9	58.3 <sup>(4)</sup>
Ukraine	0.6	-1.1	53.6 <sup>(3)</sup>	51.2 <sup>(6)</sup>

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 1995 data. (3) 2002 data (4) 2005 data. (5) 2004 data. (6) 2006 data

The International Monetary Fund (IMF) 'Guide for compilers and Users' defines the government of a country as consisting 'of all the public authorities and their agencies, which are entities established through political processes that exercise legislative, judicial, and executive authority within a territorial area.'

Table 3.5.1 shows that EU-27 general government changed from 0.6% surplus to 0.9% deficit between 2000 and 2007 — few ENP countries also showed such stability during the period. Algeria recorded a government surplus of 9.4% rising to 11.1% in 2006, in contrast to Egypt, which recorded a deficit of



over 9% in both years. Apart from Algeria, Belarus and Azerbaijan were the only other two countries to report a surplus in both years shown, though in these cases the figures recorded were between 0.2% and 1.0%. Armenia was the only ENP country to record a deficit (almost 5% of GDP) in 2000 followed by a surplus in 2007 (0.1%), while Ukraine recorded a surplus of 0.6% in 2000 changing to a deficit of 1.1% in 2007. All other ENP countries recorded deficits in both years shown.

The IMF Guide (cited above) defines gross external debt, at any given time, as *'the outstanding amount of those actual current, and not contingent, liabilities that require payment(s) of principal and/or interest*

*by the debtor at some point(s) in the future and that are owed to non-residents by residents of an economy.'* All ENP-South countries recorded larger gross external debts than ENP-East countries in either available year. Lebanon recorded gross external debt of 140% of GDP in 2000, rising to 154% in 2004, being the only ENP country to show figures higher than 100%. However, Algeria recorded a figure of just below 100% in 2000 (no figure being available for a later year) and Israel showed figures of almost 90% in both 2000 and 2006. Belarus is the only ENP country to record a sharp rise in gross external debt, showing this at 16% in 2000 and rising to almost 30% in 2007.

**Table 3.5.2:** Consumer price index (% , 2000=100)

	2000	2001	2002	2003	2004	2005	2006	2007
EU-27	100.0	103.2	105.8	108.1	110.5	113.1	115.7	118.4
Algeria <sup>(1) (2)</sup>	100.0	104.2	105.7	108.4	112.3	114.1	117.0	:
Armenia	100.0	103.2	104.2	109.2	116.8	117.5	120.9	126.2
Azerbaijan	100.0	101.5	104.3	106.6	113.8	124.7	135.1	157.6
Belarus	100.0	161.1	229.7	295.0	348.4	384.2	411.1	445.7
Egypt	100.0	102.3	105.1	109.5	127.5	133.7	144.3	:
Georgia	100.0	104.7	110.6	115.9	122.5	132.5	144.7	158.0
Israel <sup>(2)</sup>	100.0	101.0	106.7	107.4	107.0	108.4	110.7	:
Jordan	100.0	101.8	103.6	105.3	108.9	112.7	115.5	:
Lebanon <sup>(3)</sup>	100.0	101.3	105.6	108.8	110.6	107.7	113.7	:
Moldova	100.0	109.6	115.3	128.7	144.6	161.8	182.4	:
Morocco <sup>(4)</sup>	100.0	100.6	103.4	104.6	106.2	107.2	110.8	:
Occupied Palestinian territory	100.0	101.2	107.0	111.7	115.1	119.1	123.5	:
Syria <sup>(5)</sup>	100.0	103.0	104.0	109.3	114.1	122.6	134.9	:
Tunisia	100.0	102.0	104.8	107.6	111.5	113.8	118.9	:
Ukraine	100.0	112.0	112.9	118.8	129.5	146.9	160.3	180.8

(1) Consumer general price index. (2) At the end of the year. (3) The price of house rents and charges is not included. (4) Cost of living index in urban area. (5) COICOP is applied starting from 2006; base year for 2006 is 2005=100.

Table 3.5.2 presents the consumer price index in the ENP countries. Israel, Jordan, Lebanon and Morocco have lower inflation rates than the EU-27.

Belarus stands out as having experienced by far the highest inflation rate driven by a big depreciation of its currency compared to the euro. The next highest inflation rates are recorded for Moldova and Ukraine. At the other extreme, Israel and Morocco

show inflation rates just over 10% during the period 2000-2006, while Tunisia, Algeria, Jordan and Lebanon all reported inflation rates of less than 20% over the same period. Egypt experienced the highest inflation rate of ENP-South countries (almost 45%), while Armenia recorded the lowest inflation rate in the ENP-East countries.



# 4

## External dimension of the economy



## 4. External dimension of the economy

### 4.1 Introduction

This chapter provides information from ENP countries on the statistical sectors related to the external dimension of the economy: external trade (in goods and services), balance of payments statistics and also tourism statistics, which play an important role in some ENP countries, in particular ENP-South countries. The balance of payments is a key economic statistical series for any country. It measures the economic transactions between the residents of that country and the rest of the world.

The major component in the balance of payments is made up of the totals for imports and exports of goods. Over the time period shown, generally 2000 to 2006 or 2007, imports of ENP countries counted in euro have grown on average by 50%, while

exports have risen by 64%, leading to a reduction in the trade deficit of these countries. EU-27 is the major goods trading partner of most ENP countries, being responsible for around 35% of both imports and exports across all ENP countries. ENP countries are varied in the goods they trade, some, notably, Algeria, Azerbaijan and Egypt being large exporters of oil, while the rest of the ENP countries are importers of oil products.

For most ENP-East countries, the weight of services in the balance of payments has grown substantially over recent years. Most ENP countries are net recipients of foreign direct investment, and the inward flows in particular have generally grown strongly over the period shown.

#### Box 4.1: Exchange rates

All the figures used in this chapter are expressed in euro so the exchange rates of national currencies against the euro have a major bearing on understanding them. A negative figure in Table 4.1.1 below, means that the national currency gained in value against the euro during the year, while a positive figure means that it lost in value.

**Table 4.1.1: Development of the exchange rates compared to the previous year (%)**

	2001/2000	2002/2001	2003/2002	2004/2003	2005/2004	2006/2005	2007/2006
Algeria	-0.35	8.81	16.11	2.51	1.90	-0.11	:
Armenia	-0.31	8.95	20.70	1.30	-13.87	-8.62	-10.24
Azerbaijan	:	:	21.03	9.98	-3.36	-5.00	4.72
Belarus	103.06	36.14	37.88	15.86	-0.08	0.39	9.10
Egypt	10.34	20.34	58.92	13.46	-7.16	0.89	:
Georgia	3.60	10.49	16.41	-1.83	-5.10	-11.33	2.53
Israel	-0.09	18.96	14.70	8.43	0.24	0.16	:
Jordan	1.90	5.26	19.80	10.10	0.09	1.10	:
Lebanon	-2.98	5.59	19.73	9.80	-0.09	1.15	:
Moldova	0.26	11.37	22.65	-2.62	2.41	5.06	:
Morocco	4.55	1.54	4.08	1.91	0.01	0.18	:
Occupied Palestinian territory <sup>(1)</sup>	-0.09	18.96	14.70	8.43	0.24	0.16	:
Syria	-2.30	7.89	19.70	14.28	4.44	-1.71	:
Tunisia	7.93	4.20	8.61	6.27	4.13	3.62	:
Ukraine	-4.37	4.57	19.68	9.80	-3.33	-0.83	9.17

(1) The currency officially in use in the occupied Palestinian territory is the Israeli shekel.

It can be seen in Table 4.1.1 that in general over the period shown currencies of ENP countries depreciated year by year against the euro, though this movement has diminished over time. Most ENP countries showed a peak in this loss of value between 2002 and 2003, when there was an average loss of 20% in the value of their currencies, though this average diminished substantially the following year to 7% before stabilising in the most recent years shown. There are some notable exceptions to this overall picture. Israel and the occupied Palestinian territory (using officially the Israeli shekel) were the only countries where the depreciation of the national currency compared to the euro peaked between 2001 and 2002, rather than the following year. Morocco and Tunisia are notable for having generally recorded a much more stable picture than other ENP countries, showing no annual change higher than 10%, while Belarus recorded its largest change between 2000 and 2001, when its currency depreciated by half compared to the euro.



## 4.2. External trade in goods

The IMF *Balance of Payments Manual*, 5th edition (BPM5) defines trade in goods as covering general merchandise, goods for processing, repairs on goods, goods procured in ports by carriers, and non-monetary gold. General merchandise (with some exceptions) refers to moveable goods for which real or imputed changes of ownership occur between the residents of a country and the rest of the world.

The value of both imports and exports of goods recorded for the ENP countries varies widely, reflecting their geographical position and the size and composition of their economies. As far as imports are concerned, the largest economies, Israel and Ukraine, are also together with Morocco by far the largest importers in the latest year. Algeria and Israel were by far the largest exporters among ENP countries, recording values of EUR 43 billion and EUR 37 billion respectively.

### 4.2.1 Degree of openness

**Table 4.2.1:** Degree of openness

	2000	2001	2002	2003	2004	2005	2006	2007
EU-27	0.10	0.10	0.09	0.09	0.09	0.10	0.11	0.11
Algeria	0.28	0.27	0.27	0.28	0.30	0.32	0.33	:
Armenia	0.30	0.28	0.30	0.34	0.28	0.27	0.24	0.23
Azerbaijan	:	:	0.31	0.36	0.41	:	:	:
Belarus	0.58	0.63	0.58	0.60	0.65	0.54	0.57	0.59
Egypt	0.10	0.09	0.10	0.12	0.13	0.16	:	:
Georgia	0.16	0.15	0.16	0.20	0.24	0.26	:	:
Israel	0.28	0.26	0.29	0.29	0.32	0.34	0.34	:
Jordan	0.30	0.40	0.40	0.43	0.55	0.61	0.59	:
Lebanon	0.21	0.24	0.22	0.24	0.28	:	:	:
Moldova	0.49	0.49	0.50	0.55	0.53	0.57	0.56	:
Morocco	0.26	0.24	0.24	0.23	0.25	0.27	0.28	:
Occupied Palestinian territory	0.34	0.30	0.25	0.27	:	:	:	:
Syria	0.22	0.24	0.27	0.25	0.25	0.31	0.30	:
Tunisia	0.40	0.42	0.39	0.35	0.40	0.41	0.43	:
Ukraine	0.46	0.42	0.41	0.46	0.47	0.46	:	:

The degree of openness of an economy is an indicator of how open the economy is to foreign trade and is calculated as the average of exports and imports as share of GDP at current prices. It should be noted that the equation used here does not include trade in services.

Throughout the period shown, EU-27 recorded a U-shaped trajectory, with values between 0.09 and 0.11. Looking at the development over the observed period, three groups of countries can

be distinguished: a first group of nine countries (Algeria, Azerbaijan, Egypt, Georgia, Israel, Jordan, Lebanon, Moldova and Syria) seemed to follow an upward trend, while fluctuations in a relatively stable range were observed for four countries (Belarus, Morocco, Tunisia and Ukraine). The third group, for which a downward trend of the degree of openness was recorded since 2000, consists of Armenia and the occupied Palestinian territory.



## 4.2.2 Trade balance – cover ratio

The cover ratio of an economy is an expression of the trade in goods balance of that economy, as it is calculated by dividing the value of exports of goods by the value for imports of goods. If the figure is below 1, imports are greater than exports, and vice versa. The figures in Table 4.2.2 are therefore closely related to those in Table 4.2.6, which shows the balance of trade in goods for ENP countries and EU-27.

Algeria and Azerbaijan stand out as being the only ENP countries in the period since 2000 to have consistently recorded cover ratios above one

(with the exception of Azerbaijan in 2003). As will be seen below, these two countries export large amounts of oil and natural gas, which account for this positive trade in goods balances. Syria and Ukraine also recorded cover ratio values over 1 between 2000 and 2003 or 2004 respectively, but in the most recent years showed values below 1. Israel and Belarus recorded cover ratios in the same range as EU-27 over the period shown. Lebanon and the occupied Palestinian territory recorded the lowest values of the cover ratio of trade in goods, generally between 0.11 and 0.24.

**Table 4.2.2:** EU-27 and ENP countries cover ratio of trade in goods (exports divided by imports)

	2000	2001	2002	2003	2004	2005	2006	2007
EU-27	0.86	0.90	0.95	0.93	0.93	0.89	0.86	0.87
Algeria	2.41	1.92	1.52	1.82	1.75	2.26	2.55	:
Armenia	0.35	0.40	0.52	0.55	0.54	0.55	0.46	0.37
Azerbaijan	1.49	1.62	1.30	0.99	1.02	:	:	:
Belarus	0.85	0.93	0.91	0.86	0.84	0.95	0.89	0.85
Egypt	0.34	0.33	0.37	0.57	0.60	0.54	0.67	:
Georgia	0.48	0.44	0.47	0.42	0.35	0.35	:	:
Israel	0.88	0.87	0.89	0.93	0.94	0.95	0.98	:
Jordan	0.32	0.47	0.55	0.55	0.56	0.47	0.45	:
Lebanon	0.11	0.12	0.16	0.21	0.19	0.20	0.24	:
Moldova	0.61	0.64	0.62	0.57	0.56	0.47	0.39	:
Morocco	0.64	0.65	0.66	0.62	0.56	0.54	0.53	:
Occupied Palestinian territory	0.17	0.14	0.16	0.16	0.13	0.13	:	:
Syria	1.21	1.11	1.46	1.12	0.76	0.84	0.95	:
Tunisia	0.68	0.69	0.72	0.72	0.76	0.80	0.78	:
Ukraine	1.05	1.03	1.06	1.00	1.13	0.78	:	:



**Table 4.2.3:** Cover ratio for trade in goods of the EU-27 with ENP countries (exports divided by imports) <sup>(1)</sup>

	2000		2007	
	ENP-East	ENP-South	ENP-East <sup>(2)</sup>	ENP-South
Food and live animals	2.61	1.85	1.52	1.14
Beverages and tobacco	5.92	7.53	3.07	9.24
Crude materials, inedible, except fuels	0.12	0.94	0.22	1.46
Mineral fuels, lubricants and related materials	0.25	0.11	0.14	0.20
Animal and vegetable oils, fats and waxes	1.55	1.35	0.27	0.27
Chemicals and related products, n.e.s.	1.71	2.39	3.24	2.24
Manufactured goods classified chiefly by material	0.99	2.85	0.86	2.41
Machinery and transport equipment	5.76	3.59	11.04	3.79
Miscellaneous manufactured articles	1.45	0.62	2.18	0.62
Commodities and transactions not classified elsewhere in the SITC	1.23	3.86	4.30	2.52
<b>TOTAL</b>	<b>1.13</b>	<b>1.13</b>	<b>1.42</b>	<b>1.11</b>

(1) For ENP-South countries 2006 data are shown instead of 2007. (2) 2004 data for Azerbaijan. 2005 data for Ukraine.

Table 4.2.3 shows the cover ratio for trade between the EU-27 and the ENP countries by groups of products traded. The cover ratio for trade in goods of the EU-27 with ENP countries was over one in recent years for most groups of goods and for the trade with both ENP-East and ENP-South countries. The sector 'mineral fuels, lubricants and related materials', showed the lowest cover ratio for EU trade with both country groups and years, and indicated large trade deficits. This is because of the high trade

balance in this sector recorded by Azerbaijan and Algeria. In the sector 'machinery and transport equipment', which is the most important sector for imports for around half of the ENP countries, EU-27 trade with ENP-East countries recorded a figure of 11.04 in 2007 (a rise from 5.76 in 2000) in comparison to the trade with ENP-South countries that recorded a value of 3.79 (almost the same as the 2000 ratio of 3.59).

#### Box 4.II: Standard International Trade Classification (SITC) — one-digit level

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

Exports are recorded at their 'free on board' (FOB) value and imports at their 'cost, insurance and freight' (CIF) value.

Therefore, import values include charges such as transport and insurance, relating to that part of the journey which takes place outside the statistical territory of the importing country.

Export values correspond to the value of goods at the place and time when they leave the statistical territory of the exporting country.



## 4.2.3 Imports and exports of goods

Table 4.2.4 shows that imports to ENP countries totalled just below EUR 195 billion (data for the last year for which they are available in each country), compared to a total of EUR 1 424 billion into EU-27. Exports are at a slightly lower level accounting for around EUR 176 billion in the ENP countries' (for the same period than for imports), compared to

EU-27's EUR 1 239 billion. It is worth noting that EU-27 is the world's second largest importer after the USA, and the world's largest exporter. The deficit for ENP countries was just around EUR 19 billion, while the EU-27 deficit in 2006 was EUR 192 billion (the largest recorded over the period, though this fell slightly to EUR 186 billion in 2007).

**Table 4.2.4:** Imports of goods (million EUR)

	2000	2001	2002	2003	2004	2005	2006	2007
EU-27	992 698	979 145	936 972	935 245	1 027 522	1 180 005	1 351 445	1 424 229
Algeria	9 909	11 108	13 076	11 963	14 718	16 356	17 085	:
Armenia	914	933	998	1 079	1 048	1 367	1 660	2 224
Azerbaijan	1 273	1 599	1 754	2 309	2 824	:	:	:
Belarus	9 389	8 997	9 455	10 194	13 237	13 526	17 743	20 828
Egypt	15 061	14 214	13 169	9 548	10 308	15 973	16 356	:
Georgia	730	760	773	1 004	1 483	2 003	:	:
Israel	38 698	37 184	35 010	30 243	32 936	36 202	38 120	:
Jordan	4 138	5 438	5 308	4 996	6 544	8 403	9 224	:
Lebanon	6 794	8 026	7 513	6 996	8 268	7 523	7 483	:
Moldova	846	997	1 094	1 232	1 420	1 854	2 138	:
Morocco	12 519	12 189	12 551	12 583	14 329	16 728	19 083	:
Occupied Palestinian territory	2 580	2 271	1 603	1 591	1 908	2 144	:	:
Syria	4 131	5 084	4 746	4 518	5 667	7 562	8 137	:
Tunisia	10 069	11 085	10 070	8 970	10 237	10 605	11 944	:
Ukraine	15 146	17 628	17 908	20 272	23 157	35 721	:	:

**Table 4.2.5:** Exports of goods (million EUR)

	2000	2001	2002	2003	2004	2005	2006	2007
EU-27	849 739	884 707	891 898	869 236	952 954	1 053 188	1 159 212	1 238 710
Algeria	23 853	21 371	19 915	21 757	25 792	36 952	43 487	:
Armenia	321	371	515	589	567	757	766	821
Azerbaijan	1 895	2 588	2 282	2 282	2 891	:	:	:
Belarus	7 965	8 410	8 566	8 784	11 073	12 895	15 707	17 713
Egypt	5 062	4 627	4 930	5 401	6 165	8 583	10 887	:
Georgia	349	332	366	418	523	702	:	:
Israel	34 005	32 448	31 209	28 096	31 048	34 380	37 282	:
Jordan	1 333	2 561	2 929	2 723	3 633	3 982	4 157	:
Lebanon	779	979	1 219	1 488	1 536	1 514	1 818	:
Moldova	514	634	678	697	791	880	836	:
Morocco	8 054	7 884	8 315	7 757	7 975	9 006	10 142	:
Occupied Palestinian territory	434	324	255	247	251	270	:	:
Syria	5 017	5 636	6 912	5 066	4 327	6 387	7 734	:
Tunisia	6 877	7 689	7 270	6 501	7 786	8 438	9 311	:
Ukraine	15 882	18 177	18 918	20 357	26 133	27 851	:	:



Comparing figures between 2000 and the last available reference year, seven countries recorded large increases in imports of over 100%. All ENP-East countries are part of this group with percentages ranging between 122% in both Azerbaijan and Belarus and 174% in Georgia. From the group of ENP-South countries only Jordan showed a similar growth (around 120%) while all other countries showed lower increases apart from Israel and the occupied Palestinian territory, which saw a fall in recorded imports of 2% and 17% respectively.

Most ENP countries have also seen a steady rise in their exports over the period observed. Jordan and Armenia have recorded the largest percentage growth for exports (210% and 150%, respectively), while Algeria and Ukraine recorded the highest absolute increase (EUR 20 billion and EUR 12 billion, respectively). As with imports, the occupied Palestinian territory recorded a fall in exports, of EUR 164 million (-40%) between 2000 and 2005.

**Table 4.2.6: Trade balance (million EUR)**

	2000	2001	2002	2003	2004	2005	2006	2007
EU-27	-142 959	-94 438	-45 073	-66 010	-74 568	-126 817	-192 233	-185 520
Algeria	13 944	10 263	6 839	9 794	11 074	20 596	26 402	:
Armenia	-594	-562	-483	-490	-481	-610	-894	-1 403
Azerbaijan	621	988	528	-27	67	:	:	:
Belarus	-1 424	-587	-889	-1 410	-2 164	-631	-2 037	-3 115
Egypt	-9 998	-9 587	-8 239	-4 148	-4 143	-7 390	-5 469	:
Georgia	-381	-429	-408	-585	-960	-1 301	:	:
Israel	-4 693	-4 736	-3 801	-2 147	-1 889	-1 822	-838	:
Jordan	-2 805	-2 877	-2 379	-2 272	-2 911	-4 421	-5 067	:
Lebanon	-6 015	-7 047	-6 294	-5 509	-6 732	-6 009	-5 666	:
Moldova	-333	-363	-415	-535	-629	-974	-1 301	:
Morocco	-4 465	-4 306	-4 237	-4 826	-6 354	-7 722	-8 941	:
Occupied Palestinian territory	-2 146	-1 947	-1 348	-1 344	-1 657	-1 874	:	:
Syria	886	552	2 166	548	-1 340	-1 175	-403	:
Tunisia	-3 193	-3 396	-2 801	-2 468	-2 452	-2 166	-2 633	:
Ukraine	737	549	1 010	85	2 976	-7 870	:	:

#### 4.2.4 Trade by groups of goods

An analysis of trade in goods can be made on a product basis, at an aggregated level, by using the first digit of the Standard International Trade Classification (SITC — see Box 4.II for details of the classification). The ENP countries are very varied in the types of goods they import and export and Tables 4.2.7 and 4.2.8 also make clear that the percentage of trade attributable to particular categories has sometimes changed substantially over quite short periods.

In general, the percentage of imports attributed to the different sectors of goods is quite balanced, but Tables 4.2.7a and b show that the highest percentage in most countries falls into the categories 'Mineral fuels, lubricants and related materials' and 'Machinery and transport equipment'. Regarding exports the highest percentages are again registered for the section of 'Mineral fuels, lubricants and related materials' because of the large quantity of natural resources (oil and gas) in Algeria, Azerbaijan, Egypt and Syria.



**Table 4.2.7a:** Imports by groups of goods (SITC) 2000 and 2007 (in % of total imports) <sup>(1)</sup>

	Food and live animals - SITC0		Beverages and tobacco - SITC1		Crude materials, inedible, except fuels - SITC2		Mineral fuels, lubricants and related material - SITC3		Animal and vegetable oils, fats and waxes - SITC4	
	2000	2007	2000	2007	2000	2007	2000	2007	2000	2007
EU-27	4.9	4.8	0.6	0.5	4.7	4.5	16.2	23.3	0.3	0.4
Algeria	25.8	19.4 <sup>(2)</sup>	0.4	0.2 <sup>(2)</sup>	2.9	2.5 <sup>(2)</sup>	1.4	0.9 <sup>(2)</sup>	1.9	2.1 <sup>(2)</sup>
Armenia	20.6	13.1	2.5	4.0	1.1	2.1	20.8	17.0	1.7	1.2
Azerbaijan	16.2	10.0 <sup>(2)</sup>	1.6	0.9 <sup>(2)</sup>	5.0	2.9 <sup>(2)</sup>	4.8	11.4 <sup>(2)</sup>	0.8	0.9 <sup>(2)</sup>
Belarus	9.8	5.4	1.6	1.1	4.2	3.2	30.0	35.3	0.9	0.5
Egypt	20.6	14.8	1.7	1.0	7.3	7.5	7.6	16.3	2.1	2.3
Georgia	17.3	14.2 <sup>(3)</sup>	5.1	1.7 <sup>(3)</sup>	1.2	0.9 <sup>(3)</sup>	19.7	19.7 <sup>(3)</sup>	0.4	1.1 <sup>(3)</sup>
Israel	4.3	4.6	0.4	0.5	2.0	1.9	10.0	13.9	0.2	0.2
Jordan	18.3	11.3	1.1	1.1	3.6	1.7	4.8	23.6	1.4	1.1
Lebanon	14.6	12.2	2.1	1.6	2.9	2.2	16.5	25.0	0.8	1.0
Moldova	5.2	7.4 <sup>(4)</sup>	7.5	3.3 <sup>(4)</sup>	3.0	2.4 <sup>(4)</sup>	32.2	24.2 <sup>(4)</sup>	0.3	0.3 <sup>(4)</sup>
Morocco	11.1	6.9	0.6	0.5	5.2	5.0	17.7	21.3	1.3	1.2
Occupied Palestinian territory	18.1	17.0 <sup>(3)</sup>	4.3	3.8 <sup>(3)</sup>	2.6	2.3 <sup>(3)</sup>	19.1	26.9 <sup>(3)</sup>	0.8	0.8 <sup>(3)</sup>
Syria	13.3	10.7	0.3	0.9	5.9	4.0	3.7	27.1	3.8	0.7
Tunisia	6.5	6.0	0.6	0.5	4.6	3.5	10.5	14.8	1.0	1.6
Ukraine	4.7	4.1 <sup>(3)</sup>	1.2	1.1 <sup>(3)</sup>	5.5	3.2 <sup>(3)</sup>	42.8	39.7 <sup>(3)</sup>	0.3	0.4 <sup>(3)</sup>

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2004 data. (3) 2005 data. (4) 2006 data.

**Table 4.2.7b:** Imports by groups of goods (SITC) 2000 and 2007 (in % of total imports) (continued) <sup>(1)</sup>

	Chemicals and related products, n.e.s. - SITC5		Manufactured goods classified chiefly by material - SITC6		Machinery and transport equipment - SITC7		Miscellaneous manufactured articles - SITC8		Commodities and transactions not classified elsewhere in the SITC - SITC9	
	2000	2007	2000	2007	2000	2007	2000	2007	2000	2007
EU-27	7.1	8.4	11.2	13.2	37.4	29.0	14.0	13.5	3.6	2.2
Algeria	11.6	12.0 <sup>(2)</sup>	17.1	17.1 <sup>(2)</sup>	34.5	40.9 <sup>(2)</sup>	4.4	4.9 <sup>(2)</sup>	0.0	0.0 <sup>(2)</sup>
Armenia	10.8	10.3	20.8	23.1	14.6	17.8	5.5	6.9	1.5	4.5
Azerbaijan	8.0	5.0 <sup>(2)</sup>	17.5	22.5 <sup>(2)</sup>	39.9	37.6 <sup>(2)</sup>	6.1	8.8 <sup>(2)</sup>	0.0	0.1 <sup>(2)</sup>
Belarus	10.4	8.7	18.1	15.5	17.4	19.7	4.1	3.8	3.4	6.9
Egypt	11.6	9.5	15.0	12.3	25.3	19.1	4.3	3.0	4.5	14.1
Georgia	10.8	9.5 <sup>(3)</sup>	10.2	12.0 <sup>(3)</sup>	26.3	29.4 <sup>(3)</sup>	8.9	10.2 <sup>(3)</sup>	0.0	1.3 <sup>(3)</sup>
Israel	8.9	11.3	29.9	29.8	34.8	27.6	9.0	8.2	0.5	2.1
Jordan	12.0	8.7	16.9	18.8	32.3	24.4	6.3	7.2	3.3	2.1
Lebanon	10.1	11.7	15.0	15.1	21.8	20.3	10.2	9.4	6.0	1.6
Moldova	11.3	11.8 <sup>(4)</sup>	18.6	21.6 <sup>(4)</sup>	14.2	19.5 <sup>(4)</sup>	7.5	9.5 <sup>(4)</sup>	0.1	0.0 <sup>(4)</sup>
Morocco	8.7	9.5	21.3	20.8	27.5	28.4	6.6	6.4	0.1	0.1
Occupied Palestinian territory	9.7	8.4 <sup>(3)</sup>	21.9	18.4 <sup>(3)</sup>	14.8	16.3 <sup>(3)</sup>	8.4	5.5 <sup>(3)</sup>	0.4	0.7 <sup>(3)</sup>
Syria	13.0	11.2	29.9	21.0	20.9	21.2	1.7	1.7	7.4	1.4
Tunisia	8.9	9.9	24.5	23.9	32.5	30.2	10.6	9.4	0.2	0.1
Ukraine	8.8	9.2 <sup>(3)</sup>	12.7	10.9 <sup>(3)</sup>	17.5	19.5 <sup>(3)</sup>	3.6	4.3 <sup>(3)</sup>	2.9	7.6 <sup>(3)</sup>

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2004 data. (3) 2005 data. (4) 2006 data.



**Table 4.2.8a:** Exports by groups of goods (SITC) 2000 and 2007 (in % of total exports) <sup>(1)</sup>

	Food and live animals - SITC0		Beverages and tobacco - SITC1		Crude materials, inedible, except fuels - SITC2		Mineral fuels, lubricants and related material - SITC3		Animal and vegetable oils, fats and waxes - SITC4	
	2000	2007	2000	2007	2000	2007	2000	2007	2000	2007
EU-27	4.0	3.4	1.6	1.6	1.8	2.3	3.4	5.0	0.3	0.2
Algeria	0.1	0.1 <sup>(2)</sup>	0.0	0.0 <sup>(2)</sup>	0.2	0.3 <sup>(2)</sup>	98.1	98.2 <sup>(2)</sup>	0.0	0.0 <sup>(2)</sup>
Armenia	1.3	3.5	8.2	11.6	13.2	15.2	7.0	1.2	0.0 <sup>(3)</sup>	0.1
Azerbaijan	1.9	2.7 <sup>(2)</sup>	1.0	0.5 <sup>(2)</sup>	4.7	2.6 <sup>(2)</sup>	84.6	81.9 <sup>(2)</sup>	0.2	1.1 <sup>(2)</sup>
Belarus	6.1	6.9	0.6	0.3	4.2	2.3	19.8	35.2	0.0	0.1
Egypt	7.2	6.3	0.2	0.1	6.3	3.1	41.9	55.5	0.5	0.1
Georgia	12.4	15.4 <sup>(4)</sup>	15.4	19.1 <sup>(4)</sup>	31.2	19.0 <sup>(4)</sup>	7.7	3.3 <sup>(4)</sup>	0.0	0.0 <sup>(4)</sup>
Israel	2.5	2.9	0.0	0.0	1.9	1.6	0.7	0.1	0.0	0.0
Jordan	11.3	10.3	1.6	1.9	10.9	9.8	0.0	0.8	1.2	1.7
Lebanon	12.8	9.4	4.2	2.6	6.3	9.4	0.2	0.3	1.3	0.5
Moldova	21.4	19.8 <sup>(5)</sup>	33.5	18.9 <sup>(5)</sup>	8.9	6.3 <sup>(5)</sup>	0.1	0.2 <sup>(5)</sup>	0.8	3.3 <sup>(5)</sup>
Morocco	21.3	19.0	0.1	0.2	9.3	9.6	3.7	3.6	0.1	0.9
Occupied Palestinian territory	21.1	10.8 <sup>(4)</sup>	3.4	4.3 <sup>(4)</sup>	3.9	3.9 <sup>(4)</sup>	0.9	3.6 <sup>(4)</sup>	1.4	3.7 <sup>(4)</sup>
Syria	8.5	14.9	0.0	0.6	5.3	3.0	76.3	40.3	0.3	1.8
Tunisia	4.3	4.5	0.8	0.7	2.1	1.5	12.1	13.0	3.7	6.6
Ukraine	5.3	8.6 <sup>(4)</sup>	0.7	1.4 <sup>(4)</sup>	12.7	7.0 <sup>(4)</sup>	5.5	4.6 <sup>(4)</sup>	1.6	1.6 <sup>(4)</sup>

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2004 data. (3) 1999 data. (4) 2005 data. (5) 2006 data.

**Table 4.2.8b:** Exports by groups of goods (SITC) 2000 and 2007 (in % of total exports) (continued) <sup>(1)</sup>

	Chemicals and related products, n.e.s. - SITC5		Manufactured goods classified chiefly by material - SITC6		Machinery and transport equipment - SITC7		Miscellaneous manufactured articles - SITC8		Commodities and transactions not classified elsewhere in the SITC - SITC9	
	2000	2007	2000	2007	2000	2007	2000	2007	2000	2007
EU-27	14.0	15.9	14.2	14.2	46.2	43.9	12.1	10.8	2.4	2.7
Algeria	0.7	0.6 <sup>(2)</sup>	0.5	0.5 <sup>(2)</sup>	0.2	0.1 <sup>(2)</sup>	0.1	0.0 <sup>(2)</sup>	;	0.0 <sup>(2)</sup>
Armenia	1.2	1.0	43.4	53.9	10.7	3.5	9.0	8.5	6.2	1.6
Azerbaijan	2.0	2.5 <sup>(2)</sup>	0.9	3.1 <sup>(2)</sup>	3.5	4.8 <sup>(2)</sup>	0.5	0.3 <sup>(2)</sup>	0.6 <sup>(3)</sup>	1.5 <sup>(2)</sup>
Belarus	11.5	10.2	19.2	15.2	24.0	20.5	10.3	5.8	4.2	3.5
Egypt	6.6	5.2	17.3	13.3	1.0	0.7	16.2	2.4	2.8	13.5
Georgia	9.7	6.7 <sup>(4)</sup>	8.9	12.7 <sup>(4)</sup>	12.1	17.0 <sup>(4)</sup>	2.6	2.4 <sup>(4)</sup>	0.0	4.3 <sup>(4)</sup>
Israel	12.9	19.6	36.2	41.1	35.6	25.7	10.0	8.8	0.2	0.1
Jordan	22.2	18.5	15.9	7.4	19.1	12.9	17.4	31.2	0.4	5.5
Lebanon	13.5	9.0	18.1	18.3	12.3	16.0	24.5	14.5	6.7	19.9
Moldova	1.8	2.2 <sup>(5)</sup>	6.9	14.2 <sup>(5)</sup>	6.2	6.5 <sup>(5)</sup>	20.1	28.5 <sup>(5)</sup>	0.3	0.0 <sup>(5)</sup>
Morocco	12.0	12.6	6.2	7.0	11.0	17.5	36.3	29.4	0.0	0.2
Occupied Palestinian territory	7.4	8.6 <sup>(4)</sup>	38.2	38.7 <sup>(4)</sup>	6.0	5.5 <sup>(4)</sup>	17.6	19.3 <sup>(4)</sup>	0.0	1.6 <sup>(4)</sup>
Syria	0.3	4.9	4.2	11.1	0.1	4.7	3.3	11.6	1.7	6.9
Tunisia	10.6	9.0	7.4	10.2	14.0	20.5	45.1	33.9	0.0	0.0
Ukraine	9.0	8.9 <sup>(4)</sup>	45.5	42.7 <sup>(4)</sup>	12.4	12.1 <sup>(4)</sup>	4.5	3.6 <sup>(4)</sup>	2.7	9.4 <sup>(4)</sup>

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2004 data. (3) 2001 data. (4) 2005 data. (5) 2006 data.



Table 4.2.9 shows which sectors are the most important in terms of value for imports and exports for each SITC sector, and which have changed most over the recent years. EU-27's main imports and exports in 2007 were in 'Machinery and transport equipment' (SITC 7), and this was also the prime sector for imports for seven of the ENP countries (Algeria, Azerbaijan, Egypt, Georgia, Jordan, Morocco and Tunisia). However, no ENP country shows this to have been its most important sector for exports. Three sectors showed almost equal importance for export across the ENP countries — 'Mineral fuels, lubricants and related materials' (SITC 3), 'Manufactured goods classified chiefly by material' (SITC 6) and 'Miscellaneous manufactured articles' (SITC 8).

Both Azerbaijan and Algeria have consistently recorded the vast majority of their exported goods in the sector 'Mineral fuels, lubricants and related materials' (SITC 3) (over 80% for the former and almost 100% for the latter). Conversely their imports in this category have been lower than in all other ENP countries, at less than 1% in Algeria and around 11% in Azerbaijan. Overall, Table 4.2.9 shows that five ENP countries (Algeria, Azerbaijan, Belarus, Egypt and Syria) report the sector 'Mineral fuels, lubricants and related materials' (SITC 3) as being the largest contributor to their export total. On the other hand, six ENP countries (Belarus, Lebanon, Moldova, the occupied Palestinian territory, Syria and Ukraine) record this category as the largest contributor to their import total, with percentages ranging from 24% (Moldova) to 40% (Ukraine).

**Table 4.2.9: Main traded goods <sup>(1)</sup>**

	Imports				Exports			
	Sector with the largest change 2000-2007		Largest goods group 2007		Sector with the largest change 2000-2007		Largest goods group 2007	
	SITC Class	Percentage point change	SITC Class	% of total goods	SITC Class	Percentage point change	SITC Class	% of total goods
EU-27	SITC7	-8.4	SITC7	29.1	SITC7	-2.3	SITC7	43.9
Algeria	SITC7	6.5 <sup>(2)</sup>	SITC7	40.9 <sup>(2)</sup>	SITC2	0.1 <sup>(2)</sup>	SITC3	98.2 <sup>(2)</sup>
Armenia	SITC0	-7.5	SITC6	23.1	SITC6	10.5	SITC6	53.9
Azerbaijan	SITC6	7.5 <sup>(3)</sup>	SITC7	37.6 <sup>(2)</sup>	SITC3	-9.5 <sup>(3)</sup>	SITC3	81.9 <sup>(2)</sup>
Belarus	SITC3	5.3	SITC3	35.3	SITC3	15.4	SITC3	35.2
Egypt	SITC9	9.6	SITC7	19.1	SITC8	-13.9	SITC3	55.5
Georgia	SITC1	-3.5 <sup>(4)</sup>	SITC7	29.4 <sup>(4)</sup>	SITC2	-12.2 <sup>(4)</sup>	SITC1	19.1 <sup>(4)</sup>
Israel	SITC7	-7.2	SITC6	29.8	SITC7	-9.9	SITC6	41.1
Jordan	SITC7	-7.9	SITC7	24.4	SITC8	13.7	SITC8	31.2
Lebanon	SITC3	8.5	SITC3	25.0	SITC9	13.1	SITC6	18.3
Moldova	SITC3	-8.1 <sup>(5)</sup>	SITC3	24.2 <sup>(5)</sup>	SITC1	-14.6 <sup>(5)</sup>	SITC8	28.3 <sup>(5)</sup>
Morocco	SITC0	-4.2	SITC7	28.4	SITC8	-6.8	SITC8	29.4
Occupied Palestinian territory	SITC3	7.8 <sup>(4)</sup>	SITC3	26.9 <sup>(4)</sup>	SITC0	-10.3 <sup>(4)</sup>	SITC6	38.7 <sup>(4)</sup>
Syria	SITC3	23.4	SITC3	27.1	SITC3	-36.0	SITC3	40.4
Tunisia	SITC3	4.3	SITC7	30.2	SITC8	-11.3	SITC8	33.9
Ukraine	SITC9	4.8 <sup>(4)</sup>	SITC3	39.7 <sup>(4)</sup>	SITC9	6.7 <sup>(4)</sup>	SITC6	42.7 <sup>(4)</sup>

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2004 data instead of 2007 and change 2000-2004. (3) Change 2001-2004. (4) 2005 data instead of 2007 and change 2000-2005. (5) 2006 data instead of 2007 and change 2000-2006.



The most significant export sector for Israel overall in this period was 'Manufactured goods classified chiefly by material' (SITC 6), (such as rubber, textiles, paper, iron and steel), the percentage recorded rising from 36% to over 41% between 2000 and 2006. Other countries showing a large percentage of their exports in this category are Armenia (almost 54%), Ukraine (over 42%) and the occupied Palestinian territory (nearly 40%). Table 4.2.9 shows that this sector was the largest single export category for all these four countries, all other ENP countries recording figures below 20%. This sector was also the largest contributor to Israel's imports — it recorded a higher percentage than any other ENP country (almost 30% of total goods imports in 2006).

As mentioned above, one category shown as being of high importance to the imports of goods to all ENP countries is 'Machinery and transport equipment' (SITC 7). The latest figures for all ENP countries

are ranging from almost 20% (Egypt) to over 40% (Algeria). This picture is very much in line with the EU-27 figure of just under 30% for 2007. The picture for exports is very different — while EU-27 exports in this category represent well over 40% of total goods exports, only three ENP countries (Belarus, Israel and Tunisia) show figures for this sector higher than 20%. In contrast to imports, no ENP country recorded 'Machinery and transport equipment' (SITC 7) as being their largest export category.

'Miscellaneous manufactured articles' (SITC 8) (which includes items such as furniture, clothing and footwear) shows a different picture. Imports in this category represented at most 10% of any ENP country's total goods imports in 2006. On the other hand, in Jordan, Morocco, Moldova and Tunisia, this sector represented around 30% of exports, making it the most important exporting sector.

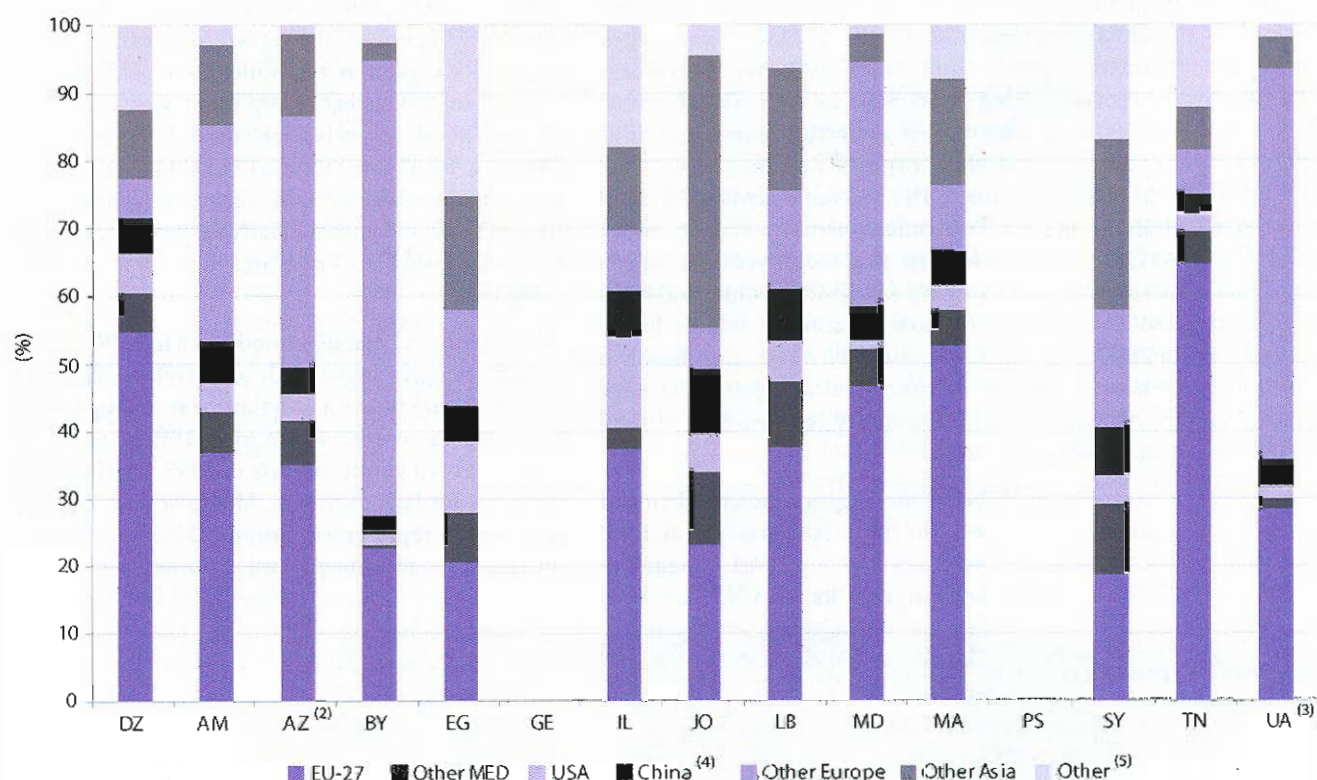
#### 4.2.5 Trade by partner country

As Figure 4.2.1 and Figure 4.2.2 show, the countries with which ENP countries trade vary considerably. It is interesting to see the importance of the category 'Other Europe' (which includes Russia) to most of the ENP-East countries. For Azerbaijan, Belarus and Ukraine, this area is the major partner for imports and exports. It can also be seen that Jordan, Lebanon and Syria have substantial trading links with the 'Other Asia' area, this being the major import partner for Jordan and Syria, and the major export partner for Jordan and Lebanon.

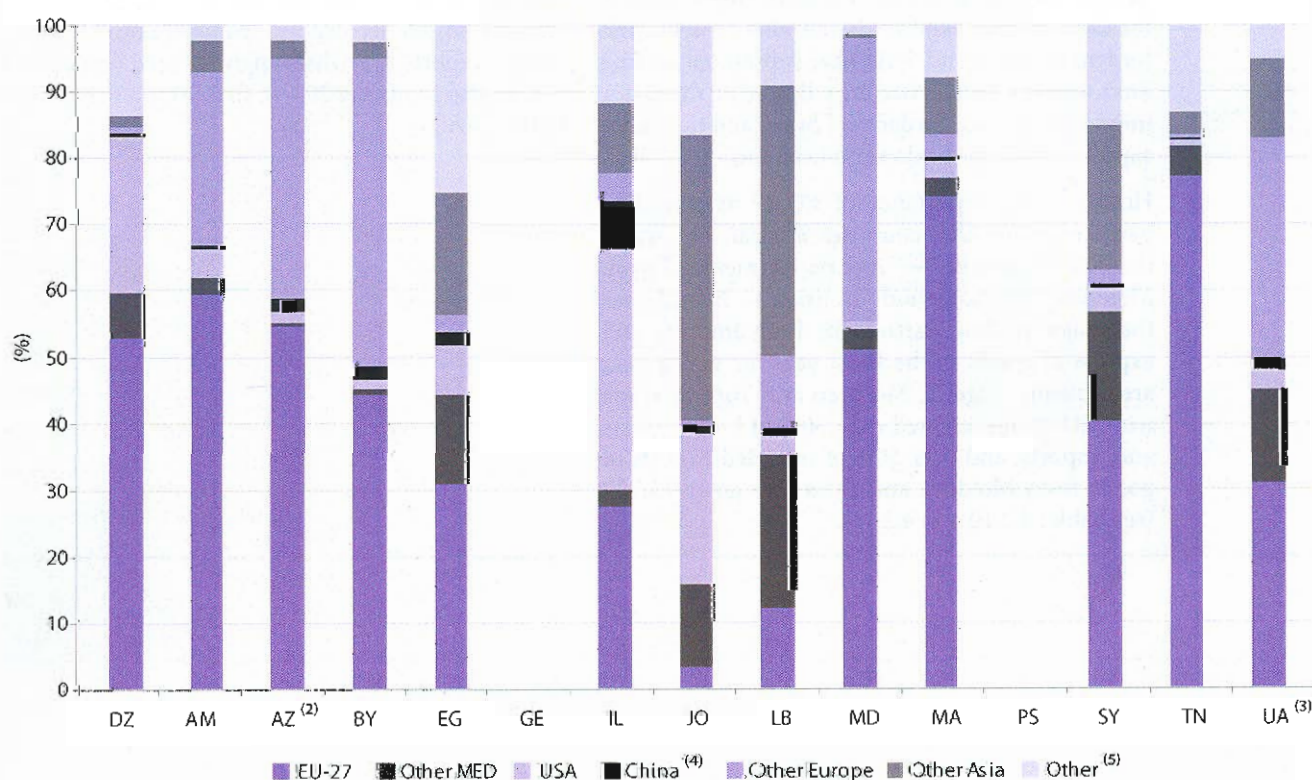
However, the importance of EU-27 as a trading partner to the ENP countries is clear. For six of the ENP countries — Algeria, Armenia, Egypt, Moldova, Morocco and Tunisia — EU-27 was the major trading partner for both imports and exports of goods in the latest year for which data are available. Algeria, Morocco and Tunisia, trade with EU-27 represented over 50% of both exports and imports, and over 50% of recorded exports of goods from Moldova and Syria also go to EU-27 (see Tables 4.2.10 and 4.2.11).

For the vast majority of these ENP countries, which show an area other than EU-27 as major trading partner for imports or exports, EU-27 was in second place in the most recent figures, and often not far behind the largest partner in value terms. Israel is the only country showing the USA as the major destination for its exports, though both Algeria (which exports overwhelmingly mineral fuels) and Jordan also send over 20% of their exports of goods to the USA.



**Figure 4.2.1: Imports of ENP countries by partner, 2007 (%) <sup>(1)</sup>**

(1) For ENP-South countries 2006 data are shown instead of 2007. (2) 2004 data. (3) 2005 data. (4) Including Hongkong. (5) Other includes: Other Africa, Oceania, other America and other not classified.

**Figure 4.2.2: Exports of ENP countries by partner, 2007 (%) <sup>(1)</sup>**

(1) For ENP-South countries 2006 data are shown instead of 2007. (2) 2004 data. (3) 2005 data. (4) Including Hongkong. (5) Other includes: Other Africa, Oceania, other America and other not classified.



**Table 4.2.10:** Share of EU-27 in imports of the ENP countries (%)

	Imports							
	2000	2001	2002	2003	2004	2005	2006	2007
Algeria	58.7	61.0	56.8	58.9	54.8	53.1	54.7	:
Armenia	48.0	37.5	44.2	45.4	45.3	44.1	38.7	36.9
Azerbaijan	23.8	23.1	25.5	34.2	35.0	:	:	:
Belarus	21.9	22.3	22.9	22.5	20.4	22.3	23.3	22.5
Egypt	33.2	29.0	26.7	26.2	25.1	21.4	20.6	:
Georgia	31.4	35.6	33.1	41.4	37.1	32.4	:	:
Israel	43.9	42.6	41.7	42.1	41.0	38.7	37.4	:
Jordan	35.7	28.9	29.9	26.5	23.6	24.1	23.2	:
Lebanon	45.7	43.7	45.3	44.5	40.0	40.1	37.7	:
Moldova	54.1	49.8	46.1	46.4	45.1	46.7	46.6	:
Morocco	58.7	54.9	57.5	59.8	56.1	52.8	52.6	:
Occupied Palestinian territory	11.2	18.3	11.7	8.9	9.0	9.4	:	:
Syria	32.9	36.8	29.9	20.4	16.1	12.3	18.6	:
Tunisia	71.3	71.5	71.1	73.6	69.8	69.0	64.8	:
Ukraine	29.0	30.4	32.8	34.5	33.4	28.3	:	:

**Table 4.2.11:** Share of EU-27 in exports of the ENP countries (%)

	Exports							
	2000	2001	2002	2003	2004	2005	2006	2007
Algeria	63.2	64.7	64.5	59.3	54.0	55.5	52.6	:
Armenia	62.2	41.1	60.1	57.4	52.7	60.4	60.2	59.3
Azerbaijan	63.7	70.7	70.9	68.1	54.3	:	:	:
Belarus	28.8	28.7	34.2	37.1	37.5	45.1	46.6	44.2
Egypt	34.1	25.6	24.2	30.4	30.1	29.0	30.7	:
Georgia	23.5	23.1	19.0	18.1	20.5	25.7	:	:
Israel	29.0	28.0	26.3	28.1	27.8	28.7	27.3	:
Jordan	5.8	4.1	7.1	3.4	3.2	3.1	3.0	:
Lebanon	22.9	22.9	17.0	11.4	10.5	11.3	12.0	:
Moldova	35.6	32.9	36.7	39.9	41.9	42.0	52.4	51.0
Morocco	75.2	72.9	73.8	76.3	74.3	73.7	74.1	:
Occupied Palestinian territory	0.4	0.8	3.7	2.5	2.3	3.4	:	:
Syria	68.3	70.0	62.1	61.1	53.9	44.5	40.2	:
Tunisia	80.2	80.2	79.0	80.3	83.3	80.0	77.2	:
Ukraine	31.1	33.7	35.8	37.8	34.4	30.7	:	:

Despite the pre-eminence of EU-27 as a trading partner with ENP countries, Tables 4.2.10 and 4.2.11 show that this position has reduced somewhat over recent years. All ENP-South countries except the occupied Palestinian territory recorded falls in the percentage of goods traded with EU-27 for both

exports and imports. As far as imports are concerned, Egypt, Israel, Jordan and Syria recorded the largest falls over recent years, while Algeria, Lebanon and Syria recorded the largest falls in percentage of total trade in goods exports going to EU-27.



**Table 4.2.12: EU-27 trade with ENP countries (million EUR)**

	2000				2007				2000				2007			
	Imports from				Exports to				Trade balance							
	ENP-East	ENP-South	ENP-East <sup>(1)</sup>	ENP-South	ENP-East	ENP-South	ENP-East <sup>(1)</sup>	ENP-South	ENP-East	ENP-South	ENP-East <sup>(1)</sup>	ENP-South	ENP-East	ENP-South	ENP-East <sup>(1)</sup>	ENP-South
Food and live animals	269	2 158	670	3 581	703	3 999	1 019	4 088	434	1 842	349	507				
Beverages and tobacco	29	38	75	55	169	286	230	512	140	248	155	456				
Crude materials, inedible, except fuels	1 481	1 408	1 781	1 672	172	1 330	383	2 444	-1 309	-78	-1 398	772				
Mineral fuels, lubricants and related materials	1 972	17 904	5 208	22 996	483	1 883	730	4 518	-1 489	-16 021	-4 479	-18 478				
Animal and vegetable oils, fats and waxes	27	194	195	424	42	261	53	113	15	67	-142	-311				
Chemicals and related products, n.e.s.	687	2 550	1 002	3 919	1 178	6 095	3 246	8 797	491	3 546	2 244	4 878				
Manufactured goods classified chiefly by material	1 816	4 471	4 624	6 121	1 798	12 762	3 967	14 723	-18	8 292	-658	8 602				
Machinery and transport equipment	496	5 623	905	6 689	2 859	20 160	9 990	25 325	2 363	14 537	9 085	18 636				
Miscellaneous manufactured articles	787	7 736	1 105	8 552	1 140	4 761	2 411	5 266	353	-2 975	1 306	-3 285				
Commodities and transactions not classified elsewhere in the SITC	91	107	87	250	113	413	376	629	21	306	288	380				
<b>TOTAL</b>	<b>7 768</b>	<b>46 500</b>	<b>15 885</b>	<b>60 231</b>	<b>8 767</b>	<b>52 730</b>	<b>22 552</b>	<b>67 068</b>	<b>999</b>	<b>6 230</b>	<b>6 667</b>	<b>6 836</b>				

(1) 2004 data for Azerbaijan, 2005 data for Ukraine.

The only information available showing ENP countries trade in goods with EU-27, with geographical and SITC information over time, is shown in Table 4.2.12. This Table shows the EU-27 imports, exports and balance of trade in goods in 2000 and 2007, with ENP-East and ENP-South countries.

Since 2000 both imports and exports increased in value between EU-27 and the ENP countries. However, within those totals, it can be seen that the percentage growth with ENP-East countries has been much larger — a rise of over 100% in both flows, compared to equivalent growth rates of below 30% with ENP-South countries. As far as imports were concerned, EU-27 imports in 'Mineral fuels,

lubricants and related materials' from ENP-East countries more than doubled between 2000 and 2007 to over EUR 5 billion, though this figure was still well below the level recorded from ENP-South countries (nearly EUR 23 billion). The EU-27 imports from ENP-East countries in 'Manufactured goods classified chiefly by material' also showed strong growth from almost EUR 2 billion to almost EUR 5 billion over the period. Despite this strong growth rate in EU-27 imports from ENP-East countries, the EU-27 imports from this group of countries in 2007 was only a quarter of the value recorded for imports from ENP-South countries (EUR 16 billion compared to EUR 60 billion).



Exports from EU-27 to ENP countries also show a similar picture, in the way that trade has increased much more quickly between 2000 and 2007 with the ENP-East than with the ENP-South countries. All groups of goods profited of this overall increase, but in particular, EU-27 exports of 'Chemicals and related products' and 'Machinery and transport equipment'.

Table 4.2.12 shows that overall EU-27 had a strong, and increasing, positive balance with both, the ENP-South and ENP-East groups of countries

over the period 2000 to 2007. However, while the balance with the ENP-East countries was slightly smaller in 2007 than that recorded with ENP-South countries, this figure had grown at a faster rate, having increased over six times over the period. EU-27 had a deficit of more than EUR 4 billion with the ENP-East countries in 2007 in 'Mineral fuels, lubricants and related materials' (a sharp increase from the deficit of EUR 1.5 billion in 2000) and a deficit of almost EUR 19 billion in this category with the group of ENP-South countries.

### 4.3 Balance of payments

Trade in goods, described above, makes up the majority of most countries' balance of payments, and this section puts these figures in the context of overall balance of payments. Division of the balance of payments is usually made as shown in Box 4.III.

#### Box 4.III: Current and capital account

Current account, which is made up of

1. trade in goods, such as oil, agricultural products, other raw materials, machinery and transport equipment, computers, white goods and clothing;
2. trade in services, such as international transport, travel (which includes tourism), financial and business services;
3. income, such as dividends and interest earned by foreigners on investments in the country and by residents of the country investing abroad;
4. current transfers, which are offsetting entries to any one-sided transactions listed above involving no capital - the most common are: (a) current transfers to NPISHs; (b) current transfers between households; (c) fines and penalties; (d) lotteries and gambling; (e) payments of compensation.

Capital account:

Capital transfers, which are transactions, either in cash or in kind, in which the ownership of an asset (other than cash and inventories) is transferred from one institutional unit to another;

Financial accounts: portfolio investment, foreign direct investment, other investment. A direct investment relationship exists when an investor has an equity holding in an enterprise, resident in another country, of 10% or more of the ordinary shares or voting stock. The direct investment relationship extends to branches, subsidiaries and to other businesses where the enterprise has significant shareholding. Direct investment earnings include interest on loan capital, profits from branches or other unincorporated enterprises abroad and the direct investor's share of the profits of subsidiary and associate companies;

Net error and omissions.



## 4.3.1 Current account

The current account measures a country's economic position in the world, covering all transactions that occur between resident and non-resident entities. Besides trade in goods, discussed in the previous section, it also includes trade in services, income and current transfers. Economies with a current account deficit are net debtors to the world economy (this deficit is financed by the various items of the financial and capital account), while economies with a surplus are creditors. Data are not available from ENP-East countries on the current account elements other than trade in goods.

It can be seen in Table 4.3.1 that only Algeria and Syria reported positive current account balances in both years shown, driven largely by the positive trade in goods balances recorded by these two countries. Algeria shows by far the larger figure, due to this country's very high exports of oil and gas. Algeria, Azerbaijan, Egypt, Israel, Lebanon, Morocco, the occupied Palestinian territory and Tunisia showed improvements in their current account situation compared to 2000. The most important

improvements are recorded for Azerbaijan and Israel (each a change from a deficit of around EUR 1 billion to a surplus of well over EUR 4 billion in Azerbaijan and EUR 6 billion in Israel) as well as for Egypt (whose current account balance moved from a deficit of over EUR 1 billion to a surplus of over EUR 3 billion). In Israel's case, this improvement was driven by a large drop in the country's deficit on income transactions and also by a fall in the trade in goods deficit, while in Azerbaijan it seems that it was due to a leap in the goods balance overwhelmingly caused by increasing exports of 'Mineral fuels, lubricants and related materials' (data for other positions of the current account not available). Egypt, on the other hand, saw not only a fall in the trade in goods deficit but also a large rise in the trade in services surplus. Similarly, Lebanon saw its current account deficit of well over EUR 4 billion in 2002 rise to a small surplus of EUR 60 million in 2006.

**Table 4.3.1:** Balance of payments - main balances (million EUR)<sup>(1)</sup>

	Current account total		Capital account total		Financial account total		Net errors and omissions	
	2000	2007	2000	2007	2000	2007	2000	2007
EU-27	10 300 <sup>(2)</sup>	-72 500 <sup>(3)</sup>	:	:	:	:	:	:
Algeria	10 672	17 023 <sup>(4)</sup>	0	-2 <sup>(4)</sup>	-2 204	-3 545 <sup>(4)</sup>	-8 468	-13 476 <sup>(4)</sup>
Armenia	-301	-418	31	102	252	346	18	-30
Azerbaijan	-1 022 <sup>(5)</sup>	4 468	-31 <sup>(5)</sup>	-2	1 144 <sup>(5)</sup>	-4 203	-92 <sup>(5)</sup>	-263
Belarus	-366	-2 151	75	64	16	1 899	275	188
Egypt	-1 043	3 142 <sup>(2)</sup>	:	:	-1 768	-3 574 <sup>(2)</sup>	:	:
Georgia	-177	-920 <sup>(6)</sup>	-5	136 <sup>(6)</sup>	123	738 <sup>(6)</sup>	59	46 <sup>(6)</sup>
Israel	-1 090	6 350	504	720	981	-6 983	-396	-88
Jordan	66	-1 575	71	51	-443	1 163	307	362
Lebanon	-4 603 <sup>(5)</sup>	61	13 <sup>(5)</sup>	1 528	-333 <sup>(5)</sup>	2 328	4 923 <sup>(5)</sup>	-3 917
Moldova	-98	-285 <sup>(4)</sup>	-12	-4 <sup>(4)</sup>	119	97 <sup>(4)</sup>	-9	192 <sup>(4)</sup>
Morocco	-516	1 478	-6	-2	397	-1 065	125	-411
Occupied Palestinian territory	-1 095	-911 <sup>(4)</sup>	214	339 <sup>(4)</sup>	851	587 <sup>(4)</sup>	30	-15 <sup>(4)</sup>
Syria	904	720	68	14	-150	-824	-822	89
Tunisia	-891	-505	3	115	657	2 068	230	-1 678
Ukraine	1 602	-1 289 <sup>(6)</sup>	-9	2 <sup>(6)</sup>	-1 431	1 336 <sup>(6)</sup>	-162	-50 <sup>(6)</sup>

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2004 data. (3) Provisional value. (4) 2005 data. (5) 2002 data. (6) 2006 data.



Conversely, Ukraine's current account surplus of EUR 1.6 billion fell to a deficit of EUR 1.3 billion between 2000 and 2006, largely due to a large fall in its trade in goods balance from a surplus of EUR 1.7 billion to a deficit of EUR 2.5 billion over the period — as seen above, this was driven by a rise in imports of 'Mineral fuels, lubricants and related materials'.

These figures are put in better context by Table 4.3.2, which shows the current account balances of the ENP countries as a proportion of their GDP. For the EU-27 this proportion has changed from plus

0.1% to minus 0.6% over recent years. These values are far lower than those seen in almost any ENP country. In the last year, five ENP-South countries, Egypt, Israel, Lebanon, Morocco and Syria show positive values. Except for Azerbaijan, which stands out with the highest positive value (20% due to large oil exports), all ENP-East countries show negative values ranging from minus 1.5 in Ukraine to minus 14.9 in Georgia.

**Table 4.3.2:** Current account balance as a share of GDP (%)<sup>(1)</sup>

	2000	2007
EU-27	0.1 <sup>(2)</sup>	-0.6 <sup>(3)</sup>
Algeria	18.0	20.6 <sup>(4)</sup>
Armenia	-14.6	-6.2
Azerbaijan	-15.5 <sup>(5)</sup>	19.6
Belarus	-2.4	-6.6
Egypt	-1.0	5.0 <sup>(2)</sup>
Georgia	-5.3	-14.9 <sup>(6)</sup>
Israel	-0.8	5.7
Jordan	0.7	-13.8
Lebanon	-23.3 <sup>(5)</sup>	0.4
Moldova	-7.0	-11.9 <sup>(4)</sup>
Morocco	-1.3	2.8
Occupied Palestinian territory	-24.6	-26.3 <sup>(4)</sup>
Syria	4.4	2.8
Tunisia	-4.2	-2.0
Ukraine	4.7	-1.5 <sup>(6)</sup>

Note: The negative signs in front of figures express that the current account balance is negative.

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2004 data. (3) Provisional value. (4) 2005 data. (5) 2002 data. (6) 2006 data.



## 4.3.2 Structure of the current account

In the breakdown of current account presented in Table 4.3.3, Israel stands out as being the only country where the trade in goods balance is not the main driver (whether positive or negative) of the current account balance. In Israel's case the positive current account balance in 2006 was driven mostly by the balance of current transfers (at nearly EUR 6 billion, almost equal to the current account surplus) and by the surplus of almost EUR 3.5 billion on trade in services. These two components more than outweighed the deficit on trade in goods of EUR 2.6 billion. In contrast, Algeria and Azerbaijan show by far the largest trade in goods surplus, driven by the surplus on oil exports. Algeria, Jordan and the occupied Palestinian territory were the countries showing a deficit on trade in services, though this was comparatively small.

However, from Table 4.3.3 it can be seen that all ENP-South countries were in surplus on their current transfers account in both years shown, in contrast to EU-27, which recorded negative values in both years shown of around EUR 46 billion and EUR 57 billion respectively. Israel and Morocco both recorded current transfer surpluses of over EUR 5 billion in 2006. In Morocco's case, this figure was almost double the 2000 value, and, combined with a surplus of over EUR 4 billion on trade in services, more than outweighed the deficit on trade in goods.

Table 4.3.3: Current account breakdown (million EUR) <sup>(1)</sup>

	Goods balance		Services balance		Income balance		Balance of current transfers	
	2000	2007	2000	2007	2000	2007	2000	2007
EU-27	-43 100 <sup>(2)</sup>	-153 400 <sup>(3)</sup>	43 900 <sup>(2)</sup>	88 400 <sup>(3)</sup>	55 100 <sup>(2)</sup>	49 900 <sup>(3)</sup>	-45 600 <sup>(2)</sup>	-57 400 <sup>(3)</sup>
Algeria	13 877	21 283 <sup>(4)</sup>	-989	-1 829 <sup>(4)</sup>	-2 531	-4 088 <sup>(4)</sup>	314	1 658 <sup>(4)</sup>
Armenia	-497	-1 170	:	:	:	:	:	:
Azerbaijan	343	12 951	:	:	:	:	:	:
Belarus	-986	-2 911	:	:	:	:	:	:
Egypt	-8 940	-5 268 <sup>(2)</sup>	2 460	4 948 <sup>(2)</sup>	954	-197 <sup>(2)</sup>	4 482	3 659 <sup>(2)</sup>
Georgia	-585	-1 610 <sup>(5)</sup>	:	:	:	:	:	:
Israel	-3 831	-2 593	3 410	3 453	-7 669	-459	7 000	5 950
Jordan	-2 363	-4 039	-90	-178	146	413	2 374	2 228
Lebanon	-4 971 <sup>(6)</sup>	-4 582	1 137 <sup>(6)</sup>	2 311	-852 <sup>(6)</sup>	868	82 <sup>(6)</sup>	1 463
Moldova	-331	-1 211 <sup>(4)</sup>	:	:	:	:	:	:
Morocco	-3 512	-7 484	1 240	4 267	-938	-335	2 695	5 030
Occupied Palestinian territory	-2 569	-2 098 <sup>(4)</sup>	-113	-146 <sup>(4)</sup>	892	461 <sup>(4)</sup>	693	872 <sup>(4)</sup>
Syria	899	694	35	317	-952	-732	525	443
Tunisia	-2 444	-2 013	1 680	1 466	-1 022	-1 263	895	1 306
Ukraine	1 704	-2 445	:	:	:	:	:	:

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2004 data. (3) Provisional value. (4) 2005 data. (5) 2006 data. (6) 2002 data.



**Table 4.3.4:** Share of services in the balance of payments in ENP-South countries (%)

	2000	2006
EU-27	23.4 <sup>(1)</sup>	25.3 <sup>(2)</sup>
Algeria	-5.6	-6.3 <sup>(3)</sup>
Egypt	14.6	35.2 <sup>(2)</sup>
Israel	15.6	27.7
Jordan	-1.8	-2.6
Lebanon	16.1 <sup>(4)</sup>	25.1
Morocco	14.8	24.9
Occupied Palestinian territory	-2.6	36.0
Syria	1.2	14.5
Tunisia	27.8	24.2

Note: The negative signs in front of figures express that the current account balance is negative.  
 (1) 2004 data, (2) Provisional value, (3) 2005 data, (4) 2002 data.

In five of the ENP South countries which recorded a surplus on their trade in services in both years shown in Table 4.3.4 (Egypt, Israel, Lebanon, Morocco, and Syria) the share of this trade compared to the total current account has grown substantially over recent years. The proportion has more than

doubled in Egypt and Syria and almost doubled in Israel, Lebanon and Morocco, while it has remained stable in EU-27 and Tunisia at around 25%. Algeria and Jordan both show values less than 7% for this measure in both years available.

#### 4.3.3 Trade in services with special focus on tourism

Figures for trade in services exist only for the ENP-South countries, and even for these countries only with a limited breakdown (Table 4.3.5).

One striking feature of the data on debits and credits of services is that they are generally much lower than those for goods imports and exports. Taking Israel, the largest ENP-South economy as an example, the exports of goods in 2006 totalled over EUR 37 billion, compared to services credits of just over EUR 15 billion, while imports of goods, at over EUR 38 billion, were more than three times as large as services debits. Both flows of Israel's trade in services were larger than those recorded for any other ENP-South country, a reflection of the size and advanced development of its economy.

However, the value of trade in services is not always related to the value of trade in goods. Algeria, for example, is the largest exporter of goods among ENP-South countries (over EUR 43 billion in 2006) but among the smallest in terms of credits of services (just over EUR 2 billion recorded in 2006). Egypt and Morocco report high credits of services in 2006 (over EUR 11 billion and almost EUR 8 billion respectively). For Morocco this is largely accounted for by the credit for travel services (almost EUR 5 billion), a sector, which is related to tourism. The same may be the case for Egypt, but no breakdown of this kind is available for this country. A similar picture can be seen in Tunisia, where more than half of the services credits of the country are attributable to travel.



**Table 4.3.5: Trade in services (million EUR)**

	2000											
	Services			Transport			Travel			Other services		
	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance
EU-27	:	:	43 900	:	:	:	:	:	:	:	:	:
Algeria	1 004	1 993	-989	460	1 039	-579	105	212	-107	439	741	-302
Egypt	10 532	8 072	2 461	:	:	:	:	:	:	:	:	:
Israel	16 184	12 310	3 874	2 686	4 565	-1 880	4 424	3 034	1 389	9 075	4 710	4 364
Jordan	1 782	1 872	-90	325	754	-429	785	380	405	672	738	-66
Lebanon <sup>(1)</sup>	4 684	3 547	1 137	0	498	-498	4 530	2 837	1 693	154	212	-58
Morocco	3 294	2 054	1 240	527	673	-146	2 214	462	1 752	554	920	-366
Occupied Palestinian territory	500	613	-113	41	62	-21	306	335	-29	154	217	-63
Syria	1 840	1 805	35	:	:	:	:	:	:	:	:	:
Tunisia	2 923	1 289	1 634	645	593	51	1 826	285	1 541	453	411	41
	2006											
	Services			Transport			Travel			Other services		
	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance	Credit	Debit	Balance
EU-27	:	:	88 400	:	:	:	:	:	:	:	:	:
Algeria <sup>(2)</sup>	2 014	3 843	-1 829	672	1 445	-773	148	297	-149	1 194	2 100	-906
Egypt <sup>(3)</sup>	11 374	6 425	4 949	:	:	:	:	:	:	:	:	:
Israel	15 308	11 389	3 919	2 963	3 813	-850	2 213	2 377	-164	10 132	5 198	4 934
Jordan	1 988	2 166	-178	421	1 190	-768	1 311	499	812	256	478	-222
Lebanon	9 243	6 932	2 311	379	1 171	-791	3 992	2 393	1 599	4 872	3 368	1 503
Morocco	7 826	3 559	4 267	1 185	1 394	-209	4 753	558	4 195	1 888	1 607	280
Occupied Palestinian territory <sup>(2)</sup>	238	385	-146	5	53	-47	122	218	-96	111	114	-3
Syria	2 290	1 974	317	:	:	:	:	:	:	:	:	:
Tunisia	3 354	1 887	1 463	991	984	7	1 812	327	1 486	552	576	-25

(1) 2002 data. (2) 2005 data. (3) 2004 data.

When looking at the balance of trade in services for the ENP-South countries, it is noteworthy that the majority, with the exceptions of Algeria, Jordan and the occupied Palestinian territory, recorded a surplus in the latest year for which data are available. This is a very different picture than that for goods, where only Algeria recorded a surplus in 2006. Lebanon, Morocco and Tunisia have a positive services balance due to their travel balances. Only Algeria, Israel and the occupied Palestinian territory show a debit for travel services, though in Israel's case a large positive balance for 'Other services' offsets this.



## 4.3.4 Tourism as an economic factor

Table 4.3.6: Hotels and their capacities <sup>(1)</sup>

	Hotels and similar establishments			Bed places in hotels and similar establishments			Average hotel size (number of bed places per hotel)	
	Number		Average annual growth rate (%)	Number (1 000)		Average annual growth rate (%)	2000	2007
	2000	2007		2000	2007			
EU-27	205 451	200 949	-0.4 <sup>(2)</sup>	10 367.0	11 537.0	1.8 <sup>(2)</sup>	51	57
Algeria	821	1 145	5.7 <sup>(2)</sup>	76.0	84.0	1.7 <sup>(2)</sup>	93	73
Armenia	:	:	:	6.4	7.4 <sup>(3)</sup>	2.4 <sup>(2)</sup>	:	:
Azerbaijan	:	:	:	9.9	25.5	14.5	:	:
Belarus	:	:	:	26.4	24.6	-1.0	:	:
Egypt	1 010	1 309	4.4 <sup>(2)</sup>	227.0	342.0 <sup>(4)</sup>	8.5 <sup>(5)</sup>	225	261 <sup>(6)</sup>
Georgia	:	:	:	17.2	20.5 <sup>(3)</sup>	3.0 <sup>(2)</sup>	:	:
Israel	340	331	-0.4 <sup>(2)</sup>	107.0	114.0	1.1 <sup>(2)</sup>	315	344
Jordan	452	476	0.9 <sup>(2)</sup>	34.0	42.0	3.6 <sup>(2)</sup>	75	88
Lebanon	:	300	:	:	26.0	:	:	87
Moldova <sup>(6)</sup>	:	:	:	5.6	4.3	-3.7	:	:
Morocco	576	1 354	15.3 <sup>(2)</sup>	95.0	133.0	5.8 <sup>(2)</sup>	165	98
Occupied Palestinian territory	106	79	-4.8 <sup>(2)</sup>	10.0	8.0	-3.7 <sup>(2)</sup>	94	101
Syria	466	604	4.4 <sup>(2)</sup>	34.0	46.0	5.2 <sup>(2)</sup>	73	76
Tunisia	736	825	1.9 <sup>(2)</sup>	197.0	232.0	2.8 <sup>(2)</sup>	268	281
Ukraine	:	:	:	103.0	104.0 <sup>(7)</sup>	0.2 <sup>(8)</sup>	:	:

(1) For the EU-27 and ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2000-2006. (3) 2006 data. (4) 2005 data. (5) 2000-2005. (6) Excluding Transnistria. (7) 2004 data. (8) 2000-2004.

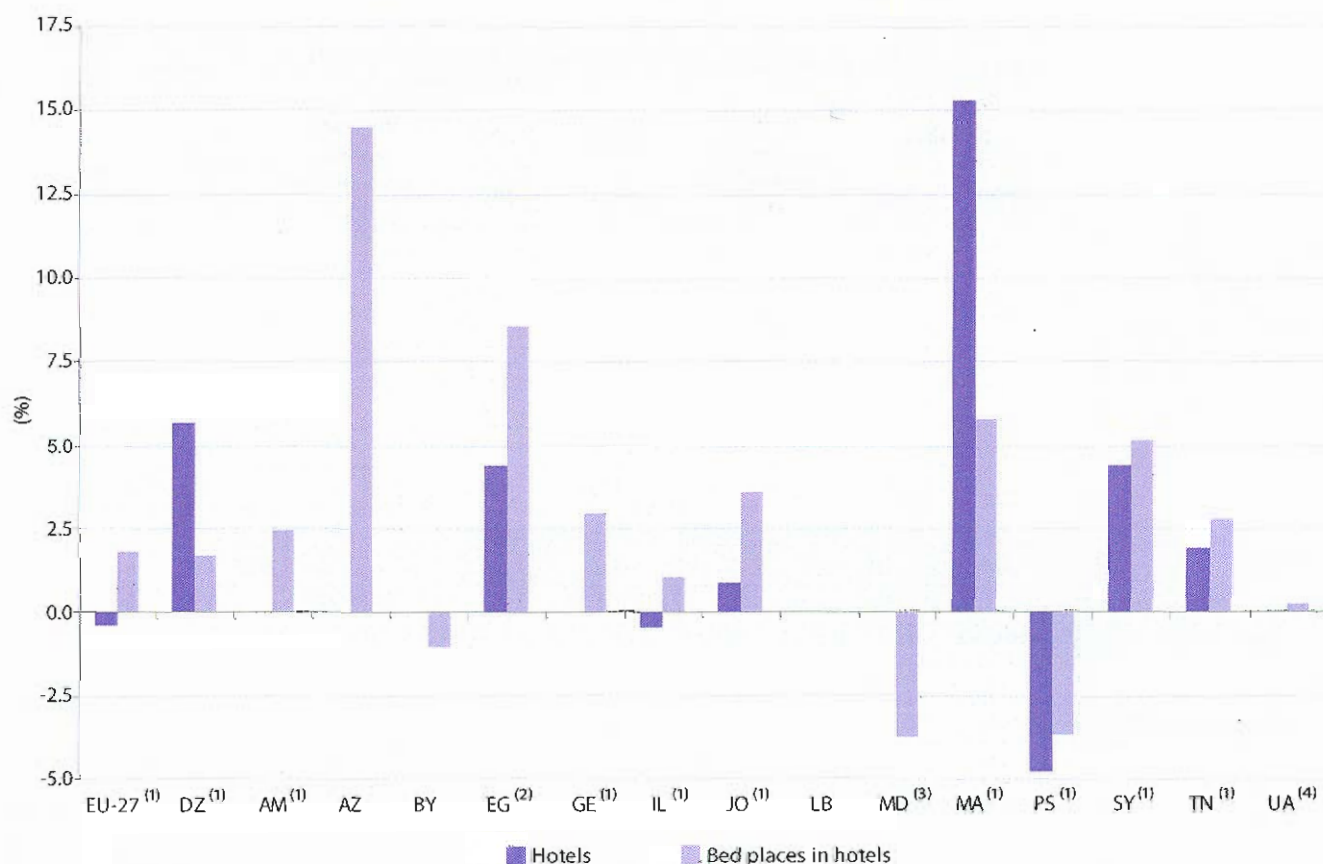
All ENP-South countries except Israel and the occupied Palestinian territory, have experienced increase in the average annual growth rate for the number of hotels between 1% per year in Jordan and 15% per year in Morocco. Azerbaijan, with a rise of nearly 15% per year, accounted, together with Egypt, Morocco and Syria for the largest rises in the number of bed places (see Table 4.3.6). Decreases were only registered in three countries of which two with a relatively small absolute number of bed places — these are the occupied Palestinian territory and Moldova.

Adding the data for the last available year of each ENP country, they altogether recorded around 1.2 million bed places. This corresponds to more than 10% of all bed places in hotels and similar establishments, which were available in the EU-27 countries in 2006. The countries with relatively

long tradition in tourism like Egypt, Morocco and Tunisia accounted for the largest absolute values for the number of bed places, these three countries accounted for more than 58% of the entire hotel capacity of all ENP countries. Comparing the ENP-South countries with the ENP-East countries, the ratio of the first group on the total hotel capacity is almost six times that of the ENP-East countries. Within the group of ENP-East countries, the Ukraine accounts for more bed places than all other countries of this group together.



**Figure 4.3.1:** Average annual growth rates of hotels and bed places in hotels and similar establishments, 2000 to 2007 (%)



(1) 2000-2006. (2) 2000-2006 for hotels and 2000-2005 for bed places. (3) Excluding Transnistria. (4) 2000-2004.

Comparing the data for the most recent year available, the average number of bed places per hotel ranged from 73 in Algeria to 344 in Israel, all lying significantly above the EU-27 average size of 57 bed places per hotel. The average size of hotels is large in Israel, Tunisia and Egypt. This tends to indicate the domination of large establishments owned by international hotel chains.

For the evaluation of the tourist market together with the data from the balance of payment the most relevant indicators are arrivals, trips and nights spent. Only arrivals are available for some countries of both country groups.

The number of departures of residents gone abroad shows the demand of residents for travel outside their own countries. Egypt, followed by Israel and Tunisia recorded the highest number of departures. Armenia and Belarus accounted for less than a million departures each in 2007, but it is interesting that they represented the negative and positive extremes in terms of the average annual growth rates of outbound tourism. Armenia increased its number of departures by 22.8% on annual average between 2000 and 2007, while Belarus faced a significant decrease of 12.2% in the same period. All ENP-South countries except Israel recorded average annual growth rates far above the EU-27 level of 1.2% for the period observed.



**Table 4.3.7:** Outbound tourist trips of one night or more <sup>(1)</sup>

	Departures of residents going abroad for all holidays and business (1 000)		Average annual growth rate (%)
	2000	2007	
EU-27 <sup>(2)</sup>	726 802	782 792	1.2
Algeria	1 006	1 349	5.0
Armenia	111	468	22.8
Azerbaijan	:	:	:
Belarus	1 289	517	-12.2
Egypt	2 960	7 700 <sup>(3)</sup>	21.1 <sup>(4)</sup>
Georgia	:	:	:
Israel	3 529	3 713	0.9
Jordan	:	:	:
Lebanon	:	:	:
Moldova	:	:	:
Morocco	1 578	1 940 <sup>(3)</sup>	4.2 <sup>(4)</sup>
Occupied Palestinian territory	:	:	:
Syria	:	:	:
Tunisia	1 632	2 302	5.9
Ukraine	:	:	:

(1) For the EU-27 and ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) EU-27 residents aged 15 years and more, Eurostat estimate. (3) 2005 data. (4) 2000-2005.

Unfortunately, the indicators on inbound tourism available for ENP-East and ENP-South countries, although available for all these countries, are recorded in different ways. ENP-South countries register tourist arrivals at the border while ENP-East countries register arrivals of non-residents in collective accommodation.

Nevertheless it is possible to draw some conclusions on the overall trend for inbound tourism from the different datasets. Several ENP countries followed the EU-27 trend of decreasing inbound tourism as a consequence of September 11 in 2001 and 2002, but stopped this trend earlier than the EU-27, which started to invert this trend in 2004.

**Table 4.3.8:** Inbound tourism in ENP-East countries

	Arrivals of non-residents staying in collective accommodation establishments (1 000)								Average annual growth rate (%)
	2000	2001	2002	2003	2004	2005	2006	2007	
EU-27 <sup>(1)</sup>	236 829.1	228 261.5	223 148.4	220 047.7	230 645.4	240 923.3	254 085.7	261 016.6	1.4
Armenia <sup>(2)</sup>	84.5	123.3	162.1	206.1	263.0	318.6	381.1	510.3	26.7 <sup>(3)</sup>
Azerbaijan	:	24.2	61.4	77.7	99.3	130.2	150.5	153.1	30.2 <sup>(3)</sup>
Belarus <sup>(4)</sup>	260.4	219.2	207.9	226.2	235.5	246.5	272.5	304.1	2.2
Georgia	31.9	27.3	29.4	38.9	60.8	63.2	82.2	:	17.1 <sup>(5)</sup>
Moldova <sup>(6)</sup>	19.0	16.0	20.0	24.0	69.0	67.0	62.8	70.3	20.6
Ukraine	360.0	369.0	390.0	554.0	396.0	:	:	:	2.4 <sup>(7)</sup>

(1) Includes Eurostat estimates. (2) Break in time series in 2001: change in methodology. (3) 2001-2007. (4) Foreign citizens. (5) 2000-2006. (6) Excluding Transnistria; for 2000-2003, number of inbound arrivals of foreigners who used licensed economic agents providing tourist services and accommodation establishments belonging to them; from 2004 onwards, non-residents staying in collective accommodation establishments. (7) 2000-2004.



With the exception of Israel (with a negative average annual growth rate of 4.5%), all ENP-South countries for which data are available show constantly growing values for arrivals with rates above the EU-27 average annual growth of 1.4% (2000 to 2007). In general across all ENP countries the largest average annual growth rates are recorded in relatively small countries (mainly due to low absolute values in the first year), like Azerbaijan and Armenia, while two bigger countries, Belarus and the Ukraine (period 2000 to 2004) registered the lowest rates.

For ENP-South countries, it is interesting to note that the share of EU-27 residents in total arrivals at the border decreased in all countries (except Algeria with an increase of 4.0 percentage points), for which data are available between 2000 and 2006. The largest falls are recorded in Jordan, Egypt and Tunisia. In 2006, the sum of the arrivals in the six ENP-East countries accounted only for about 0.6% of arrivals recorded in the EU-27, while the ENP-South countries registered 13% compared with the EU-27 countries.

**Table 4.3.9:** Inbound tourism in ENP-South countries

	Annual tourist arrivals at the border (1 000)							Average annual growth rate (%)	Arrivals of tourists coming from EU-27 countries (as a percentage of the total)	
	2000	2001	2002	2003	2004	2005	2006		2000	2006
Algeria	866	901	988	1 166	1 234	1 443	1 638	11.2	11.0	15.0
Egypt	5 506	4 648	5 192	6 044	8 104	8 608	9 083	8.7	69.0	52.7
Israel	2 417	1 196	862	1 063	1 506	1 916	1 834	-4.5	50.0	46.0
Jordan	1 427	1 671	2 384	2 353	2 853	2 987	3 225	14.6	22.9	6.2
Lebanon	:	:	:	:	:	:	:	:	:	:
Morocco	4 113	4 223	4 303	4 761	5 516	:	:	5.0 <sup>(1)</sup>	43.9	40.6 <sup>(2)</sup>
Occupied Palestinian territory	:	:	:	:	:	:	:	:	:	:
Syria	3 014	3 389	4 272	4 388	6 153	5 838	6 010	12.2	13.2	:
Tunisia	5 057	5 387	5 063	5 114	5 998	6 378	6 549	4.4	67.7	54.2

(1) 2000-2004. (2) 2004 data.

The most meaningful indicator to measure tourism demand is the number of nights spent in accommodation establishments within a country. These nights can be spent by residents or non-residents and are shown in Table 4.3.10 for all hotels and similar accommodation establishments. In 2006, all ENP-South countries together recorded about 191 million nights spent in hotels and similar accommodation establishments, which corresponds to an overall increase of 63% since 2000. The highest average annual growth rate of 22.3% was recorded in Syria (but starting from a relatively low absolute value) followed by Egypt with 17.9%. All other countries showed moderate average yearly increases, while Israel and the occupied Palestinian territory recorded decreases of 0.2% and 13.2%

respectively for the period observed. It is interesting to note that the overall increase in Egypt was more or less balanced between residents and non-residents, while it was completely due to a leap in the number of non-resident nights (31.4% average annual growth rate) in Syria, which compensated by far for the sharp fall in resident tourist nights of 17.4%.

For the entire period observed only the occupied Palestinian territory shows a negative growth rate for nights spent by residents and non-residents.

In 2006, the share of non-residents in total nights spent in hotels accounted for more than 75% in all countries except Algeria and Israel, much higher than the 46% for the EU-27.

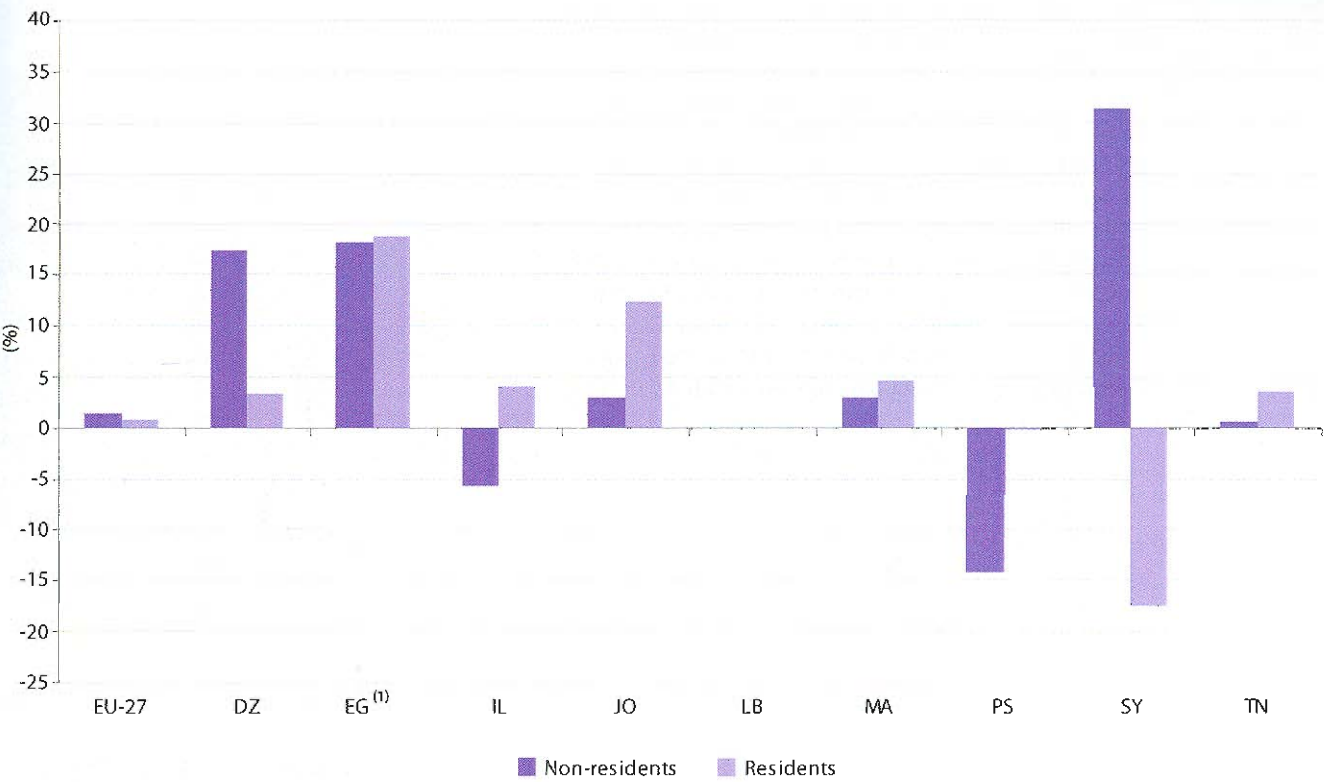


**Table 4.3.10:** Nights spent in hotels and similar accommodation establishments by residents and non-residents in ENP-South countries

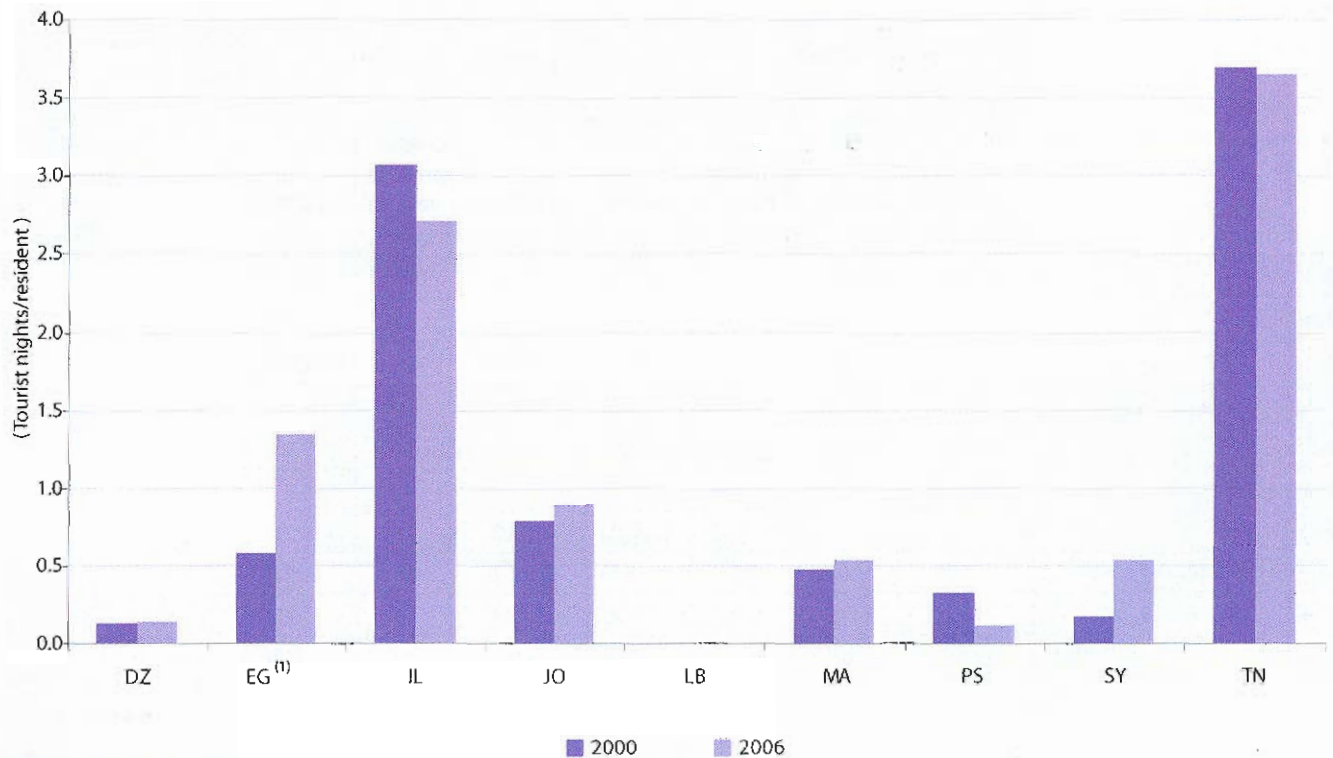
	Non-residents			Residents			Total (residents and non-residents)		
	Number (1 000)		Average annual growth rate (%)	Number (1 000)		Average annual growth rate (%)	Number (1 000)		Average annual growth rate (%)
	2000	2006		2000	2006		2000	2006	
EU-27	652 594	705 287	1.3	785 888	819 705	0.7	1 438 482	1 524 992	1.0
Algeria	203	529	17.3	3 545	4 310	3.3	3 748	4 839	4.4
Egypt <sup>(1)</sup>	32 788	89 304	18.2	4 050	9 572	18.8	36 838	98 876	17.9
Israel	9 676	6 854	-5.6	9 870	12 454	4.0	19 546	19 308	-0.2
Jordan	3 236	3 821	2.8	595	1 201	12.4	3 831	5 022	4.6
Lebanon	:	:	:	:	:	:	:	:	:
Morocco	11 268	13 347	2.9	2 272	2 980	4.6	13 540	16 327	3.2
Occupied Palestinian territory	964	384	-14.2	53	52	-0.3	1 017	436	-13.2
Syria	1 837	9 445	31.4	1 081	343	-17.4	2 918	9 788	22.3
Tunisia	33 168	34 086	0.5	2 255	2 754	3.4	35 423	36 840	0.7

(1) 2005 data used in 2006 for residents.

**Figure 4.3.2:** Nights spent by residents and non-residents: average annual growth rates 2000-2006 in ENP-South countries (%)





**Figure 4.3.3:** Tourism intensity 2000 and 2006 in ENP-South countries (tourist nights/resident)

(1) 2005 instead of 2006 data.

Tourism intensity compares the number of tourists (in terms of overnight stays) to the number of residents that are present in a destination in the same time period. In 2006, although decreasing since 2000, Tunisia and Israel showed the highest tourism intensity of all ENP-South countries with 2.7 and 3.7 respectively, at least twice the values of any other ENP-South country. But compared with many of the EU-27 countries situated in and around the Mediterranean Sea (e.g. Spain with 8.7 and Italy with 6.2), the intensities are still relatively low. However, the ratio is similar to many EU-27 Member States, which joined the EU in 2004 (e.g. Czech Republic with 4.0 and Slovenia with 3.7).



## 4.3.5 Foreign direct investment (FDI)

Foreign direct investment (FDI) is defined as the category of international investment made by an entity resident in one economy (direct investor) to acquire a lasting interest in an enterprise operating in another economy (direct investment enterprise) and can be divided in 'Inward FDI' (or FDI in the reporting economy) which is investment by foreigners in enterprises resident in the reporting economy and 'Outward FDI' (or FDI abroad) covering investment by resident entities in affiliated enterprises abroad. In case a country is a net receiver of foreign direct investments this improves its current account balance.

Table 4.3.11 shows that for all ENP countries except Israel, flows of outward investment are much lower than the inward flows indicating that all these countries are net receivers of FDI. Inward foreign direct investment in each national economy increased during the period observed but the pattern across countries is very different.

Three main groups can be distinguished: countries showing at least a four-fold increase over the values of 2000 (Armenia, Belarus, Georgia, Morocco and Ukraine), countries where direct investments did not even double (Azerbaijan, Lebanon, Moldova and Syria) and countries where direct investments grew by between two and four-fold (Algeria, Israel, Jordan and Tunisia). On average over the period observed, Israel saw the largest inward direct investment with more than EUR 5 billion per year while the occupied Palestinian territory was at the lower end registering only EUR 29 million per year.

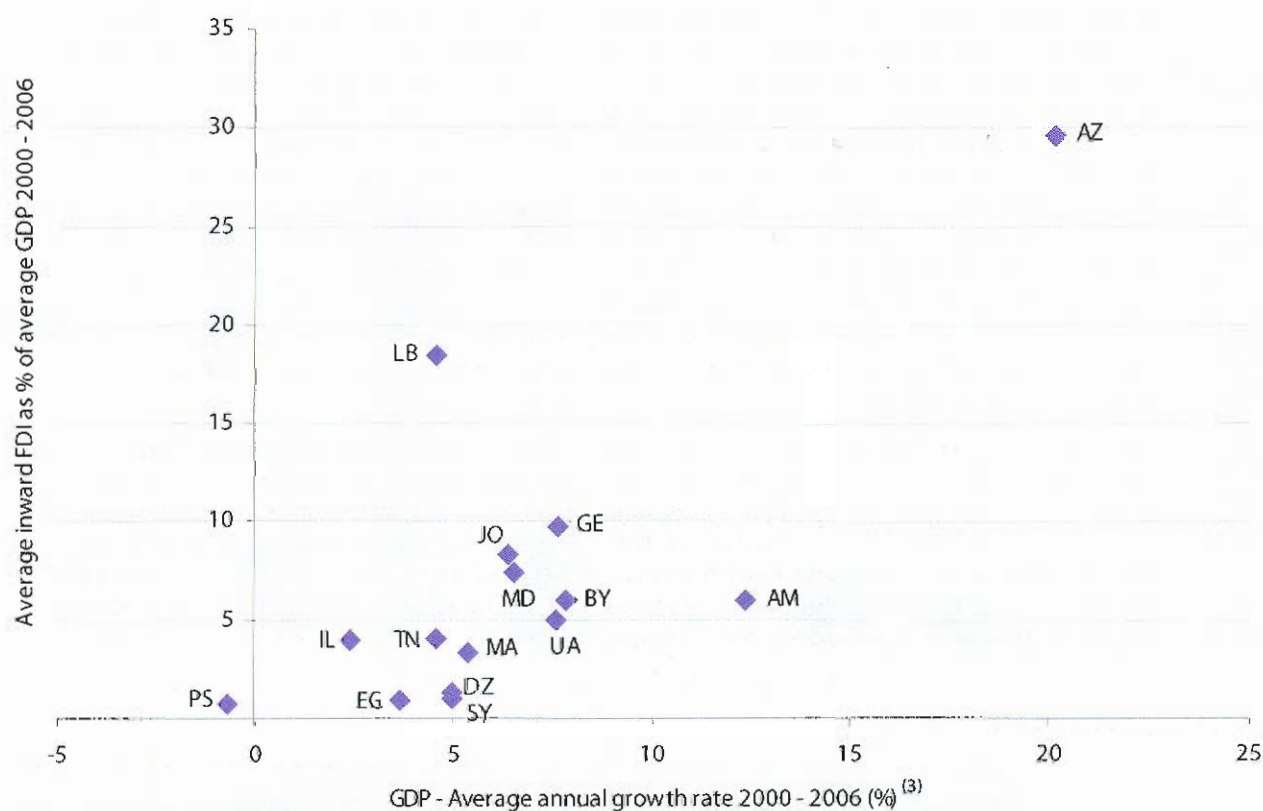
The picture for outward foreign direct investment was slightly different. In the latest year for which data are available Armenia, Belarus, Jordan and Syria all recorded outward flows of EUR 2 million or less in stark contrast to the figure of over EUR 11 billion for Israel, which almost exactly balanced its FDI inflow.

Table 4.3.11: Foreign direct investment (FDI) <sup>(1)</sup>

	Foreign direct investment abroad, flows (million EUR)		Foreign direct investment in the reporting economy			
			Flows (million EUR)		Average over the period (million EUR)	Average FDI as share of average GDP over the period (%)
	2000	2007	2000	2007		
EU-27	:	:	:	:	:	:
Algeria	-20	-18 <sup>(2)</sup>	304	869 <sup>(2)</sup>	831 <sup>(3)</sup>	1.3 <sup>(3)</sup>
Armenia	0	2	113	483	210	6.0
Azerbaijan	-840 <sup>(4)</sup>	-243	3 554 <sup>(4)</sup>	3 650	3 764 <sup>(5)</sup>	29.6 <sup>(5)</sup>
Belarus	0	2	128	1 203	308	6.0
Egypt	-54	-128 <sup>(6)</sup>	1 327	1 005 <sup>(6)</sup>	756 <sup>(7)</sup>	0.9 <sup>(7)</sup>
Georgia	-4 <sup>(8)</sup>	13 <sup>(9)</sup>	144	845 <sup>(9)</sup>	449 <sup>(10)</sup>	9.8 <sup>(10)</sup>
Israel	-3 612	-11 475	5 551	11 397	5 270 <sup>(10)</sup>	4.0 <sup>(10)</sup>
Jordan	-2	0 <sup>(2)</sup>	886	2 493	960 <sup>(10)</sup>	8.3 <sup>(10)</sup>
Lebanon	-0 <sup>(8)</sup>	-57	1 413 <sup>(8)</sup>	2 224	2 017 <sup>(11)</sup>	18.5 <sup>(11)</sup>
Moldova	:	:	127	225 <sup>(2)</sup>	136 <sup>(3)</sup>	7.4 <sup>(3)</sup>
Morocco	-64	-344	463	2 213	1 726 <sup>(10)</sup>	3.3 <sup>(10)</sup>
Occupied Palestinian territory	-231	-7 <sup>(2)</sup>	67	37 <sup>(2)</sup>	29 <sup>(3)</sup>	0.7 <sup>(3)</sup>
Syria	0	0	292	398 <sup>(2)</sup>	217 <sup>(3)</sup>	1.0 <sup>(3)</sup>
Tunisia	-29	-28	844	2 608	1 084 <sup>(10)</sup>	4.1 <sup>(10)</sup>
Ukraine	177 <sup>(12)</sup>	261 <sup>(9)</sup>	595 <sup>(13)</sup>	5 604 <sup>(9)</sup> (13)	2 662 <sup>(10)</sup> (13)	5.0 <sup>(10)</sup> (13)

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2005 data. (3) 2000-2005. (4) 2003 data. (5) 2003-2007. (6) 2004 data. (7) 2000-2004. (8) 2002 data. (9) 2006 data. (10) 2000-2006. (11) 2002-2006. (12) 2001 data. (13) Source: World Bank.



**Figure 4.3.4:** Development of GDP and inward foreign direct investment, 2000-2006 (%)<sup>(1) (2)</sup>

(1) 2003 data instead of 2000 for AZ; 2002 data instead of 2000 for LB. (2) 2003 data instead of 2006 for PS; 2004 data instead of 2006 for EG and LB; 2005 data instead of 2006 for DZ, MD and SY. (3) GDP at constant market prices (2000=100).

Figure 4.3.4 shows the relation between the averages of inward FDI flows in average GDP and the development of the GDP in each country. The graph does not show a clear correlation between the two variables considered but by group of countries. ENP-East countries show in general larger average annual GDP growth rates accompanied by bigger shares of FDI flows in GDP than ENP-South countries. Azerbaijan is outstanding and accounted for both variables the highest percentages. Although ranking second regarding the share of average inward FDI flows in average GDP, Lebanon was one of the countries showing the smallest GDP increases.



## Population and social conditions

# 5



## 5. Population and social conditions

### 5.1 Population

#### 5.1.1 Introduction

The population in the EU-27 is around twice the population of all European Neighbourhood Policy (ENP) countries together (260 million inhabitants). In recent years population in most ENP countries is faster growing than the EU-27 population. This is not the case for some ENP-East countries where emigration is still relatively high compared to ENP-South countries. Population especially in

ENP-South countries tends to be younger than in ENP-East countries and the EU-27. Compared to the EU-27 birth rates are generally higher and death rates are generally lower in most of the ENP countries. In particular this results in an age pyramid showing a larger share of young population in ENP-South countries than in the EU-27.

#### 5.1.2 Main indicators on population

**Table 5.1.1: Population <sup>(1)</sup>**

	Population on 1 January, 2007 (1 000 inhabitants)			Natural increase rate per 1 000 inhabitants	
	Total	Male	Female	2000	2007
EU-27	495 129	241 671	253 457	0.6	0.9
Algeria	33 481	16 915	16 566	14.8	17.8
Armenia	3 226	1 557	1 669	3.2	4.3
Azerbaijan	8 533	4 205	4 328	8.7	11.6
Belarus	9 714	4 535	5 179	-4.1	-3.0
Egypt	71 348	36 509	34 839	21.1	19.1 <sup>(2)</sup>
Georgia	4 395	2 080	2 315	0.3	1.3 <sup>(3)</sup>
Israel	7 117	3 517	3 599	15.7	15.5
Jordan	5 600	2 887	2 713	22.0	21.0
Lebanon	3 755 <sup>(4)</sup>	1 868 <sup>(4)</sup>	1 887 <sup>(4)</sup>	:	15.0 <sup>(4)</sup>
Moldova	3 581	1 721	1 860	-0.8	-1.0
Morocco	30 366	15 043	15 323	16.0	14.7 <sup>(4)</sup>
Occupied Palestinian territory	3 825	1 938	1 887	36.4	32.8
Syria	18 488	9 452	9 036	23.3 <sup>(5)</sup>	24.5
Tunisia	10 077	5 038	5 039	11.5	11.0
Ukraine	46 466	21 435	25 031	-7.6	-5.9

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2005 data. (3) 2006 data. (4) 2004 data. (5) 2001 data.

Population in ENP-South countries represents about 70% (around 184 million inhabitants) of the total population of the ENP countries, while only 76 million live in the ENP-East countries. Egypt is the most populated country with 71.3 million inhabitants, accounting for 27.4% of the total population of the ENP countries. Ukraine (17.9%)

is the largest ENP-East country and the second largest overall, followed by Algeria (12.8%) and Morocco (11.7%). The population figures in the rest of the countries range from 18.5 million inhabitants in Syria (7.1% of total ENP population) to only 3.2 million in Armenia.

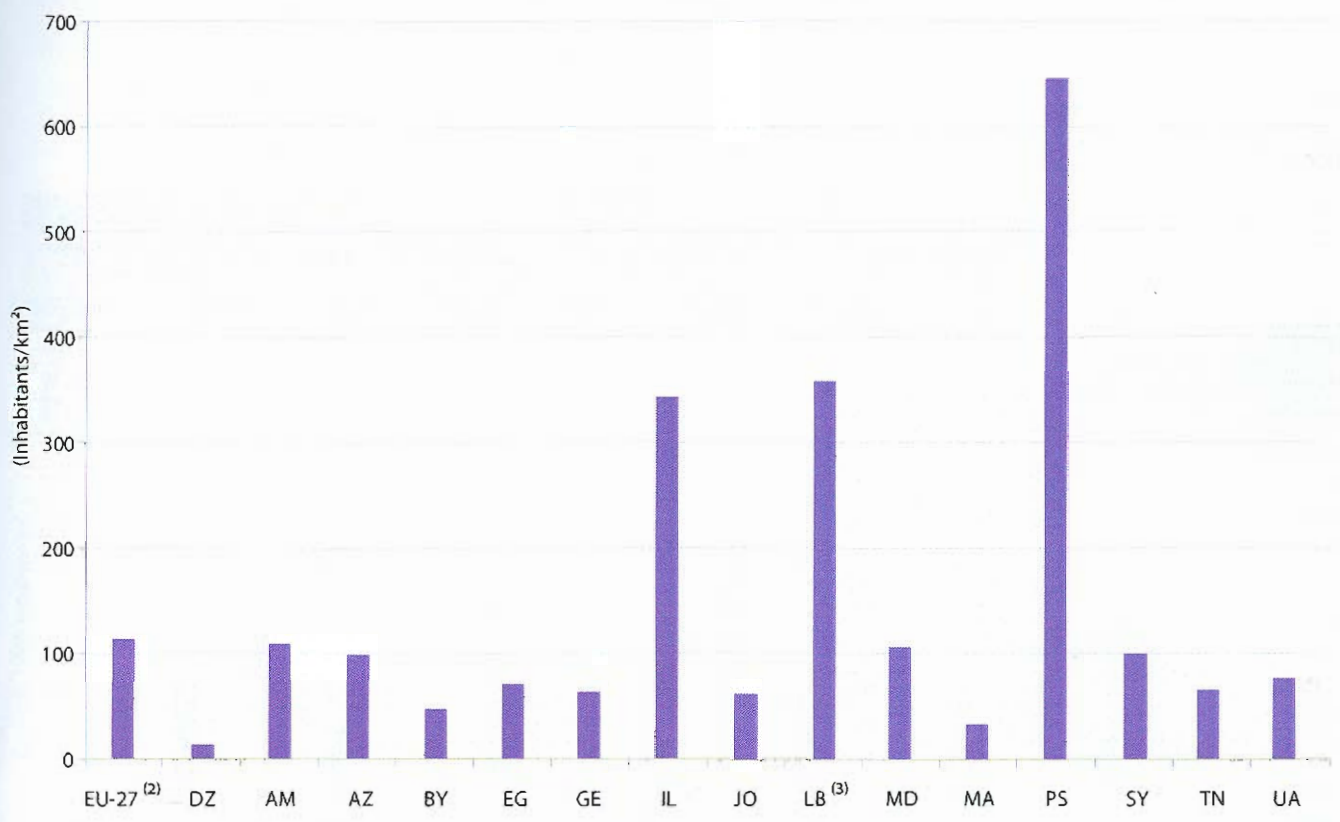


According to the registered natural increase rate per 1 000 inhabitants, the population has grown in all ENP countries except Ukraine, Belarus and Moldova, which recorded negative natural increase rates. Especially large natural increase rates are registered in ENP-South countries, ranging from 11.0 in Tunisia to 32.8 in the occupied Palestinian territory.

There are more females than males in the ENP countries, with a proportion of 1 020 females per 1 000 males, a proportion slightly lower than in the

EU-27 (1 049 females per 1 000 males). Still, the two groups of ENP countries differ considerably in this point: while there are more men than women in the ENP-South countries (975 women per 1 000 men), the proportion of females in the ENP-East countries, with 1 136 females per 1 000 males, is higher than in EU-27. However, it has to be taken into account that this ratio depends on the share of male and female births in total births and it is also influenced by the higher life expectancy of women than men in all countries (see Table 5.1.3).

**Figure 5.1.1:** Population density, 2007 (inhabitants/ km<sup>2</sup>) <sup>(1)</sup>



(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2005 data. (3) 2004 data.

In Figure 5.1.1 the population density for the ENP countries is presented.

For the interpretation of the population density it has to be taken into account that especially in Algeria, Egypt, Morocco and Tunisia there are large areas covered by deserts and thus population of these countries is concentrated in some bigger cities with relatively high densities. The occupied

Palestinian territory is the most densely populated of all ENP countries (646 inhabitants per km<sup>2</sup>), and records almost twice the number of people per km<sup>2</sup> as the following countries in terms of population density — Lebanon and Israel with respectively 359 and 343 inhabitants per km<sup>2</sup>. Algeria and Morocco have the lowest population density — 14 and 34 inhabitants per km<sup>2</sup>, respectively.



### Box 5.1: Demographic indicators – definitions

**Population:** Number of inhabitants in a given area as of 1<sup>st</sup> January of the year in question (or, in some cases, on 31<sup>st</sup> December of the previous year). The population data may be based on data 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).

**Natural increase rate:** The difference between the crude birth rate and the crude death rate. It is expressed as a ratio per 1 000 inhabitants.

**Crude birth rate:** Ratio of the number of births during the year to the average population in that year. The value is expressed per 1000 inhabitants.

**Crude death rate:** Ratio of the number of deaths during the year to the average population in that year. The value is expressed per 1000 inhabitants.

**Infant mortality rate:** The ratio of deaths of children under the age of 1 year in relation to the number of live births during the same reference year. The value is expressed per 1 000 live births.

### 5.1.3 Demographic rates

Table 5.1.2: Demographic rates <sup>(1)</sup>

	Crude birth rate per 1 000 inhabitants		Crude death rate per 1 000 inhabitants		Infant mortality rate per 1 000 live births		Total fertility rate, number of children per woman	
	2000	2007	2000	2007	2000	2007	2000	2007
EU-27	10.6	10.6	10.0	9.7	5.9	4.7 <sup>(2)</sup>	:	:
Algeria	19.4	22.1	4.6	4.3	36.9	26.9	2.4	2.3 <sup>(3)</sup>
Armenia	10.6	12.0	7.5	7.8	15.6	10.7	1.3	1.4 <sup>(2)</sup>
Azerbaijan	14.5	17.7	5.8	6.1	16.4	12.1	1.7	2.3
Belarus	9.4	10.7	13.5	13.8	9.3	5.2	1.3	1.3 <sup>(2)</sup>
Egypt	27.4	25.5 <sup>(3)</sup>	6.3	6.4 <sup>(3)</sup>	31.5	20.1 <sup>(3)</sup>	3.5	3.1 <sup>(3)</sup>
Georgia	11.0	10.9 <sup>(2)</sup>	10.7	9.6 <sup>(2)</sup>	22.5	15.8 <sup>(2)</sup>	1.5	1.4 <sup>(2)</sup>
Israel	21.7	21.0	6.0	5.5	5.5	3.9	3.0	2.9
Jordan	29.0	28.0	7.0	7.0	26.0	20.0	3.7	3.2
Lebanon	:	19.7 <sup>(4)</sup>	:	4.7 <sup>(4)</sup>	:	16.1 <sup>(4)</sup>	:	1.9 <sup>(4)</sup>
Moldova	6.8	10.8	7.5	11.8	18.3	11.3	1.3	1.2 <sup>(2)</sup>
Morocco	21.9	20.2 <sup>(4)</sup>	5.9	5.5 <sup>(4)</sup>	:	40.0 <sup>(4)</sup>	2.7	2.5 <sup>(4)</sup>
Occupied Palestinian territory	40.9	36.7	4.5	3.9	25.5	25.3	6.1	4.6
Syria	26.4 <sup>(5)</sup>	27.6	3.1 <sup>(5)</sup>	3.1	24.0	18.0	3.8 <sup>(5)</sup>	3.6
Tunisia	17.1	16.8	5.6	5.8	23.8	18.7	2.1	2.0
Ukraine	7.9	10.3	15.5	16.2	11.9	10.0	1.1	1.3 <sup>(2)</sup>

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2006 data. (3) 2005 data. (4) 2004 data. (5) 2001 data.

In every ENP country except Ukraine the crude birth rates are higher than in the EU-27. In this regard, there is a clear difference between the ENP-South countries and the ENP-East countries.

Crude birth rates in most ENP-South countries are higher than those in ENP-East countries. Some ENP-South countries even recorded crude birth rates almost double the rates in most ENP-East countries.

In the ENP-South countries the crude birth rates range from 36.7 per 1 000 inhabitants in the occupied Palestinian territory to 16.8 per 1 000 inhabitants in Tunisia. Azerbaijan is the only ENP-East country with crude birth rates within this range. The other ENP-East countries report rates that range from 12.0 births per 1 000 inhabitants in Armenia and 10.3 births per 1 000 inhabitants in Ukraine. These values do not deviate largely from the value for the EU-27 — 10.6 births per 1 000 inhabitants.



While the crude birth rate has remained stable in the EU-27 from 2000 to 2007, there is no clear general tendency for all ENP countries. But there is a significant difference between the two groups of countries. All ENP-East countries except Georgia showed increasing crude birth rates for the period shown, ranging from 1.3 births per 1 000 inhabitants in Belarus to 4.0 in Moldova. Most ENP-South countries recorded decreases in birth rates ranging from -0.3 births per 1 000 inhabitants in Tunisia to -4.2 in the occupied Palestinian territory, for the period observed.

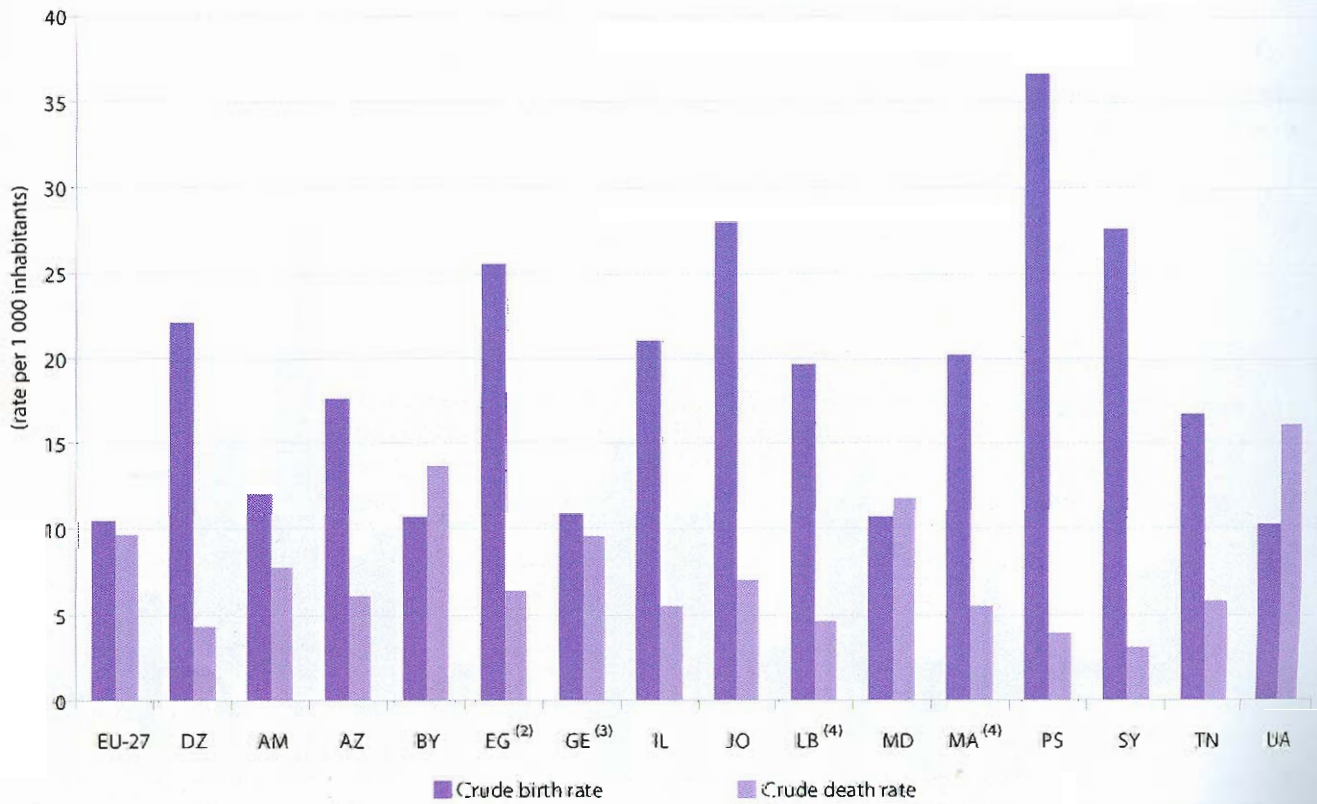
Crude death rates in most of the ENP countries are significantly lower than in the EU-27. Only in three ENP-East countries crude death rates are higher than in the EU-27 (9.7 deaths per 1 000 inhabitants): Ukraine (16.2 deaths per 1 000 inhabitants), Belarus (13.8 deaths per 1 000 inhabitants) and Moldova (11.8 deaths per 1 000 inhabitants). Georgia's value of 9.6 deaths per 1 000 inhabitants is close to the value of the EU-27. In Armenia, Azerbaijan, and all the ENP-South countries, the crude death rates are

below the EU-27 value, ranging from 7.8 deaths per 1 000 inhabitants in Armenia to 3.1 deaths per 1 000 inhabitants in Syria.

There is also no clear tendency in the direction of growth for the crude death rate: it has increased in some ENP countries since 2000 and decreased in others. In most of the ENP countries the changes in these rates were relatively small. The exception is Moldova where the crude death rate grew by 4.3 deaths per 1 000 inhabitants during the period observed.

In general, in the ENP-South countries, the birth rates are higher than in EU-27 and the death rates are lower, while in most of the ENP-East countries, the birth rates are similar to those in EU-27, and the death rates in three of the countries from this group are higher than those in EU-27. This combination of crude birth and death rates has an impact on the age pyramid, which shows a younger population in the ENP-South countries than in EU-27, or the ENP-East countries.

**Figure 5.1.2:** Crude birth and death rates per 1 000 inhabitants, 2007 <sup>(1)</sup>



(1) For ENP-South countries, 2006 data are shown instead of 2007, except otherwise indicated. (2) 2005 data. (3) 2006 data. (4) 2004 data.



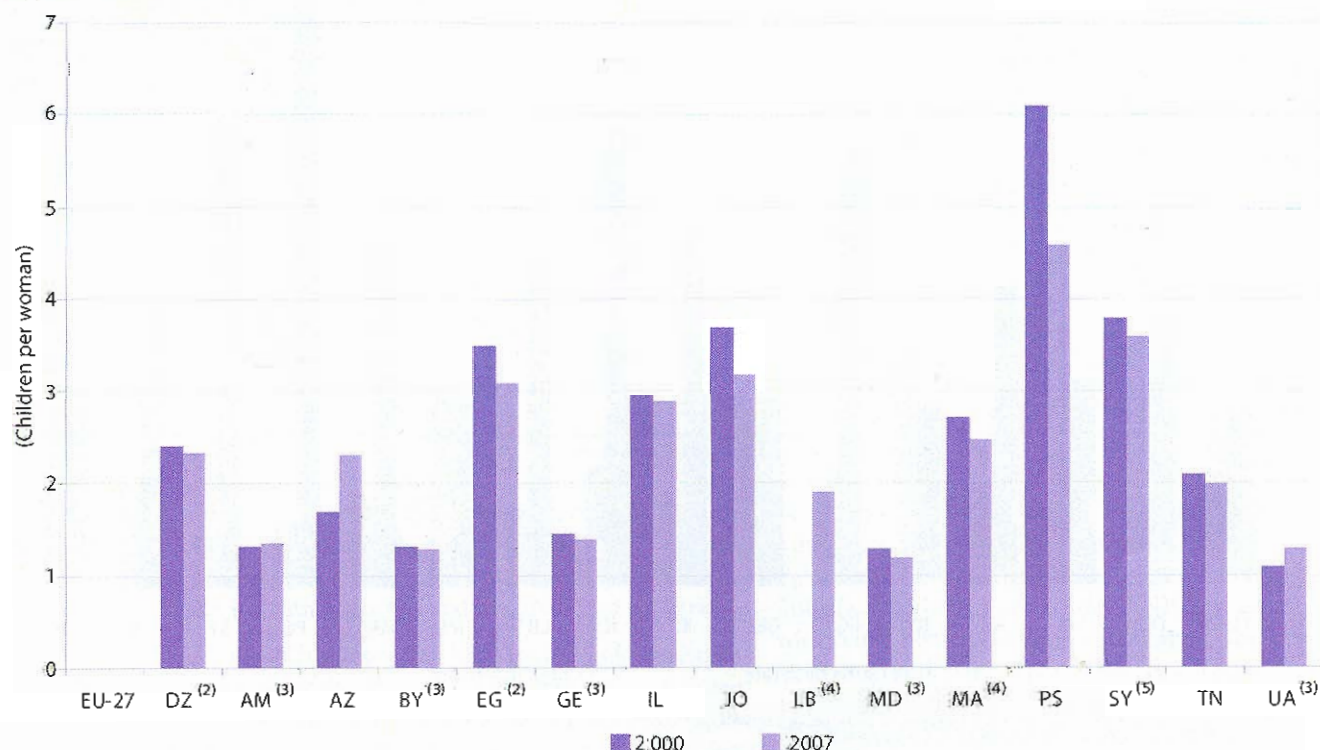
According to Table 5.1.2, infant mortality rates in all ENP-South countries except Israel are higher than in ENP-East countries. Israel has the lowest infant mortality rate among the ENP countries (3.9 deaths under the age of one per 1 000 live births), also lower than the value for the EU-27. Regarding the ENP-East countries, only Belarus reports a value similar to that of the EU-27. The rest of the ENP countries report infant mortality rates higher than the value for the EU-27. Morocco reports the highest infant mortality rate overall which is eight times higher than in the EU-27. Other countries with high infant mortality rates belong to the ENP-South countries (all with values above 15 deaths under the age of one per 1 000 live births). The ENP-East countries show infant mortality rates ranging from 15.8 in Georgia to 5.2 in Belarus.

Since 2000, a decrease in infant mortality rates can be observed in all ENP countries for which the data are available. Egypt (11.4 deaths under the age of one per 1 000 live births), Algeria (10.0), Georgia (6.7), Moldova (7.0), Jordan and Syria (6.0 each) report the largest reductions in the infant mortality rate since 2000. In the rest of the ENP countries the infant mortality rates have declined between 5.1 deaths under the age of one per 1 000 live births in Tunisia and 0.2 in the occupied Palestinian territory.

The number of children per woman is generally higher in the ENP-South countries than in the ENP-East countries, the only exception being Azerbaijan. The occupied Palestinian territory registered the highest fertility rate among the ENP countries (4.6 children per woman in 2007). In the rest of the ENP-South countries, the number of children per woman ranges from 3.6 in Syria to 1.9 in Lebanon. All remaining ENP-East countries show a great similarity regarding the fertility rate: 1.2 children per woman in Moldova to 1.4 children per woman in Armenia and Georgia.

The number of children per woman has increased in Azerbaijan since 2000 — from 1.7 to 2.3, which represents an increase of 35.3%. It has also increased, but at a lower rate, in Ukraine (with 18.2%) and Armenia (with 7.7%), and has remained stable in Belarus. In all the other ENP countries it has declined during this period, the reduction being more accentuated in the occupied Palestinian territory (a decline of 24.6%), in Jordan and Egypt. The rest of the countries have registered virtually stable fertility rates (declines of 0.2 to 0.1 children per woman).

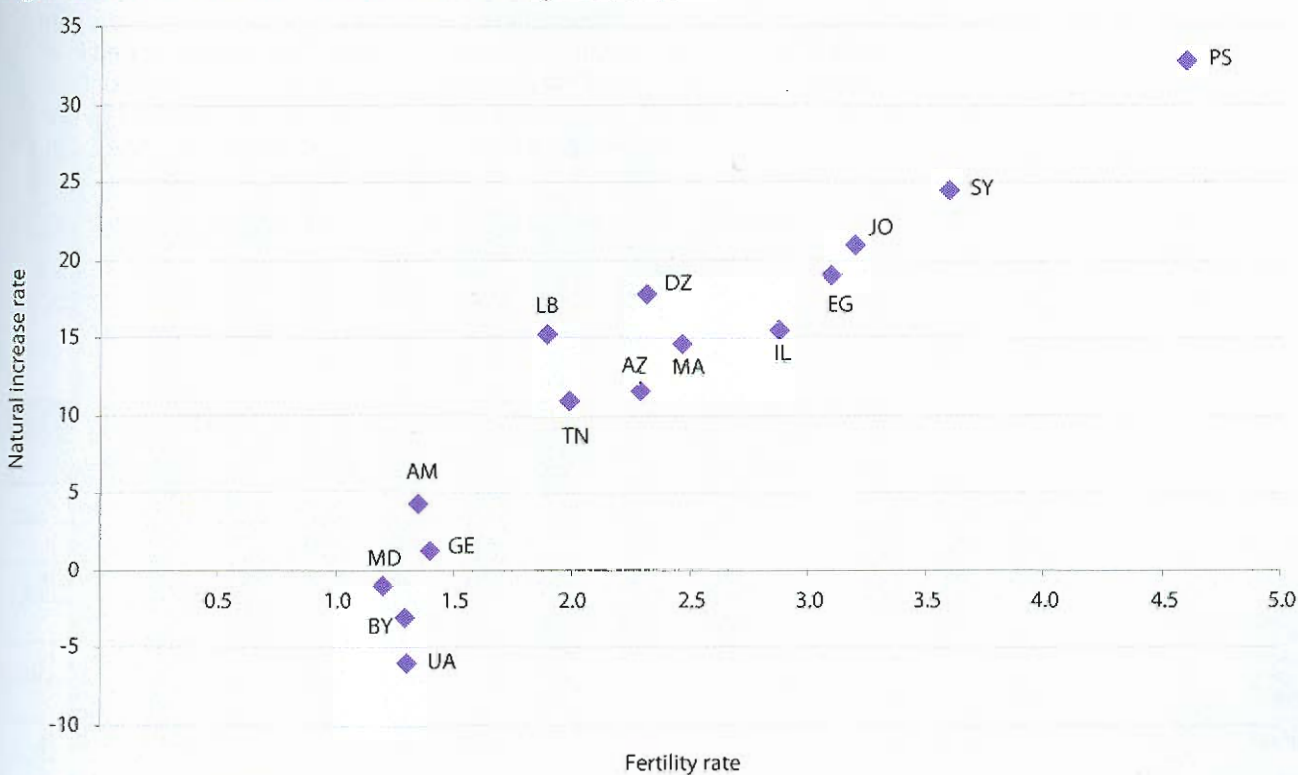
**Figure 5.1.3:** Total fertility rate, number of children per woman <sup>(1)</sup>



(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2005 data instead of 2007. (3) 2006 data instead of 2007. (4) 2004 data instead of 2007. (5) 2004 data instead of 2007.



Figure 5.1.4: Natural increase rate and fertility rate, 2007 <sup>(1)</sup>



(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. 2005 data for DZ and EG. 2006 data for AM, BY, GE, MD and UA. 2004 data for LB and MA.

In Figure 5.1.4 a comparison between the natural increase rate and the fertility rate is represented, and it shows that in all ENP-South countries and Azerbaijan, the natural increase rate is higher when the fertility rate is increasing. Most ENP-East countries have a fertility rate under 1.5 children per woman, and low natural increase rates, even negative ones in three of these countries.

Box 5.II: Migration in ENP-East countries

Table 5.II.1: Migration

	Net migration rate per 1 000 inhabitants		Number of immigrants (1 000)		Number of emigrants (1 000)	
	2000	2007	2000	2007	2000	2007
EU-27	-	-	-	-	-	-
Armenia	-6.8	-2.0	1.6 <sup>(1)</sup>	1.1	11.9 <sup>(1)</sup>	7.4
Azerbaijan	-0.7	-1.1	4.4	2.0	9.9	3.1
Belarus	1.2	0.5	25.9	14.2	13.8	9.5
Georgia	-8.0 <sup>(2)</sup>	-2.8 <sup>(3)</sup>	-	-	-	-
Moldova	-2.1	-0.9	1.3	3.8 <sup>(4)</sup>	9.1	7.2
Ukraine <sup>(6)</sup>	-0.7 <sup>(5)</sup>	0.3	42.5 <sup>(5)</sup>	46.5	76.3 <sup>(5)</sup>	29.7

(1) 2001 data. (2) Estimated value. (3) 2006 data. (4) Including repatriates. (5) Due to the Ukrainian Census held 5 December 2001, the migration balance has been recalculated and therefore the number of immigrants and emigrants can only be provided since 2002. (6) 2002 data.



Information on migration, which is influencing the age structure and development of the entire population, is only available for ENP-East countries. The available data show that significant flows of emigration are being reported in all ENP-East countries, and particularly in Ukraine. The comparison of the data over the period observed clearly confirms that the emigration flows have declined for all the ENP-East countries. The number of emigrants has declined by one half in Ukraine and by two thirds in Azerbaijan. Immigration flows have decreased since 2000 in Armenia, Azerbaijan, and Belarus, and have increased in Moldova and Ukraine.

The net migration rate is negative for all ENP-East countries except for Belarus and Ukraine (where it registered very small positive values).

**Table 5.1.3:** Life expectancy at birth (years) <sup>(1)</sup>

	Male		Female	
	2000	2007	2000	2007
EU-27	74.5 <sup>(2)</sup>	74.6 <sup>(3)</sup>	80.9 <sup>(2)</sup>	80.9 <sup>(3)</sup>
Algeria	71.5	74.2	73.4	75.1
Armenia	70.1	70.0 <sup>(4)</sup>	75.8	76.4 <sup>(4)</sup>
Azerbaijan	68.6	69.7	75.1	75.1
Belarus	63.4	63.6 <sup>(4)</sup>	74.7	75.5 <sup>(4)</sup>
Egypt	66.7	69.2	71.0	73.6
Georgia	67.5	69.8 <sup>(4)</sup>	75.0	78.5 <sup>(4)</sup>
Israel	76.7	78.5	80.9	82.2
Jordan	68.0	70.8	71.0	72.5
Lebanon	:	:	:	:
Moldova	63.9	64.6 <sup>(4)</sup>	71.2	72.2 <sup>(4)</sup>
Morocco	67.7	70.6 <sup>(3)</sup>	71.8	73.0 <sup>(3)</sup>
Occupied Palestinian territory	70.7	71.7	72.2	73.2
Syria	:	:	:	:
Tunisia	70.1	71.6 <sup>(5)</sup>	74.2	75.5 <sup>(5)</sup>
Ukraine	62.4	62.4 <sup>(4)</sup>	73.6	74.1 <sup>(4)</sup>

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2002 data. (3) 2004 data. (4) 2006 data. (5) 2005 data.

Crude death rate is together with life expectancy a decisive factor for a part of the structure of a country's age pyramid. According to the latest available data, only Israel records life expectancy at birth of both males (78.5 years) and females (82.2 years) that is higher than in the EU-27 (74.6 and 80.9 years respectively). The other twelve countries — where data are available — report a life expectancy that is lower than the EU-27 value for both genders.

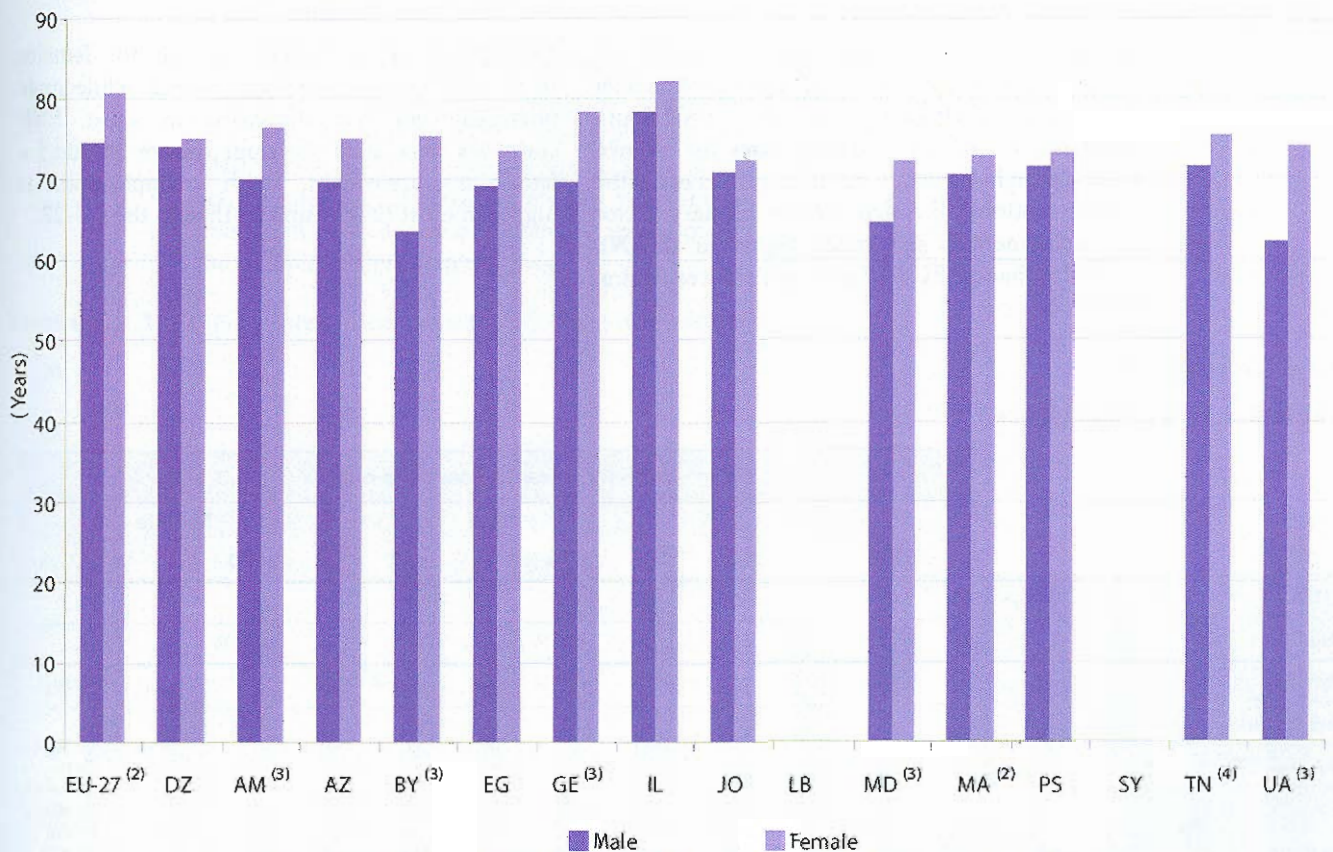
The distribution of male life expectancy in the ENP countries shows a bigger spread than that of females, the difference between the highest and the lowest amounting to 16 years for men and only to 10 for women. In all countries except Israel, male life expectancy ranges from 62.4 years in Ukraine

to 74.2 years in Algeria. In general, ENP-South countries show higher life expectancy than ENP-East countries with values all above 70 years (except Egypt) while all ENP-East countries are below the 70 years recorded in Armenia.

For females, the picture is more heterogeneous. Countries from both ENP groups are amongst the countries with the highest and smallest life expectancy. For example, behind Israel, the second longest female life expectancy in all ENP countries is recorded in Georgia, at 78.5 years. Women in Algeria, Armenia, Azerbaijan, Belarus and Tunisia also have a life expectancy higher than 75 years.

The lowest life expectancy for females is recorded in Moldova, Jordan and Morocco.



**Figure 5.1.5: Life expectancy at birth, 2007 (years) <sup>(1)</sup>**

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2004 data. (3) 2006 data. (4) 2005 data.

Generally, life expectancy has grown in every ENP country since 2000. The figures remain stable for males in the EU-27 and in Ukraine, as well as for females in EU-27 and in Azerbaijan. In the rest of the ENP countries for which information is available, life expectancy has increased in the period shown. Several countries, almost all from the ENP-South group, show increases above 2 years for male life expectancy: Morocco (2.9 years), Jordan (2.8 years), Algeria (2.7 years), Egypt (2.5 years) and Georgia (2.3 years). The growth of life expectancy for males in the rest of the countries ranges from 1.8 years in Israel to only 0.2 years in Belarus.

The highest growth of female life expectancy has been recorded in Georgia (3.5 years) followed by Egypt (2.6 years). In the rest of the ENP countries, growth ranges from 1.7 years in Algeria to 0.5 in Ukraine.

Despite fluctuating crude death and birth rates and different life expectancies in most ENP countries, on the long term, data for ENP-South countries show a tendency to a younger age pyramid than for ENP-East countries.



## 5.2 Labour market

### 5.2.1 Introduction

The activity rates in most ENP countries are lower than in the EU-27, with significant gender differences, particularly in the ENP-South countries, where crude activity rates for women are less than half the rate in EU-27 (Israel being the only exception). The share of the primary sector in employment is also much higher in all ENP countries than in EU-27 (again with the exception of Israel).

Unemployment is particularly high for females in the ENP-South countries. In fact, while male unemployment has decreased in most ENP countries since 2000, the same cannot be said for female unemployment. Youth unemployment is higher in most ENP countries than in the EU-27.

### 5.2.2 Employment

**Table 5.2.1:** Activity rates (%) <sup>(1)</sup>

	Activity rates, 15 years and older					
	Total		Male		Female	
	2000	2007	2000	2007	2000	2007
EU-27	68.6	70.5	77.1	77.6	60.1	63.3
Algeria	41.0 <sup>(2)</sup>	42.5	69.3 <sup>(2)</sup>	69.9	12.4 <sup>(2)</sup>	14.8
Armenia	55.5 <sup>(2)</sup>	53.6 <sup>(3)</sup>	61.9 <sup>(2)</sup>	60.9 <sup>(3)</sup>	49.7 <sup>(2)</sup>	46.9 <sup>(3)</sup>
Azerbaijan	77.4	67.4	81.4	70.7	73.4	64.3
Belarus	77.7	73.7 <sup>(3)</sup>	72.3	67.3 <sup>(3)</sup>	83.3	80.4 <sup>(3)</sup>
Egypt	47.7	49.8 <sup>(4)</sup>	70.9	75.1 <sup>(4)</sup>	22.3	23.6 <sup>(4)</sup>
Georgia	68.5	66.8 <sup>(3)</sup>	78.0	76.5 <sup>(3)</sup>	60.4	58.0 <sup>(5)</sup>
Israel	61.5	62.9	67.1	67.2	56.1	58.7
Jordan	39.4	37.7	66.1	63.1	12.3	11.9
Lebanon	51.4	47.1 <sup>(5)</sup>	81.7	73.4 <sup>(5)</sup>	22.1	22.3 <sup>(5)</sup>
Moldova	65.4	49.7	68.4	51.5	62.6	48.1
Morocco	55.4	52.4	78.9	76.4	28.1	27.2
Occupied Palestinian territory	41.5	41.3	70.4	67.7	12.9	14.5
Syria	53.5 <sup>(2)</sup>	46.4 <sup>(4)</sup>	83.3 <sup>(2)</sup>	72.8 <sup>(4)</sup>	21.3 <sup>(2)</sup>	14.5 <sup>(4)</sup>
Tunisia	52.1	50.0	76.8	73.8	27.7	27.2
Ukraine	67.0	67.3	71.8	72.9	62.6	62.2

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated; (2) 2001 data; (3) 2006 data; (4) 2005 data; (5) 2004 data.

Almost all ENP countries show activity rates for people at least fifteen years old below the EU-27 rate, the exception being Belarus, which, with 73.7% slightly exceeds the 70.5% value for the EU-27.

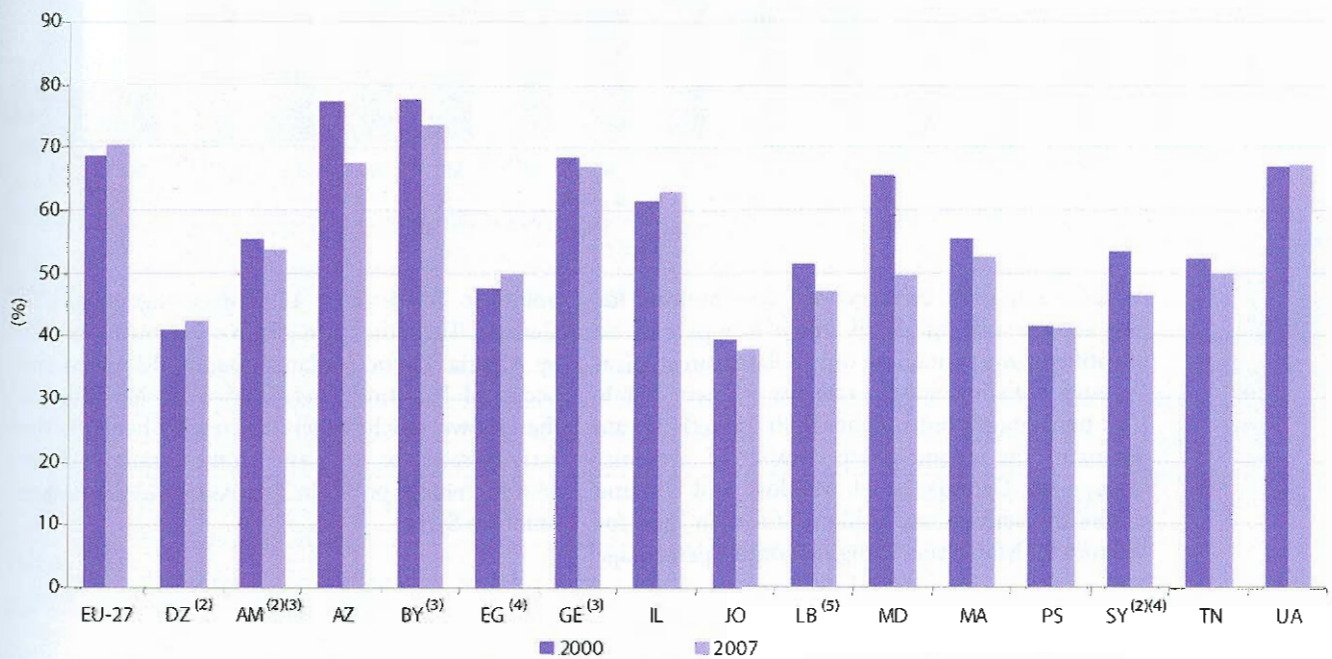
The activity rates vary considerably among the countries, and are generally higher in the ENP-East countries than in the ENP-South countries. Of the latter group, only Israel records a comparatively high rate, of almost 63%, while the other ENP-South countries showing rates below 53%. All ENP-East countries except Moldova register rates above 53%.

The activity rate has decreased in most ENP countries since 2000. Only in four countries, Egypt, Algeria, Israel, and Ukraine the activity rate has increased. In Egypt, the increase of 2.1 percentage points was similar to the EU-27 growth (1.9 percentage points); in the other three countries, the growth has been lower than in the EU-27.



For the remaining eleven countries the activity rate decreased between 2000 and 2007. In some cases, the decrease has been considerable: 15.7 percentage points in Moldova and 10.0 percentage points in Azerbaijan. No significant differences can be identified between the other ENP-East and ENP-South countries regarding the decrease of the activity rates: they all range between a 4.3 percentage points fall in Jordan and 0.2 percentage points in the occupied Palestinian territory.

**Figure 5.2.1:** Activity rates, total persons 15 years and older (%) <sup>(1)</sup>



(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2001 data instead of 2000. (3) 2006 data instead of 2007. (4) 2005 data instead of 2007. (5) 2004 data instead of 2007.

Gender seems to be a significant factor in the economic activity of the ENP countries, and generally of more influence than in the EU-27. This can be particularly noted for ENP-South countries.

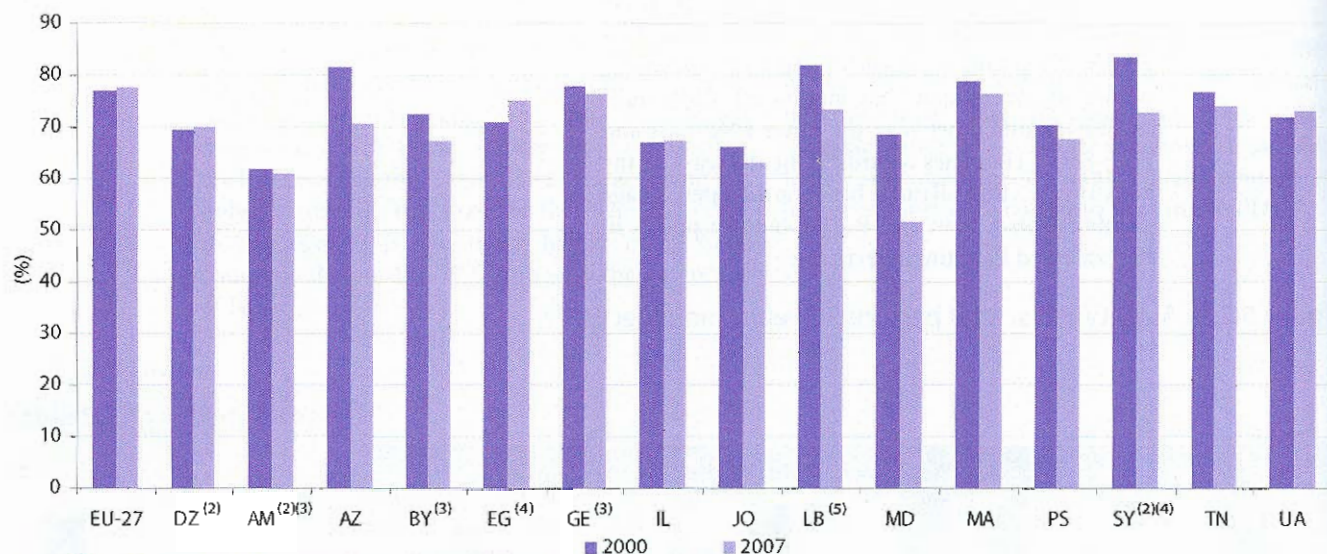
In nearly all ENP countries, the activity rates by gender are below the activity rates for the same gender in the EU-27, in 2007, the exception being Belarus and Azerbaijan where the activity rate for women of 80.4% and 64.3% respectively is above the 63.3% of the EU-27.

A great difference can be seen between the distribution of activity rates for males and the one for females, the distribution for men being much more homogeneous. While activity rates for men range between 76.5% in Georgia and 51.5% in

Moldova; activity rates of women vary from 80.4% in Belarus to 11.9% in Jordan, extending over an interval of about 68.5 percentage points. Especially ENP-South countries show the lowest female activity rates (below 30% except in Israel), due to a still relatively traditional lifestyle in these countries. On the other hand all ENP-East countries show activity rates for females above 45%.



**Figure 5.2.2: Activity rates, male, 15 years and older (%)<sup>(1)</sup>**

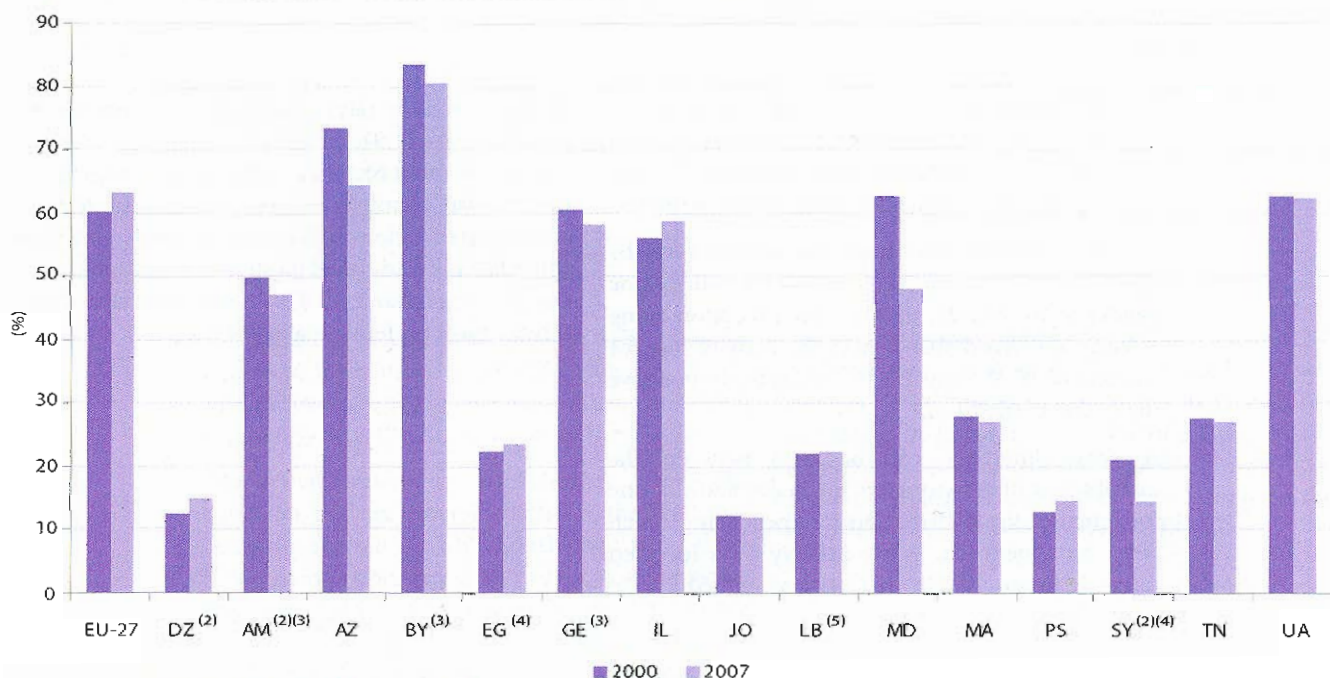


(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2001 data instead of 2000. (3) 2006 data instead of 2007. (4) 2005 data instead of 2007. (5) 2004 data instead of 2007.

When comparing both gender distributions for the activity rate in detail, three groups can be identified. One containing only Belarus, an atypical country with an activity rate for women that is 13.1 percentage points higher than the activity rate for men. The second group consists of Armenia, Azerbaijan, Georgia, Israel, Moldova and Ukraine where the activity rate is higher for men than for women, with differences ranging from 3.4 percentage

points in Moldova to 18.5 percentage points in Georgia. Then, the third group of countries formed by Algeria, Egypt, Jordan, Lebanon, Morocco, the occupied Palestinian territory, Syria and Tunisia that shows much larger differences between the activity rates for men and women, ranging from 46.6 percentage points in Tunisia to 58.3 percentage points in Syria.

**Figure 5.2.3: Activity rates, female, 15 years and older (%)<sup>(1)</sup>**



(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2001 data instead of 2000. (3) 2006 data instead of 2007. (4) 2005 data instead of 2007. (5) 2004 data instead of 2007.



The comparison of data over the period for which data are available shows that the activity rates for men have increased in four countries only: Egypt, Ukraine, and to a small extent in Israel and Algeria. In the rest of the countries, a reduction has taken place being relatively large in some of them: 16.9 percentage points in Moldova, 10.7 percentage points in Azerbaijan, 10.5 percentage points in Syria and 8.3 percentage points in Lebanon.

Female activity rates have increased moderately in Algeria, Egypt, Israel, Lebanon, and the occupied Palestinian territory and have declined in the rest of the countries, of which Moldova with a reduction of 14.5 percentage points and Azerbaijan with 9.1 percentage points are the most remarkable examples.

**Table 5.2.2:** Employment by sector as a share of total employment (%) <sup>(1)</sup>

	Primary sector		Secondary sector		Tertiary sector	
	2000	2007	2000	2007	2000	2007
EU-27	8.0	5.6	29.3	27.6	62.3	66.5
Algeria	14.1	18.1	23.4	28.4	62.5	53.4
Armenia	18.6 <sup>(2)</sup>	23.2 <sup>(3)</sup>	21.4 <sup>(2)</sup>	24.8 <sup>(3)</sup>	60.0 <sup>(2)</sup>	52.0 <sup>(3)</sup>
Azerbaijan	41.0	38.9	10.9	12.7	48.1	48.4
Belarus	14.8	10.9 <sup>(3)</sup>	34.7	34.6 <sup>(3)</sup>	50.5	54.5 <sup>(3)</sup>
Egypt	29.6	30.9 <sup>(4)</sup>	21.3	21.5 <sup>(4)</sup>	49.1	47.6 <sup>(4)</sup>
Georgia	52.1	55.3 <sup>(3)</sup>	9.8	9.0 <sup>(3)</sup>	38.1	35.6 <sup>(3)</sup>
Israel	2.2	1.8	24.2	21.7	73.6	76.4
Jordan	:	:	:	:	:	:
Lebanon	7.2	8.0 <sup>(5)</sup>	:	24.0 <sup>(5)</sup>	:	68.0 <sup>(5)</sup>
Moldova	50.9	32.8	13.9	18.7	35.2	48.5
Morocco	45.9	43.4	19.4	20.3	34.8	36.3
Occupied Palestinian territory	13.7	16.1	34.0	23.5	52.3	60.4
Syria	:	:	:	:	:	:
Tunisia	19.7	18.7	34.4	32.3	45.9	49.0
Ukraine	21.1	21.8	31.1	27.7	47.8	50.5

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2001 data. (3) 2006 data. (4) 2005 data. (5) 2004 data.

Of the thirteen ENP countries for which data are available, only Israel with 1.8% reports a lower share of the primary sector (contains agriculture, fishing and forestry) in total employment than in the EU-27 (5.6%). In the rest of the countries the share of the primary sector in total employment is much higher. Georgia (55.3%), Morocco (43.4%) and Azerbaijan (38.9%) showed the highest values. The other countries reported percentages between 32.8% in Moldova and 8.0% in Lebanon.

The percentage of the primary sector has increased in a number of the ENP countries since 2000, particularly in Armenia (by 4.6 percentage points), Algeria (by 4.0 percentage points), and Georgia (by 3.2 percentage points). On the other hand, there was a large decline in Moldova between 2000 and

2007 (a reduction of 18.1 percentage points). In Azerbaijan, Belarus, Israel, Morocco and Tunisia, the share of employment in the primary sector has also declined but on a smaller scale.

There are countries with a high share and countries with a low share of employment in the secondary sector in both groups, ENP-East and ENP-South countries. In four out of thirteen ENP countries for which information is available, the share of the secondary sector (contains energy, manufacturing industry and construction) in employment is higher than in the EU-27 (27.6%): Belarus, Tunisia, Algeria and Ukraine. The share of employment in the secondary sector is particularly low in Georgia, Azerbaijan, and Moldova (countries with high shares of employment in the primary sector).



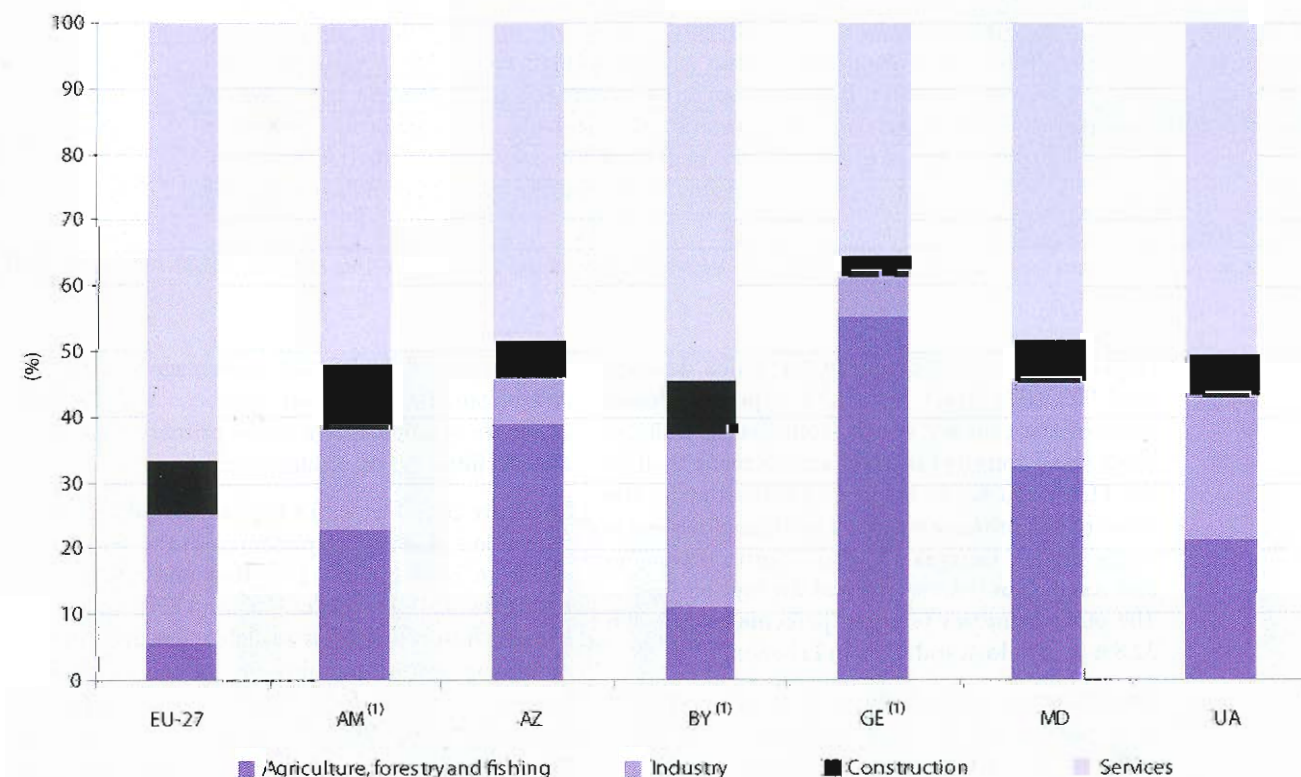
Since 2000, the share of the secondary sector in total employment has experienced a large fall, much more intense than in EU-27 (1.7 percentage points), in the occupied Palestinian territory (10.5 percentage points), Ukraine (3.4 percentage points), Israel (2.5 percentage points), and Tunisia (2.1 percentage points). Only in two countries this indicator shows a decline lower than the one experienced by the EU-27: Georgia and Egypt. On the other hand, the share of the secondary sector in total employment has increased in six countries: Algeria (5.0 percentage points), Moldova (4.8 percentage points), Armenia (3.4 percentage points), Azerbaijan (1.8 percentage points), Morocco (0.9 percentage points), and Egypt (0.2 percentage points).

Regarding the share of the tertiary sector (that covers all services) in total employment, only two ENP countries report this share higher than in the EU-27: Israel and Lebanon. The rest of the

countries register percentages that are lower than in the EU-27: in nine of them, the shares range between 60.4% in the occupied Palestinian territory and 47.6% in Egypt. Two other countries, Georgia and Morocco, show a particularly low share of the tertiary sector in total employment (35.6% and 36.3% respectively).

The tertiary sector is the only sector increasing its share since 2000 in the EU-27 total employment (4.2 percentage points). This is also the case in most of the ENP countries for which data are available, the growth being particularly significant in Moldova (13.3 percentage points) and the occupied Palestinian territory (8.1 percentage points). The share of this sector in total employment has declined in Algeria (9.1 percentage points) and Armenia (8.0 percentage points) and, at a lesser scale, also in Egypt and Georgia. In the remaining ENP countries, there has been a moderate increase of up to 4 percentage points.

**Figure 5.2.4: ENP-East countries - breakdown of employment by economic activity, 2007 (%)**



(1) 2006 data



Additional information on ENP-East countries shows that the share of construction in employment in all of these countries is much smaller than the share of industry. Regarding construction, only Armenia reports percentages of employment in this sector higher than the one recorded for EU-27. Georgia with about 3% reported the lowest share of

construction in total employment. The countries with a higher share of the industrial sector in total employment are Belarus and Ukraine, both with percentages above the EU-27, while Georgia and Azerbaijan registered comparatively small industrial sector shares in total employment.

### 5.2.3 Unemployment

Concerning unemployment it is important to note that comparisons of absolute values among countries have to be treated cautiously, as countries could have used slightly different definitions of unemployment — the strict or the wider definition — both in conformity with the recommendations of the International Labour Organization.

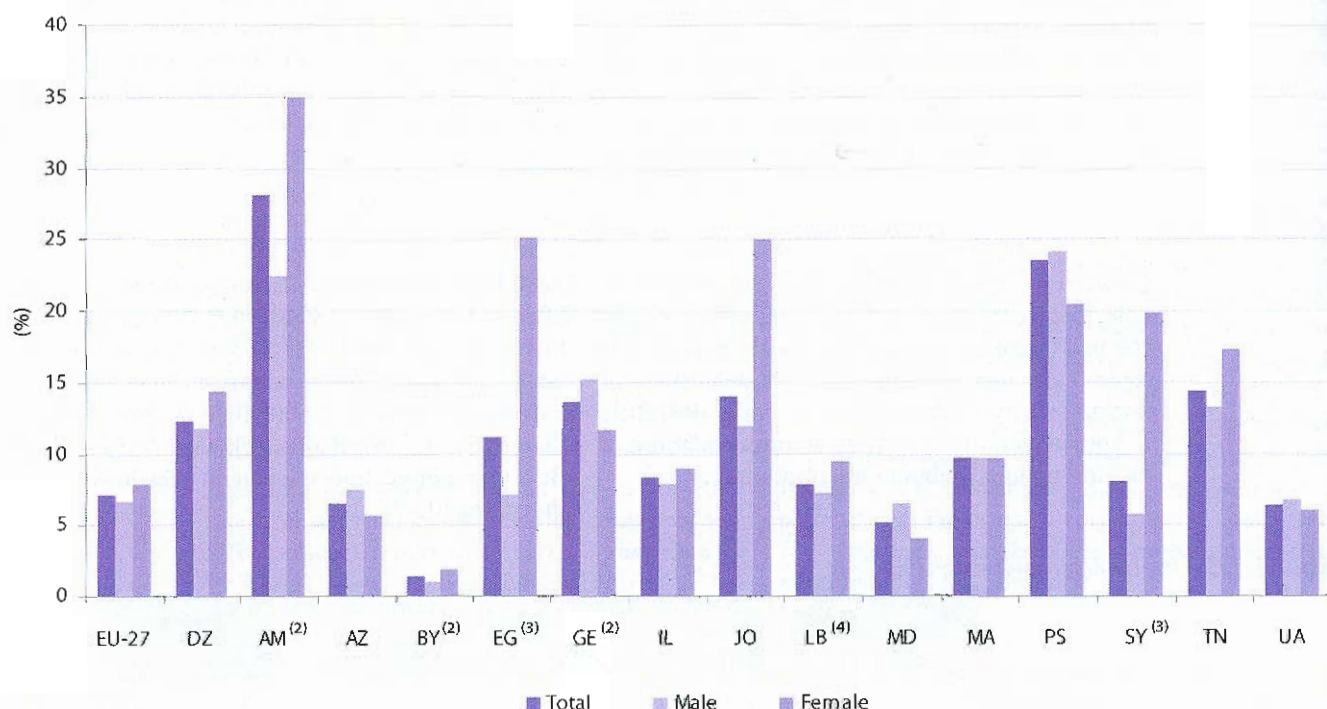
According to the latest available data, eleven out of the fifteen ENP countries register unemployment rates higher than in the EU-27 (7.1%). Unemployment rates are very high in Armenia and the occupied Palestinian territory (more than 3 times higher than in EU-27). Azerbaijan, Ukraine, Moldova and Belarus reported unemployment rates lower than that of the EU-27.

**Table 5.2.3:** Unemployment rates (%) <sup>(1)</sup>

	Total		Male		Female	
	2000	2007	2000	2007	2000	2007
EU-27	8.6	7.1	7.8	6.6	9.8	7.8
Algeria	28.9	12.3	29.2	11.8	26.4	14.4
Armenia	38.4 <sup>(2)</sup>	28.1 <sup>(3)</sup>	36.8 <sup>(2)</sup>	22.5 <sup>(3)</sup>	40.2 <sup>(2)</sup>	34.9 <sup>(3)</sup>
Azerbaijan	1.2	6.5	1.0	7.5	1.4	5.6
Belarus	2.1	1.4 <sup>(3)</sup>	1.7	1.0 <sup>(3)</sup>	2.4	1.8 <sup>(3)</sup>
Egypt	9.0	11.2 <sup>(4)</sup>	5.1	7.1 <sup>(4)</sup>	22.7	25.1 <sup>(4)</sup>
Georgia	10.3	13.6 <sup>(3)</sup>	11.0	15.2 <sup>(3)</sup>	9.7	11.7 <sup>(3)</sup>
Israel	8.8	8.4	8.5	7.9	9.2	9.0
Jordan	13.7	14.0	12.3	11.9	21.0	25.0
Lebanon	;	7.9 <sup>(5)</sup>	;	7.3 <sup>(5)</sup>	;	9.5 <sup>(5)</sup>
Moldova	8.5	5.2	9.8	6.5	7.3	4.0
Morocco	13.4	9.7	13.6	9.7	12.8	9.7
Occupied Palestinian territory	14.1	23.6	14.4	24.2	12.5	20.5
Syria	10.6 <sup>(2)</sup>	8.1 <sup>(4)</sup>	7.5 <sup>(2)</sup>	5.8 <sup>(4)</sup>	22.8 <sup>(2)</sup>	19.9 <sup>(4)</sup>
Tunisia	15.7	14.3	15.3	13.2	16.9	17.3
Ukraine	11.6	6.4	11.6	6.7	11.6	6.0

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated (2) 2001 data. (3) 2006 data. (4) 2005 data. (5) 2004 data.



Figure 5.2.5: Unemployment rates, 2007 (%) <sup>(1)</sup>

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2006 data instead of 2007. (3) 2005 data instead of 2007. (4) 2004 data instead of 2007.

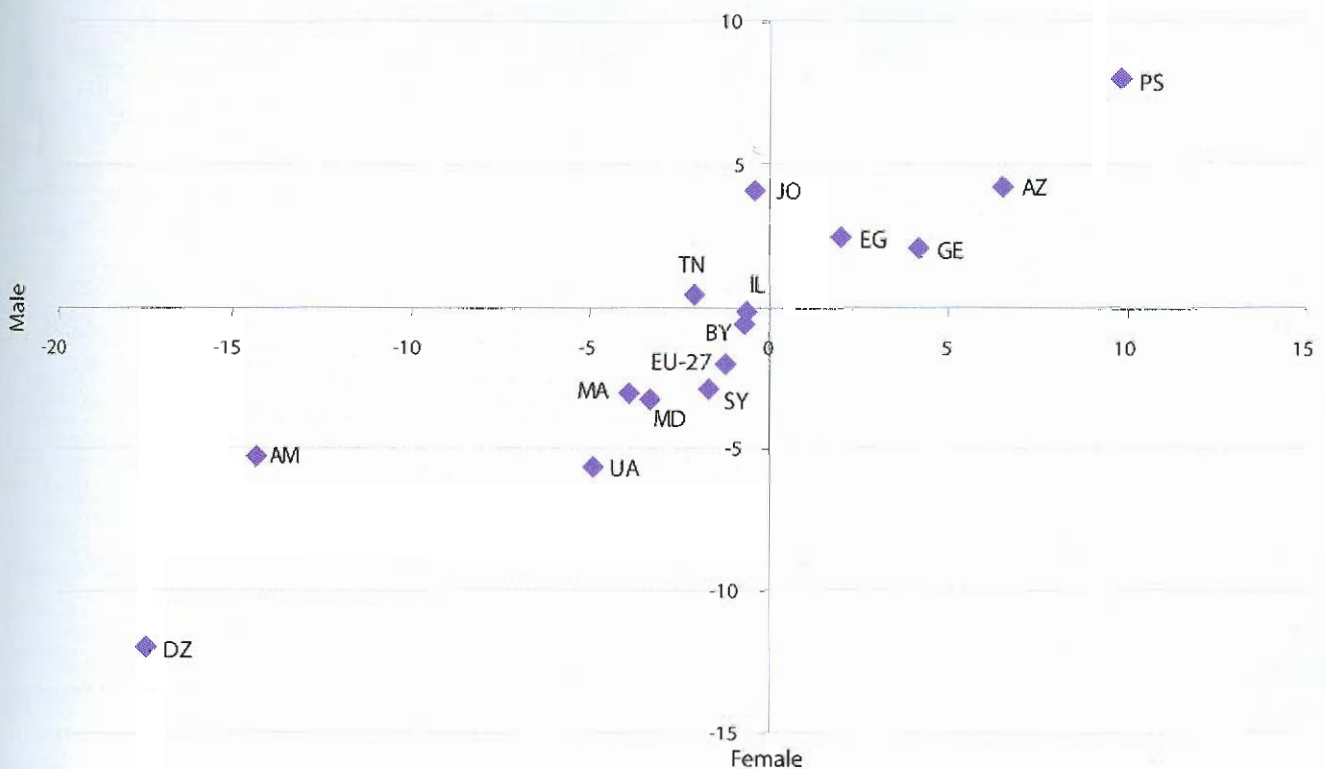
Since 2000 the unemployment rates decreased in nine ENP countries. This decline has been particularly high in Algeria (16.6 percentage points) and Armenia (10.3 percentage points). In Ukraine (5.2 percentage points), Morocco (3.7 percentage points), Moldova (3.3 percentage points) and Syria (2.5 percentage points), fall in unemployment rates has also been larger than in EU-27. Smaller reductions in unemployment have also taken place in Tunisia, Belarus and Israel. On the other hand, the unemployment rate has increased in Jordan, Egypt, Georgia and Azerbaijan, and very noticeably in the occupied Palestinian territory where the increase has been of 9.5 percentage points.

Twelve ENP countries register a higher rate of male unemployment than in the EU-27. The occupied Palestinian territory is the country with the highest rate of male unemployment, followed by Armenia (with unemployment rates more than three times higher than in EU-27). Algeria, Georgia, Jordan and Tunisia also have high unemployment rates — above 10%. Female unemployment is very high in Armenia (more than four times the rate in EU-27), Egypt and Jordan, the occupied Palestinian

territory, and in Syria. In four ENP-East countries, the female unemployment rate is lower than in the EU-27: Ukraine (6.0%), Azerbaijan (5.6%), Moldova (4.0%) and Belarus (1.8%).

In general female unemployment rates are higher than male unemployment rates. But the distribution of the unemployment rate by gender follows different patterns in the ENP countries. The female unemployment rate is around 3.5 times higher than the male unemployment rate in Egypt and Syria, more than two times higher in Jordan and more than 1.5 times higher in Armenia. On the other hand, the female unemployment rate amounts only to 60% of the male unemployment rate in Moldova and to roughly 75% of the male unemployment rate in Georgia and Azerbaijan.



**Figure 5.2.6:** Change in unemployment rates in 2007 compared to 2000 (percentage points) <sup>(1)</sup>

(1) For ENP-South countries 2006 data are used instead of 2007, except otherwise indicated. 2009 data instead of 2000 for AM and SY. 2006 data instead of 2007 for AM, BY and GE. 2005 data instead of 2007 for EG and SY.

In the countries with a decrease of unemployment rates, males benefited more than females. Over the period observed, male unemployment rate has been reduced in ten ENP countries. Eight of these countries have recorded lower female unemployment rates. Jordan and Tunisia report lower male unemployment while female unemployment has increased. Men seem to have benefited the most from the large decline in the unemployment rate in Algeria and Armenia. The male unemployment rate has diminished in these countries by 17.4 and 14.3 percentage points respectively, while the reduction of female unemployment has been 12.0 percentage points in Algeria but only 5.3 percentage points in Armenia. On the other hand, the increase of unemployment in the occupied Palestinian territory is almost equally distributed between both genders: 9.8 percentage points for men and 8.0 percentage points for women.



**Table 5.2.4:** Youth unemployment rates (%) <sup>(1)</sup>

	Total		Male		Female	
	2000	2007	2000	2007	2000	2007
EU-27	17.3	15.3	17.3	15.3	18.2	15.6
Algeria	47.8 <sup>(2)</sup>	24.3	46.0 <sup>(2)</sup>	22.9	57.4 <sup>(2)</sup>	31.4
Armenia	65.6 <sup>(2)</sup>	55.9 <sup>(3)</sup>	60.0 <sup>(2)</sup>	50.0 <sup>(3)</sup>	72.2 <sup>(2)</sup>	63.4 <sup>(3)</sup>
Azerbaijan	:	:	:	:	:	:
Belarus	:	:	:	:	:	:
Egypt	22.0	34.1 <sup>(4)</sup>	14.4	23.3 <sup>(4)</sup>	37.2	62.2 <sup>(4)</sup>
Georgia	20.2	29.3 <sup>(3)</sup>	21.2	28.2 <sup>(3)</sup>	18.8	31.1 <sup>(3)</sup>
Israel	16.9	18.2	17.1	17.3	16.8	19.1
Jordan	26.7	35.6	24.4	35.4	40.4	40.4
Lebanon	:	19.9 <sup>(5)</sup>	:	20.2 <sup>(5)</sup>	:	19.0 <sup>(5)</sup>
Moldova	15.8	14.4	16.6	14.9	14.9	13.8
Morocco	19.6	16.6	21.1	17.5	15.8	14.1
Occupied Palestinian territory	20.0	35.7	19.6	34.4	23.2	43.2
Syria	24.5 <sup>(2)</sup>	18.3 <sup>(4)</sup>	:	:	:	:
Tunisia	32.5	31.2	34.8	31.6	27.6	30.2
Ukraine	24.2	12.5	23.3	12.4	25.3	12.5

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2001 data. (3) 2006 data. (4) 2005 data. (5) 2004 data.

Youth unemployment (defined as unemployment of the active population younger than 25 years of age) is higher than in the EU-27 (15.3%) in most ENP countries. The only exceptions are Moldova (14.4%) and Ukraine (12.5%). The youth unemployment rate is very high in several ENP countries. It is affecting more than half of the young active population in Armenia and more than one third in the occupied Palestinian territory, Jordan and Egypt.

Contrary to the EU-27, where youth unemployment is almost evenly distributed between the two genders, female youth unemployment is significantly higher than male youth unemployment in many ENP countries. Only in Lebanon, Moldova, Morocco and Tunisia unemployment rates are slightly lower for young females than for young males, with differences not exceeding 3.5 percentage points. In the rest of the ENP countries youth unemployment rates are lower for men with some of the countries reporting significant differences. Particularly remarkable is the case of Egypt, where female youth unemployment is 38.9 percentage points higher, or more than 2.5 times higher than the corresponding male rate. Armenia, the occupied Palestinian territory, and Algeria also show substantial differences between the female and the male youth unemployment rate (female youth unemployment rates are higher than male youth unemployment rates).

The youth unemployment rate seems to have changed significantly in many ENP countries since 2000, increasing in some of them and decreasing in others. In Algeria, the youth unemployment rate has declined to half of the former rate during this period. Reductions of 11.7 percentage points and 9.7 percentage points have been reported in Ukraine and Armenia. Meanwhile, the youth unemployment rate has increased by 15.7 percentage points in the occupied Palestinian territory, by 12.1 percentage points in Egypt and by about 9 percentage points in Georgia and Jordan.

Youth unemployment rates for males and for females have evolved in the same direction since 2000 in most ENP countries, although the changes have sometimes differed in terms of magnitude. Substantial increases have taken place for both genders in Egypt and the occupied Palestinian territory, while large declines have been reported in Algeria, Ukraine, Armenia and Morocco. There has been a decline in male youth unemployment in Tunisia that has not been matched by an equivalent decrease in the female rate.



**Table 5.2.5:** Long-term unemployment rates (%)

	2000	2001	2002	2003	2004	2005	2006	2007
EU-27	4.0	3.9	4.0	4.1	4.2	4.1	3.7	3.0
Algeria	:	:	:	14.5	10.5	9.0	6.6	:
Armenia	:	20.8	17.0	13.2	20.0	14.3	10.5 <sup>(1)</sup>	:
Azerbaijan	:	:	1.1	1.0	1.0	1.0	2.7 <sup>(1)</sup>	1.8
Belarus <sup>(2)</sup>	0.3	0.3	0.3	0.5	0.3	0.2	0.1	:
Egypt	:	:	:	:	:	:	:	:
Georgia	8.5 <sup>(3)</sup>	:	9.0	7.8	8.4	9.2	8.9	:
Israel	1.6	1.6	1.9	2.6	3.3	2.9	2.6	:
Jordan	:	:	:	:	:	:	:	:
Lebanon	:	:	:	:	2.7	:	:	:
Moldova	5.2 <sup>e</sup>	4.3 <sup>e</sup>	4.1 <sup>e</sup>	3.9 <sup>e</sup>	3.7 <sup>e</sup>	3.6 <sup>e</sup>	2.8 <sup>e</sup>	1.8
Morocco	9.4	8.5	7.9	8.1	7.5	7.6	6.3	:
Occupied Palestinian territory	:	:	:	:	:	:	:	:
Syria	:	:	:	:	:	:	:	:
Tunisia	:	:	:	:	:	:	0.1	:
Ukraine <sup>(4)</sup>	5.9	5.5	4.7	4.4	3.2	2.4	2.0	1.4

(1) Based on the methodology of the International Labour Organization. (2) Registered unemployment, end of the year. (3) 1999 data. (4) Labour Force Survey data.

According to the latest available data, for the long-term unemployment rate (which measures unemployment lasting for more than twelve months), in 2006, only four ENP countries reported higher values than EU-27 (3.7%): Armenia, Georgia, Algeria and Morocco. In the rest of the ENP countries where information is available, these rates are below the EU-27 level. Since 2000, the long-term unemployment rates follow a decreasing trend in Algeria, Moldova and Ukraine while in all other ENP countries no clear trend can be identified over the period observed.



### 5.3 Social indicators

#### 5.3.1 Introduction

The indicators on the social situation are important in the measurement of wellbeing and social cohesion. But there is unfortunately a lack of information as far as ENP countries are concerned, particularly for the ENP-South countries. Comparisons with the situation in the EU-27 are not possible for many

indicators, since EU-27 values are not available either. Different data for each country group do not confirm an improvement of the social situation in both country groups. Improvements can only be registered for individual variables in some individual countries.

#### 5.3.2 Income distribution and public expenditure on health and education

**Table 5.3.1:** Income distribution and total public expenditure on health <sup>(1)</sup>

	Income (or expenditure) distribution: S80/S20 quintile share ratio, total		Total public expenditure on health as % of GDP	
	2000	2007	2000	2007
EU-27	:	:	:	:
Algeria	:	:	1.3	1.6 <sup>(2)</sup>
Armenia	13.3 <sup>(3)</sup>	7.6 <sup>(4)</sup>	1.0	1.4
Azerbaijan	5.7 <sup>(5)</sup>	2.7	0.9	1.0
Belarus	3.7	3.8	6.6	5.3
Egypt	4.4	:	1.3	1.2 <sup>(6)</sup>
Georgia	20.2	13.4 <sup>(4)</sup>	7.9	10.3
Israel	5.7	8.0 <sup>(6)</sup>	5.2	5.1 <sup>(6)</sup>
Jordan	:	:	5.7 <sup>(7)</sup>	2.0
Lebanon	:	:	:	:
Moldova	10.4	7.1 <sup>(4)</sup>	:	:
Morocco	7.4 <sup>(5)</sup>	:	1.4	1.1
Occupied Palestinian territory	15.5 <sup>(5)</sup>	6.8 <sup>(6)</sup>	:	:
Syria	:	:	:	:
Tunisia	:	:	3.4	2.6 <sup>(6)</sup>
Ukraine	4.5 <sup>(7)</sup>	3.7	7.0 <sup>(3)</sup>	6.5 <sup>(4)</sup>

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2004 data. (3) 2003 data. (4) 2006 data. (5) 2001 data. (6) 2005 data. (7) 2002 data.

Data on income (or expenditure) distribution, measured by the quintile share ratio (the ratio of total income received by the 20% of the population with the highest income to that received by the 20% of the population with the lowest income), is not available for all ENP countries. In fact information is very scarce for the group of ENP-South countries and a comparison with the EU-27 is not possible due to missing data. But it can be seen that there are considerable differences in the value of this indicator among the countries for which information is available, as the quintile share ratio is almost five times higher in the country showing the highest value (13.4% in Georgia) than in the country showing a more equal distribution of income (2.7% in Azerbaijan).

In Georgia the total income received by the richest 20% of the population is more than 13 times the income earned by the poorest 20%. Compared with Georgia, other countries with a high ratio are Israel, Moldova, Armenia and the occupied Palestinian territory. Only three ENP-East countries show a more balanced income distribution: Azerbaijan, Belarus and Ukraine where the income received by the richest 20% is less than four times the income earned by the poorest 20% of the population.



In all ENP countries where information is available, except Israel and Belarus, income (or expenditure) inequality has been reduced since 2000. In some of the countries this indicator has declined quite considerably: the occupied Palestinian territory and Azerbaijan have reduced their quintile share ratio to less than one half. Only Israel shows a clear growth of income inequality over the observed period.

Of the ENP countries for which information on health expenditure is available, Georgia shows the highest share of total public expenditure on health in GDP with 10.3% in 2007. Other ENP countries where health expenditure constitutes a relatively high GDP share are Ukraine, Belarus and Israel.

**Table 5.3.2:** Public spending on education as share of GDP, 2000-2007 (%) <sup>(1)</sup>

	2000	2001	2002	2003	2004	2005	2006	2007
EU-27	:	4.9	5.1	5.1	5.1	5.1	:	:
Algeria	5.2	5.8	6.5	6.1	5.7	5.1	5.3	:
Armenia	2.8	2.5	2.1	2.2	2.5	2.7	2.7	2.8
Azerbaijan	3.9	3.5	3.1	3.3	3.4	3.0	2.5	2.9
Belarus	7.0	7.3	7.5	7.2	6.5	6.7	6.3	5.8
Egypt	5.6	5.1	5.2	4.9	4.2	:	:	:
Georgia	3.6	3.6	3.7	3.2	3.5	3.0	:	:
Israel	7.0	7.3	7.5	7.3	6.9	:	:	:
Jordan	:	:	:	:	:	:	3.7	:
Lebanon	:	:	:	:	:	:	:	:
Moldova	4.5	4.8	5.5	5.4	6.8	7.3	:	:
Morocco	:	6.5	5.9	6.8	6.1	5.9	5.5	:
Occupied Palestinian territory	:	:	:	:	:	:	:	:
Syria	:	:	:	:	:	:	:	:
Tunisia	:	:	6.8	6.9	6.9	6.9	7.0	:
Ukraine	:	:	:	:	:	:	:	:

(1) For ENP-South countries public spending for regular education; for ENP-East countries direct expenditure for educational institutions as well as transfers to private households and firms.

There is a considerable shortage of information concerning the proportions of GDP invested in education. Only three ENP-East countries provide complete information for all the years from 2000 to 2007. Information is also scarce for the EU-27, for which the latest available data correspond to 2005. On the other hand, there are several ENP countries for which there is no information at all on this issue.

The share of public spending on education in GDP in four ENP countries (Algeria, Belarus, Morocco and Tunisia) is for all available years higher than in the EU-27. In Moldova, the GDP share is above that of the EU-27 for every year recorded except 2001. In the rest of the ENP countries, the proportions of

GDP invested in education were below that for the EU-27, and are particularly low in some ENP-East countries (Armenia, Azerbaijan and Georgia).

While in the EU-27 public spending on education as a share of GDP remains relatively stable over the period observed, some ENP countries show a less stable situation. There is a clear constant upward tendency in Moldova and downward tendencies in Azerbaijan, Belarus, Egypt, Georgia and Morocco.



## Box 5.III: Information on the social situation in ENP-East countries

**Table 5.III.1:** Share of population belonging to the public systems of health, education and pensions (%)

	Proportion of population covered by					
	Education system		Health system		Pension system	
	2000	2007	2000	2007	2000	2007
EU-27	:	:	:	:	:	:
Armenia	:	:	:	:	14.7	16.9 <sup>(1)</sup>
Azerbaijan	69.1 <sup>(2)</sup>	72.5 <sup>(2)</sup>	100.0	100.0	15.3	14.7
Belarus	78.9	85.4 <sup>(3)</sup>	100.0 <sup>(4)</sup>	100.0 <sup>(4)</sup>	100.0 <sup>(5)</sup>	100.0 <sup>(5)</sup>
Georgia	97.4 <sup>(6)</sup>	98.2 <sup>(6) (7)</sup>	:	:	84.0 <sup>(8)</sup>	80.0 <sup>(7) (8)</sup>
Moldova	:	:	:	:	:	:
Ukraine	:	:	:	:	30.0 <sup>(9)</sup>	30.0 <sup>(9) (10)</sup>

(1) 2003 data. (2) Share of population aged 6-21. (3) 2006 data. (4) According to the constitution and law on health care, the whole population has the right to medical service. (5) According to the constitution and the law on social security, the whole population is covered by the pension scheme. (6) Enrolment in primary education. (7) 2005 data. (8) Old age pensioners as a proportion of the corresponding age group. (9) As of 31 December. (10) 2004 data.

Some information on the coverage of the public health, education, and pension systems is available for ENP-East countries. However, this information has to be treated with caution, because data collection in the different countries is based on different methodology and legislation. According to the data shown, the public health system covers 100% of the population in Azerbaijan and Belarus since at least the year 2000. This is not the case, however, with the public education system, in which the three countries with available data report coverage rates that range from the 98.2% in Georgia to 72.5% in Azerbaijan. The share of population covered by the education system has increased in all three countries since 2000, particularly in Belarus by 6.5 percentage points.

Regarding the pension system, coverage rates diverge greatly, ranging from 100% in Belarus to only 14.7% in Azerbaijan and 16.9% in Armenia. Georgia reports coverage of 80%, while the public pension system covers only 30% of the population in Ukraine. The comparison with the data from 2000 shows that the coverage rates have remained stable in Belarus and Ukraine, have increased in Armenia and have declined in Azerbaijan and Georgia.

**Table 5.III.2:** Index of real wages and salaries (2000=100)

	2000	2001	2002	2003	2004	2005	2006	2007
EU-27	100	105	109	113	117	120	124	129
Armenia	100	105	116	140	164	195	227	270 <sup>p</sup>
Azerbaijan	100	116	136	164	197	224	249	306 <sup>p</sup>
Belarus	100	130	140	144	169	205	240	265
Georgia	100	125	142	150	177	213	265	:
Moldova	100	122	147	170	187	200	228	247
Ukraine <sup>(1)</sup>	100	119	141	162	201	242	286	322

(1) Excluding employees of small entities (in general less than 10 employees; higher thresholds are used for some activities) and self-employed persons; net wages divided by the consumer price index.

Between 2000 and 2007, real wages and salaries show a steady upward trend in the ENP-East countries but starting from a very low level in all countries. In all of them the growth rate is significantly higher than in the EU-27, where real wages and salaries have increased by 29% in this period. In Ukraine and Azerbaijan, real wages and salaries have more than tripled during the same period, with growth rates of 222% and 206% respectively. In the other four ENP-East countries, real wages and salaries have more than doubled, with growth rates of 170% in Armenia, 165% in Belarus, 147% in Moldova (between 2000 and 2007), and 165% in Georgia (between 2000 and 2006). For the latest available year these growth rates resulted in average nominal monthly wages and salaries of between EUR 103 in Moldova and EUR 239 in Belarus.



**Table 5.III.3:** Total household expenditure by purpose, 2007 (%)

	EU-27 <sup>(1)</sup>	AM <sup>(1)</sup>	AZ	BY	GE <sup>(1)</sup>	MD <sup>(1)</sup>	UA
Food and non-alcoholic beverages	12.7	56.5	52.9	39.2	47.3	44.4	51.9
Alcoholic beverages, tobacco	3.5	5.0	2.1	3.7	3.3	2.7	2.5
Clothing and footwear	5.7	4.9	6.2	9.1	5.2	11.9	5.4
Housing, water, electricity, gas and other fuels	21.9	7.1	7.1	9.9	10.3	13.7	10.9
Furnishings, household equipment and routine maintenance of the house	6.2	2.4	6.2	8.7	3.6	4.7	2.7
Health	3.4	4.9	3.4	3.0	8.1	5.3	2.7
Transport	13.6	3.4	6.1	10.5	9.3	5.1	3.5
Communication	2.7	2.6	2.4	4.8	3.5	3.9	2.6
Recreation and culture	9.4	0.0	2.8	2.7	2.5	2.0	2.8
Education	1.0	3.4	1.2	1.7	3.3	0.4	1.3
Restaurants and hotels	9.0	:	6.4	2.3	1.5	2.6	2.1
Personal care	2.3	:	3.2	2.0	2.3	3.4	1.2
Other expenditure	8.6	9.6	-	2.4	-	-	10.4

(1) 2006 data.

The distribution of total household expenditure by purpose in the ENP-East countries differs significantly from that of the EU-27. The overall picture shows that ENP-East countries spend more than the EU-27 average in only one sector (food and non-alcoholic beverages), less than the EU-27 countries in four sectors (housing, transport, recreation and restaurants and hotels) and in the other sectors the share of the ENP-East expenditure fluctuates around the EU-27 average. Compared to the EU-27 share of food and non-alcoholic beverages in total household expenditure (12.7%), all ENP-East countries spend around half or a bit less than half of total expenditure in that sector. The highest percentages are recorded in Armenia, Azerbaijan and Ukraine.

Differences with the EU-27 are significant in four expenditure groups: the EU-27 share of total expenditure for housing, water, electricity, gas and other fuels (21.9%) is more than 1.5 times the share of Moldova (13.7%) and more than twice the share in the other five ENP-East countries, among which the countries showing a lower percentage are Armenia and Azerbaijan (7.1% each). Even more noticeable is the difference in the group on recreation and culture: the share of the EU-27 (9.4%) is more than three times higher than the highest share among the ENP-East countries registered in Azerbaijan and Ukraine. To a lesser extent, differences from the EU-27 also appear in the other two expenditure groups. Firstly, the percentage reported for EU-27 household transport expenditure (13.6%) exceeds the highest one in ENP-East countries (10.5% in Belarus) and is around 4 times higher than the lowest reported share (3.4% in Armenia). Secondly, the share of expenditure for restaurants and hotels registered in the EU-27 (9.0%) also considerably exceeds the shares of this group in the ENP-East countries, which range from 6.4% in Azerbaijan to 1.5% in Georgia.



## 5.3.3 Living conditions of households

Table 5.3.3: Living conditions of households (%)

	Households having no access to improved water source nor to sanitation		Households having access to electric power					
			Total		Urban		Rural	
	2000	2006	2000	2006	2000	2006	2000	2006
EU-27	:	:	:	:	:	:	:	:
Algeria	:	:	97.8 <sup>(1)</sup>	98.6	98.9 <sup>(1)</sup>	99.4	96.2 <sup>(1)</sup>	97.6
Egypt	2.8	1.0 <sup>(2)</sup>	97.7	99.3	99.5	99.5	95.9	99.0
Israel	:	:	:	:	:	:	:	:
Jordan	5.8	2.6 <sup>(3)</sup>	98.5	99.0 <sup>(3)</sup>	:	:	:	:
Lebanon	:	:	:	:	:	:	:	:
Morocco	:	:	65.2	80.3 <sup>(3)</sup>	91.4	95.4 <sup>(3)</sup>	25.8	56.8 <sup>(3)</sup>
Occupied Palestinian territory	11.9 <sup>(4)</sup>	7.6 <sup>(3)</sup>	:	:	:	:	:	:
Syria	0.5	0.2 <sup>(2)</sup>	:	98.5	:	:	:	:
Tunisia	18.1 <sup>(5)</sup>	9.9 <sup>(3)</sup>	97.3 <sup>(5)</sup>	99.4	99.7 <sup>(5)</sup>	99.8	92.4 <sup>(5)</sup>	98.7

(1) 2002 data. (2) 2004 data. (3) 2005 data. (4) 2003 data. (5) 2001 data.

Table 5.3.3 concerns only ENP-South countries and gives important information for the description of living conditions in these countries. According to this table, more than 90% of all houses have access to improved water sources or to sanitation in the last year for which data are available. However, percentages vary among countries, from 90% in Tunisia to almost 100% coverage in Syria. Egypt and Jordan show coverage close to the Syrian value while in the occupied Palestinian territory only around 92% of the households have access to improved water sources. Since 2000, all five countries, for which data are available, have substantially reduced their no-access percentages, and some of them, significantly: there were reductions of more than a half in Egypt and Jordan and by almost one half in Tunisia.

Access to electric power is very good in the countries for which information is available, with the exception of Morocco, with only 80.3%. The other five countries recorded an almost 100% coverage of households, ranging from 98.5% in Syria to 99.4% in Tunisia. Since 2000 Morocco improved its coverage by about 15 percentage points but is still lagging behind the other countries. The other five countries were also able to improve their already large coverage over the period observed.

Percentages of access to electric power are higher in the urban areas than in the rural ones. However, there are no large differences between urban and rural areas, except in the case of Morocco where 95.4% of urban households have access to electric power, against only 56.8% of households in rural areas. Here again a considerable improvement has taken place since 2000, when only 25.8% of rural households in Morocco reported having access to electricity.



**Table 5.3.4:** Main telephone lines, subscriptions to cellular mobile telephone services and households owning a personal computer

	Number of main telephone lines per 1 000 inhabitants		Number of subscriptions to cellular mobile telephone services per 1 000 inhabitants		Share of households owning a personal computer (%)	
	2000	2006	2000	2006	2000	2006
EU-27	:	:	:	:	:	:
Algeria	57	85	3 <sup>(1)</sup>	627	:	9.6
Egypt	96	140 <sup>(2)</sup>	21	92 <sup>(3)</sup>	0.4	2.2 <sup>(4)</sup>
Israel	313	256 <sup>(2)</sup>	191	260 <sup>(2)</sup>	47.1	62.4 <sup>(2)</sup>
Jordan	119 <sup>(4)</sup>	108	253 <sup>(4)</sup>	842	9.8	22.0
Lebanon	:	:	:	:	:	23.9 <sup>(3)</sup>
Morocco	39 <sup>(1)</sup>	45 <sup>(2)</sup>	164 <sup>(1)</sup>	411 <sup>(2)</sup>	1.4 <sup>(1)</sup>	:
Occupied Palestinian territory	272	271 <sup>(3)</sup>	85	437 <sup>(3)</sup>	:	26.4 <sup>(3)</sup>
Syria	103	149 <sup>(3)</sup>	:	:	1.6	:
Tunisia	100	125 <sup>(2)</sup>	11	566 <sup>(2)</sup>	7.0 <sup>(3)</sup>	7.9

(1) 2001 data. (2) 2005 data. (3) 2004 data. (4) 2003 data.

According to data from 2006, the access to modern technologies varies considerably among the ENP-South countries. The number of main telephone lines per 1 000 inhabitants ranges from 271 in the occupied Palestinian territory, followed by Israel (256 lines), to only 45 telephone lines per 1 000 inhabitants in Morocco. Since 2000, this indicator has declined in a few countries — Israel, Jordan and the occupied Palestinian territory.

The number of subscriptions to cellular mobile telephone services per 1 000 inhabitants is very high in Jordan (842 subscriptions) and Algeria (627 subscriptions). In Egypt, this indicator is comparatively low (92 subscriptions). These figures are considerably higher than those reported in 2000 for all ENP-South countries, the largest increase being registered by Algeria where the number of subscriptions to cellular mobile telephone services per 1 000 inhabitants has jumped from 3 to 627.

In general there is a clear trend to replace fixed telephone lines by mobile telephones, which might especially continue in countries with actually relatively low subscription rates to cellular mobile telephones lines.

The proportion of households owning a personal computer shows a considerable dispersion in the region, ranging from 62.4% in Israel to only 2.2% in Egypt.



## 5.4 Education

### 5.4.1 Introduction

The dataset available on education is not homogeneous for the two country groups, ENP-East and ENP-South countries. For the ENP-East countries the basic indicator, the number of students at the different education levels, as identified by ISCED, the International Standard Classification of Education, is showing the participation in education. For the ENP-South countries mostly attainment indicators are used like: literacy rates, school completion rates or higher education graduates, although a participation

indicator (the net enrolment rate at ISCED 1 and 2 levels) is also available for these countries. Due to that fact, the chapter is separated in two main parts, one on ENP-East and one on ENP-South countries. Information by gender, and also by age for some indicators, is provided. The only common indicator to ENP-East and ENP-South countries is public spending on education as percentage of GDP, which is analysed in detail in chapter 5.3.2. This indicator shows that in many countries there is no constant level of public spending on education.

### 5.4.2 Education in ENP-East countries

**Table 5.4.1:** Education levels - number of pupils/students by ISCED groups, 2007

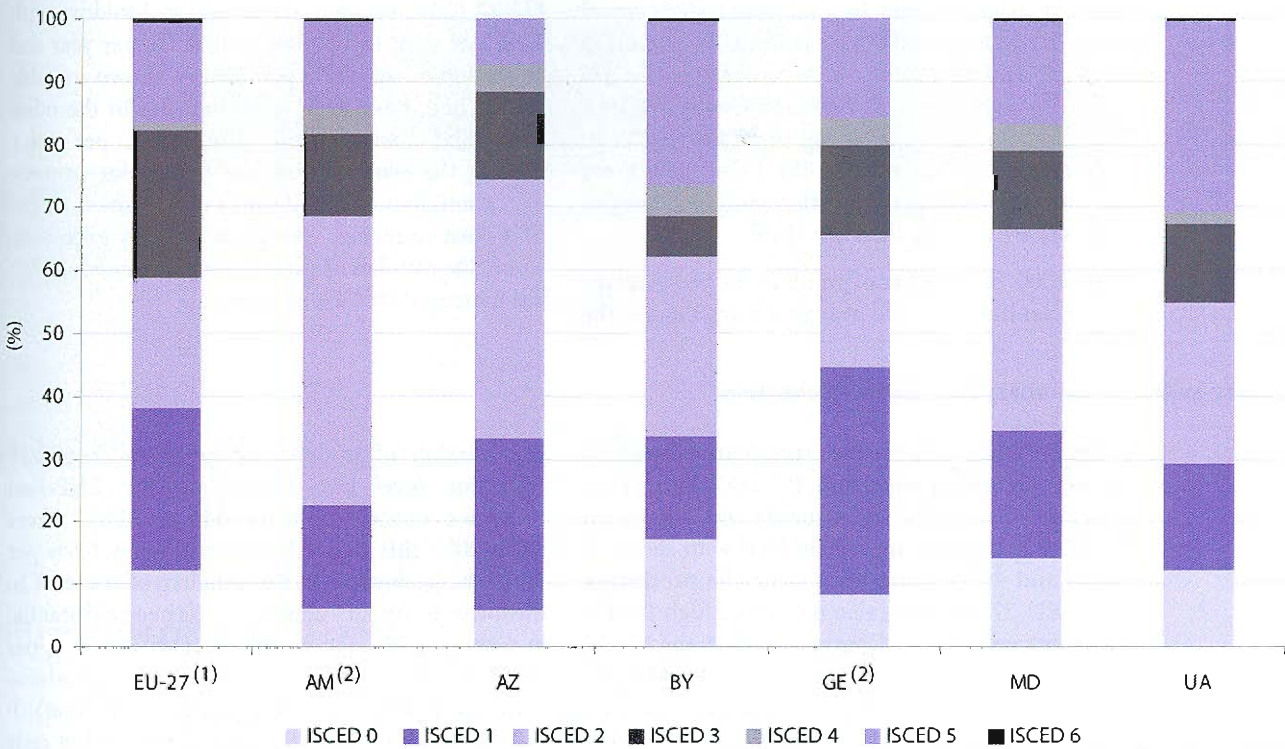
	2007						
	Pre-primary education (ISCED 0)	Primary education (ISCED 1)	Lower secondary education (ISCED 2)	Upper secondary education (ISCED 3)	Post-secondary non-tertiary education (ISCED 4)	First stage of tertiary education (ISCED 5)	Second stage of tertiary education (ISCED 6)
EU-27 <sup>(1)</sup>	13 765 074	28 844 700	23 397 200	26 036 700	1 423 000	18 006 800	523 400
Armenia <sup>(2)</sup>	48 015	127 546	362 426	102 977	30 851	109 976	1 568
Azerbaijan	102 649	497 304	743 917	252 928	73 947	130 430	1 764
Belarus	365 298	358 945	615 806	134 825	105 084	568 707	4 642
Georgia <sup>(2)</sup>	72 424	322 249	185 750	127 989	36 252	140 807	496
Moldova	103 755	151 736	239 650	93 619	31 307	122 939	1 662
Ukraine	1 137 488	1 573 458	2 367 061	1 131 463	172 073	2 813 798	33 915

(1) 2005 data. (2) 2006 data.

In 2007, ENP-East countries recorded 15.6 million pupils/students, about 14% of the number of pupils/students registered in the EU-27. About 60% of the pupils/students in the ENP-East countries were registered in the Ukraine, the country with the largest population.



Figure 5.4.1: Distribution of education levels, 2007 (%)



(1) 2005 data. (2) 2006 data.

Distribution of pupils/students to the different education levels in the ENP-East countries shows some differences compared to the corresponding distribution in the EU-27. For EU-27, the ISCED levels with the highest share are primary education (almost 26%) and upper secondary education (23%,

almost 2 times higher than the share for this level in the ENP-East countries). For the ENP-East countries, the levels with the highest share are the lower secondary education (29%) and the first stage of tertiary education (25%), levels that have higher share than the ones in EU-27.

Box 5.IV: International Standard Classification of Education (ISCED)

The International Standard Classification of Education (ISCED) was designed by United Nations Educational, Scientific and Cultural Organisation (UNESCO) in the early 1970's to serve as 'an instrument suitable for assembling, compiling and presenting statistics of education both within individual countries and internationally'. It was approved by the International Conference on Education (Geneva, 1975), and was subsequently endorsed by UNESCO's General Conference when it adopted the Revised Recommendation concerning the International Standardization of Educational Statistics at its twentieth session (Paris, 1978).

ISCED 1997 is the most recent version and was approved by the UNESCO General Conference at its 29<sup>th</sup> session in November 1997. ISCED 1997 covers primarily two cross-classification variables: levels and fields of education.



### Pre-primary and primary education

Pre-primary education has a comparatively small share in the total number of students registered in Armenia and Azerbaijan, with percentages of 6.1% and 5.7% respectively, as well as in Georgia (8.2%). However, this group is strong in Belarus (17% — a percentage higher than in the EU-27). Primary education is the largest education group in Georgia, with a share of more than one third.

Since 2000, the number of pupils in the pre-primary education has increased at higher rates than in the

EU-27 (0.2% on annual average) in Moldova with 3.2% per year, in Ukraine with 2.1% per year and in Armenia with 0.5% per year, as shown in Table 5.4.2. There have been small declines in the other three ENP-East countries (up to 1% per year). During the same period, the figures for primary education show a significant fall in almost all the ENP-East countries. Georgia is the only exception, where the number of students in primary education has increased by 2.2% per year.

### Secondary and post-secondary non-tertiary education

Every ENP-East country reports a share of students in lower secondary education, ISCED 2, larger than in the EU-27 (20.9%). In Armenia and Azerbaijan ISCED 2 is the most important level with shares of 46.3% and 41.3%, more than twice the percentage in the EU-27. Moldova also registers a high ISCED 2 percentage (32.2%). Contrary to that, the EU-27 participation in the upper secondary education (23.3%) is twice the participation in every ENP-East country except Georgia (14.2%). On the other hand, the shares of post-secondary non-tertiary education in all the ENP-East countries range from 4.9% in Belarus to 1.9% in Ukraine and are higher than in the EU-27 (1.3%).

The number of students in the lower secondary education level has declined in the ENP-East countries contrary to the trend in the EU-27 where since 2000 this figure has increased by 0.6% per year. This reduction in the number of students in the lower secondary education has been substantial in Georgia. The number of students in the upper secondary education has only decreased in Belarus (-4.5% per year) and Ukraine (-2.9% per year). It has increased in the other four countries but only two of them, Azerbaijan and Georgia, report rates higher than the 1.3% per year of the EU-27.

### Tertiary education

The values for the share of students in ISCED 5, first stage of tertiary education, present a considerable dispersion among the ENP-East countries, ranging from 30.5% in Ukraine, followed by 26.4% in Belarus, to only 7.2% in Azerbaijan. Georgia, Moldova, and Armenia report shares not far from the EU-27 value (16.1%). In all the ENP-East countries the student share in the second stage of tertiary education is below the share in the EU-27 (0.5%), reaching values between 0.1% in Georgia and Azerbaijan to 0.4% in Ukraine. It is interesting to note that Georgia is the country with the highest share in upper secondary education, while Azerbaijan registers the second largest percentage in lower secondary education, and both register the lowest share in the second stage of tertiary education. This might indicate that students in these two countries attend universities in other countries.

Armenia reported the largest average annual increase in the number of students in the first stage of tertiary education since 2000 (10.1% per year). The other ENP-East countries have also increased the number of students at higher rates than the EU-27 of 3.0% per year, except Azerbaijan and Georgia. In the second stage of tertiary education only Georgia and Belarus reported negative growth rates with the first registering a decline of 18.9% per year. The number of students in this level grew in the other four countries, but only in Azerbaijan (with 8.3% per year) and Armenia (with 7.6% per year) at higher rates than in the EU-27 (5.7% per year).



**Table 5.4.2:** Education levels — average annual growth rates of pupils/students by ISCED groups, 2000-2007 (%)

	Pre-primary education (ISCED 0)	Primary education (ISCED 1)	Lower secondary education (ISCED 2)	Upper secondary education (ISCED 3)	Post-secondary non-tertiary education (ISCED 4)	First stage of tertiary education (ISCED 5)	Second stage of tertiary education (ISCED 6)
EU-27 <sup>(1)</sup>	0.2	-1.5	0.6	1.3	0.2	3.0	5.7
Armenia <sup>(2)</sup>	0.5	-5.3	-4.4	0.7	1.2	10.1	7.6
Azerbaijan	-0.8	-4.6	-1.2	6.9	2.6	1.2	8.3
Belarus	-1.0	-6.0	-3.1	-4.5	-3.8	4.0	-1.9
Georgia <sup>(2)</sup>	-0.1	2.2	-10.3	5.3	-4.3	0.2	-18.9
Moldova	3.2	-6.1	-4.3	0.6	6.7	6.5	3.9
Ukraine	2.1	-3.8	-5.7	-2.9	-0.5	5.5	4.8

(1) 2000-2005. (2) 2000-2006.

### 5.4.3 Education in ENP-South countries

#### Net enrolment rate at ISCED 1 and 2

School is compulsory for children in all ENP-South countries. But the number of compulsory years varies between 6 years in Lebanon and 10 years in Israel, Jordan and the occupied Palestinian territory.

In 2006, the net enrolment rate for primary education (the number of children of official school age who are enrolled in education as a percentage of the total children of the official school age population), was above 90% in almost all the ENP-South countries except the occupied Palestinian territory (74.0%). Since 2000, this rate has increased considerably in Morocco (13.0 percentage points) and, to a lesser extent, also in Lebanon, Algeria and Tunisia. On the other hand, it has declined in Egypt, Israel and the occupied Palestinian territory where the decline reached 18.9 percentage points during this period. In 2006 the net enrolment rate for females was higher than the rate for males in six out of the eight countries for which information is available. In 2000, this was only the case in three out of seven countries. This indicates a trend of increasing enrolment rates for females in each reporting country except the occupied Palestinian territory in recent years.

For ISCED 2, lower secondary education, the total net enrolment rates are lower in most ENP-South countries than for primary education for the years shown in Table 5.4.3. In 2006, Morocco with 32.0% showed the lowest enrolment rate in lower secondary education, while Israel with 90.8% recorded the highest enrolment rate, closely followed by the occupied Palestinian territory (89.7%). Since 2000, significant increases of the net enrolment rate have taken place in Israel (21.3 percentage points) and Algeria (14.4 percentage points). Other countries registering an increase are Lebanon, Morocco, and the occupied Palestinian territory (around 6 percentage points each). On the other hand, in Egypt this rate has declined by 7 percentage points.

Net enrolment rates in lower secondary education for the last available year are higher for females than for males in five out of the six ENP-South countries for which information is available. The largest differences between male and female rates are shown in Lebanon with 9.5 percentage points.



**Table 5.4.3: Net enrolment rate at ISCED 1 and 2**

	Number of compulsory schooling years, 2006	Net enrolment rates (%)											
		ISCED 1 (primary education)						ISCED 2 (lower secondary education)					
		Total		Male		Female		Total		Male		Female	
		2000	2006	2000	2006	2000	2006	2000	2006	2000	2006	2000	2006
EU-27	:	:	:	:	:	:	:	:	:	:	:	:	:
Algeria	9 <sup>(1)</sup>	95.7	96.5	97.5	97.3	93.8	95.7	58.8	73.2	45.1	71.1	73.0	75.4
Egypt	9	91.6 <sup>(2)</sup>	90.5	93.6 <sup>(2)</sup>	89.6	89.4 <sup>(2)</sup>	91.5	75.7	68.7	76.2	67.1	75.3	70.5
Israel	10	95.4 <sup>(3)</sup>	94.1	95.1 <sup>(3)</sup>	93.5	95.8 <sup>(3)</sup>	94.7	69.5 <sup>(3)</sup>	90.8	68.3 <sup>(3)</sup>	89.2	70.7 <sup>(3)</sup>	92.4
Jordan	10	:	:	:	:	:	:	:	:	:	:	:	:
Lebanon	6	91.5 <sup>(4)</sup>	95.9 <sup>(1)</sup>	90.8 <sup>(4)</sup>	93.8 <sup>(1)</sup>	92.2 <sup>(4)</sup>	98.3 <sup>(1)</sup>	54.0 <sup>(4)</sup>	60.5 <sup>(1)</sup>	50.1 <sup>(4)</sup>	55.9 <sup>(1)</sup>	58.2 <sup>(4)</sup>	65.4 <sup>(1)</sup>
Morocco	9 <sup>(1)</sup>	79.0	92.0 <sup>(5)</sup>	83.7	94.6 <sup>(5)</sup>	74.1	89.2 <sup>(5)</sup>	26.6	32.0 <sup>(5)</sup>	28.4	32.8 <sup>(5)</sup>	24.7	31.2 <sup>(5)</sup>
Occupied Palestinian territory	10	92.9	74.0	93.0	73.9	92.7	74.1	84.0	89.7	82.0	88.5	86.1	90.9
Syria	:	:	:	:	:	:	:	:	:	:	:	:	:
Tunisia	9	97.2	97.3	97.2	97.3	97.3	97.4	:	:	:	:	:	:

(1) 2005 data. (2) 2001 data. (3) 2003 data. (4) 2002 data. (5) 2004 data.

Substantial changes have taken place both in male and in female enrolment rates in the lower secondary education since 2000. Male enrolment rate has increased by 26.0 percentage points in Algeria and by 20.9 percentage points in Israel. Moderate increases have taken place in the occupied Palestinian territory, Lebanon and Morocco, while in Egypt the male enrolment rate has experienced a decline of 9.1 percentage points. The highest increase of the female enrolment rate in the lower secondary education took place in Israel with 21.7

percentage points — a slightly larger increase than for male. On the other hand Algeria, the second country with a high increase of the male rate, showed the lowest increase for female net enrolment rate with only 2.4 percentage points. It is interesting to note that, while the growth of the net enrolment rate at ISCED 2 is basically gender balanced in Israel, it is strongly male oriented in Algeria. The only country showing a decrease, since 2000, for female net enrolment rate is Egypt (with 4.8 percentage points).

#### School completion rate at ISCED 1

**Table 5.4.4: School completion rate at ISCED 1 (%)**

	Total		Male		Female	
	2000	2006	2000	2006	2000	2006
EU-27	:	:	:	:	:	:
Algeria	87.7	87.7	88.3	88.3	86.8	87.1
Egypt	86.8	95.7 <sup>(1)</sup>	84.1	94.5 <sup>(1)</sup>	90.0	97.1 <sup>(1)</sup>
Israel	100.0	100.0	100.0	100.0	100.0	100.0
Jordan	96.2	97.3 <sup>(1)</sup>	:	:	:	:
Lebanon	95.3	80.9 <sup>(1)</sup>	93.8	76.2 <sup>(1)</sup>	97.0	88.2 <sup>(1)</sup>
Morocco	70.0	68.6 <sup>(1)</sup>	:	:	:	:
Occupied Palestinian territory	98.3	99.5	97.8	99.6	98.9	99.4
Syria	83.1	:	:	:	:	:
Tunisia	76.8 <sup>(2)</sup>	86.1	73.5 <sup>(2)</sup>	82.5	79.9 <sup>(2)</sup>	88.4

(1) 2005 data. (2) 2002 data.



The school completion rate in 2006 at ISCED 1, primary education, was 100% in Israel, and also very high in the occupied Palestinian territory, Jordan and Egypt. The school completion rate has remained stable since 2000 in Algeria and Israel, and has increased by about 9 percentage points in Egypt and Tunisia. Small increases of 1.2 and 1.1 percentage points have taken place in the occupied Palestinian territory and in Jordan respectively. A small decline was recorded in Morocco (1.4 percentage points) while there was a plunge of 14.4 percentage points in Lebanon.

ISCED 1 completion rates are rather similar for female and male in all countries for which data are available, except for Lebanon and Tunisia where they were 12.0 and 5.9 percentage points respectively higher for female than for male. Since 2000, both male and female school completion rates at ISCED 1 have increased considerably in Egypt (10.4 percentage points for male and 7.1 for female) and Tunisia (9.0 percentage points for male and 8.5 for female) and have declined considerably in Lebanon (17.6 percentage points for male and 8.8 for female).

### Higher education graduates

**Table 5.4.5:** Higher education graduates

	Total		Male		Female	
	2000	2006	2000	2006	2000	2006
EU-27	:	:	:	:	:	:
Algeria	65 192	112 932 <sup>(1)</sup>	27 997	41 835 <sup>(2)</sup>	37 195	65 680 <sup>(2)</sup>
Egypt	349 435	420 032 <sup>(2)</sup>	:	:	:	:
Israel	38 762	52 639	18 323 <sup>(3)</sup>	21 609	26 845 <sup>(3)</sup>	31 030
Jordan	20 018	38 728	10 621	18 610	9 397	20 118
Lebanon	:	25 607 <sup>(2)</sup>	:	11 550 <sup>(2)</sup>	:	14 057 <sup>(2)</sup>
Morocco	33 971	26 924 <sup>(1)</sup>	18 632	15 745 <sup>(1)</sup>	15 339	11 179 <sup>(1)</sup>
Occupied Palestinian territory	11 308	21 851	5 514	9 376	5 794	12 475
Syria	:	:	:	:	:	:
Tunisia	28 565 <sup>(4)</sup>	56 559	13 445 <sup>(4)</sup>	23 207	15 120 <sup>(4)</sup>	33 352

(1) 2005 data. (2) 2004 data. (3) 2003 data. (4) 2002 data.

According to the latest available data, the total number of higher education graduates in the ENP-South countries accounts for about 0.8 million. In 2006, more than a half of these graduates were registered in Egypt. Algeria comes second with about 15% of the total, while the occupied Palestinian territory reports the smallest figure accounting for only about 3%. Since 2000, the number of higher education graduates has increased in every ENP-South country, except for Morocco (which registered a slump of more than 20%). Large growth was recorded in Tunisia, Jordan and the occupied Palestinian territory where the number almost doubled in the period observed. In every country except Morocco, the number of female higher education graduates was larger than the number of

male graduates, the difference being considerable in some countries, such as Algeria where there are 157 graduated women for each 100 men, Israel and Tunisia (144 females for each 100 male graduates in each country). For both genders the number of higher education graduates has increased for every country since 2000 except Morocco where a decline has taken place both for men and women. However, the growth rates in this period are generally much higher for females (121% in Tunisia, 115% in the occupied Palestinian territory, 114% in Jordan, 77% in Algeria) than for males, for which the highest growth rates are reported in Jordan, Tunisia and the occupied Palestinian territory (75%, 72%, and 70% respectively).



## Literacy rates

According to the latest available data, the literacy rates for the adult population (persons of 15 years and more) differ considerably among the ENP-South countries. While Israel, the occupied Palestinian territory, Lebanon, and Jordan report percentages above 90, Morocco registers only 53.9% with the rest of the countries falling within this interval. In the period observed all countries have increased their literacy rate, the growth being largest in Tunisia (6.1 percentage points), Egypt (5.1 percentage points) and the occupied Palestinian territory (4.3 percentage points).

Male literacy rates for adults are higher than female literacy rates in all ENP-South countries. The largest differences were recorded in Morocco with 25.9 percentage points, Algeria with 17.3 percentage points, Tunisia with 17.2 percentage

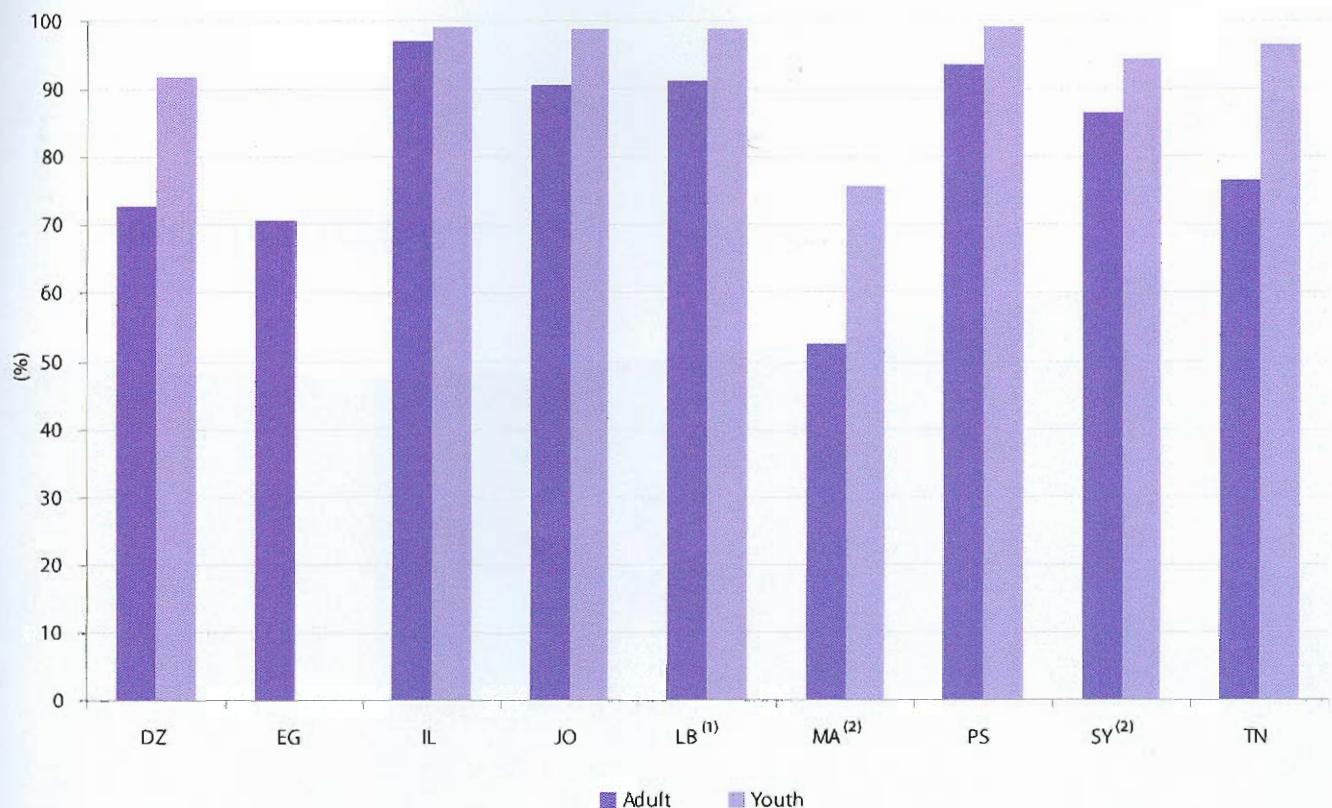
points and Syria with 13.3 percentage points. Since 2000 in every ENP-South country for which information is available, the literacy rates have increased for both genders, but more for women, except for Syria, where the literacy rate for men has decreased by 0.6 percentage points. For men, the increases are comparatively small except in Tunisia, where the male literacy rate has increased by 4.3 percentage points. In comparison, four of the seven ENP-South countries with complete data, show increases in the female literacy rate above 4 percentage points, the maximum growth also being reported in Tunisia (7.9 percentage points). In Syria the gap between male and female literacy rates was reduced in the period observed, (the literacy rate for men decreased, while the literacy rate for female increased by 3 percentage points).

**Table 5.4.6:** Literacy rates (%)

	Adults (15 years and older)						Young people (15-24 years)					
	Total		Male		Female		Total		Male		Female	
	2000	2006	2000	2006	2000	2006	2000	2006	2000	2006	2000	2006
EU-27	:	:	:	:	:	:	:	:	:	:	:	:
Algeria	69.4 <sup>(1)</sup>	72.8	79.7 <sup>(1)</sup>	81.4	59.7 <sup>(1)</sup>	64.1	89.6 <sup>(1)</sup>	91.8	93.5 <sup>(1)</sup>	94.4	85.6 <sup>(1)</sup>	89.2
Egypt	65.6 <sup>(2)</sup>	70.7	77.9 <sup>(3)</sup>	:	61.5 <sup>(3)</sup>	:	84.7 <sup>(3)</sup>	:	86.0 <sup>(3)</sup>	:	83.4 <sup>(3)</sup>	:
Israel	96.7	97.2	98.2	98.4	95.3	96.2	99.7	99.0	99.7	99.1	99.6	99.0
Jordan	89.0	90.7	94.3	94.9	83.5	86.3	98.5	98.9	98.6	98.6	98.4	99.3
Lebanon	:	91.2 <sup>(4)</sup>	:	94.4 <sup>(4)</sup>	:	88.2 <sup>(4)</sup>	:	98.7 <sup>(4)</sup>	:	98.6 <sup>(4)</sup>	:	98.9 <sup>(4)</sup>
Morocco	50.6 <sup>(2)</sup>	53.9	64.1 <sup>(2)</sup>	67.1	37.2 <sup>(2)</sup>	41.2	68.4 <sup>(2)</sup>	75.7 <sup>(5)</sup>	78.8 <sup>(2)</sup>	85.0 <sup>(5)</sup>	57.9 <sup>(2)</sup>	66.8 <sup>(5)</sup>
Occupied Palestinian territory	89.2	93.5	94.4	97.1	83.9	89.8	98.3	99.1	97.8	99.0	98.8	99.1
Syria	84.5 <sup>(2)</sup>	85.8	92.8 <sup>(2)</sup>	92.2	75.9 <sup>(2)</sup>	78.9	94.8	94.5 <sup>(5)</sup>	96.7 <sup>(2)</sup>	96.2 <sup>(5)</sup>	92.8 <sup>(2)</sup>	92.6 <sup>(5)</sup>
Tunisia	70.5	76.6	81.0	85.3	60.2	68.1	92.6	96.4	96.7	97.9	88.5	94.9

(1) 2002 data, (2) 2001 data, (3) 1995 data, (4) 2004 data, (5) 2005 data.



**Figure 5.4.2: Adult and youth literacy rates, 2006 (%)**

(1) 2004 data. (2) 2005 data.

The distribution of the literacy rates for young people (15-24 years) shows rates higher than those for adults in all ENP-South countries. The largest differences between the youth and adult literacy rates are of 21.8 percentage points in Morocco, 19.8 percentage points in Tunisia and 19.0 percentage points in Algeria. Israel reports the smallest difference (1.8 percentage points). Since 2000, the literacy rates for young people have slightly decreased in Israel and Syria but have increased in the other ENP-South countries, the largest growth being registered in Morocco (7.3 percentage points).

In most ENP-South countries, male literacy rates for young people are higher than female rates. However, in the countries with lower male literacy rates, these are rather close to the female literacy rates. The largest differences in favour of male literacy rates are recorded in Morocco with 18.2 percentage points, followed by Algeria with 5.2 percentage points. The rates have declined for both genders in Israel and Syria during the period observed but increased

in the other countries. The most remarkable improvement for both genders has taken place in Morocco: the female rate grew by 8.9 percentage points and the male rate by 6.2 percentage points. For women Tunisia had the second largest increase with 6.4 percentage points, while the 2006 literacy rate for young men was only 1.2 percentage points higher than in 2000.



## Agriculture

6



## 6. Agriculture

### 6.1 Introduction

In most ENP countries agriculture is of decreasing importance in terms of gross value added while in seven out of thirteen countries, for which data are available, the share of agriculture in each country's total employment increased compared to 2000.

The proportion of the utilised agricultural area in total land area varies considerably among countries mainly due to climatic and geographical conditions (large areas covered with desert in Algeria, Egypt, Morocco and Tunisia).

In general meat production in the individual animal categories (cattle, sheep and goats, poultry) and cereal production is increasing in many ENP countries.

### 6.2 Gross value added

**Table 6.2.1:** Main agricultural indicators <sup>(1)</sup>

	Gross value added (GVA) in agriculture		Employment in agriculture			Total utilised agricultural area (UAA)
	% of total GVA		1 000	as % of total employment		1 000 hectares
	2000	2007	2007	2000	2007	2007
EU-27	2.4	1.9	12 207	8.0	5.6	:
Algeria	9.0	8.0	1 605	14.1	18.1	8 404
Armenia	25.5	20.1	2 320 <sup>(2)</sup>	18.6 <sup>(3)</sup>	23.2 <sup>(2)</sup>	2 122
Azerbaijan	15.9	5.5	1 560	41.0	38.9	4 756
Belarus	13.8	9.2	481 <sup>(2)</sup>	14.8	10.9 <sup>(2)</sup>	8 968
Egypt	16.5 <sup>(4)</sup>	14.9 <sup>(5)</sup>	5 977 <sup>(5)</sup>	29.6	30.9 <sup>(5)</sup>	3 533 <sup>(5)</sup>
Georgia	21.9	10.9	966 <sup>(2)</sup>	52.1	55.3 <sup>(2)</sup>	3 026 <sup>(6)</sup>
Israel	1.7	1.9	46	2.2	1.8	296 <sup>(5)</sup>
Jordan	2.0	2.5 <sup>(7)</sup>	:	:	:	295
Lebanon	6.4	5.2 <sup>(7)</sup>	89 <sup>(7)</sup>	7.2	8.0 <sup>(7)</sup>	273 <sup>(5)</sup>
Moldova	29.0	18.1 <sup>(2)</sup>	409	50.9	32.8	2 512
Morocco	14.9	15.7	4 309	45.9	43.4	8 951
Occupied Palestinian territory	9.1	8.0	107	13.7	16.1	183 <sup>(5)</sup>
Syria	24.8	20.2	:	:	:	5 588
Tunisia	14.3	12.2 <sup>(5)</sup>	562	19.7	18.7	4 946
Ukraine	16.4 <sup>(3)</sup>	7.6	4 553	21.1	21.8	42 869

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2006 data. (3) 2001 data. (4) 2002 data. (5) 2005 data. (6) 2003 data. (7) 2004 data.



Gross value added at basic prices corresponds to the value of output (at basic prices) less the value of intermediate consumption. The basic price is defined as the price received by the producer, after deduction of all taxes on products but including all subsidies on products.

As shown in Table 6.2.1, the share of the agricultural sector in the total economy, measured in terms of gross value added is, for almost all ENP countries, higher than that in the EU-27. The only exception is Israel, where the share of agriculture is 1.9 %, the same as for the EU-27. Syria and Armenia with 20% are the two ENP countries with the highest share, followed by Moldova (18%), Morocco (16%) and Egypt (15%).

The agricultural sector accounts for only 2.5% of the total economy in Jordan (2004 data). Other ENP countries with a comparatively low weight are Lebanon, with 5.2% (2004 data) and Azerbaijan with 5.5%.

Compared to 2000, the share of the agricultural sector in total gross value added decreased in all ENP countries except for Israel, Jordan and Morocco. The largest falls in percentage points were recorded in the ENP-East countries with values between 4.6 percentage points in Belarus and 11.0 percentage points in Georgia and Moldova. Compared to 2000, the share of gross value added in agriculture increased by less than 1 percentage point in Israel, Jordan and Morocco.

### 6.3 Employment

Employment in agriculture in the ENP countries (no data are available for Jordan and Syria), amounts to 23 million, nearly 11 million more than in the EU-27. In Israel, agricultural employment accounts for only 1.8%, a proportion about three times smaller than in the EU-27. In all other ENP countries the percentage of employment in agriculture is significantly higher than in the EU-27, ranging from 8% in Lebanon to 55% in Georgia.

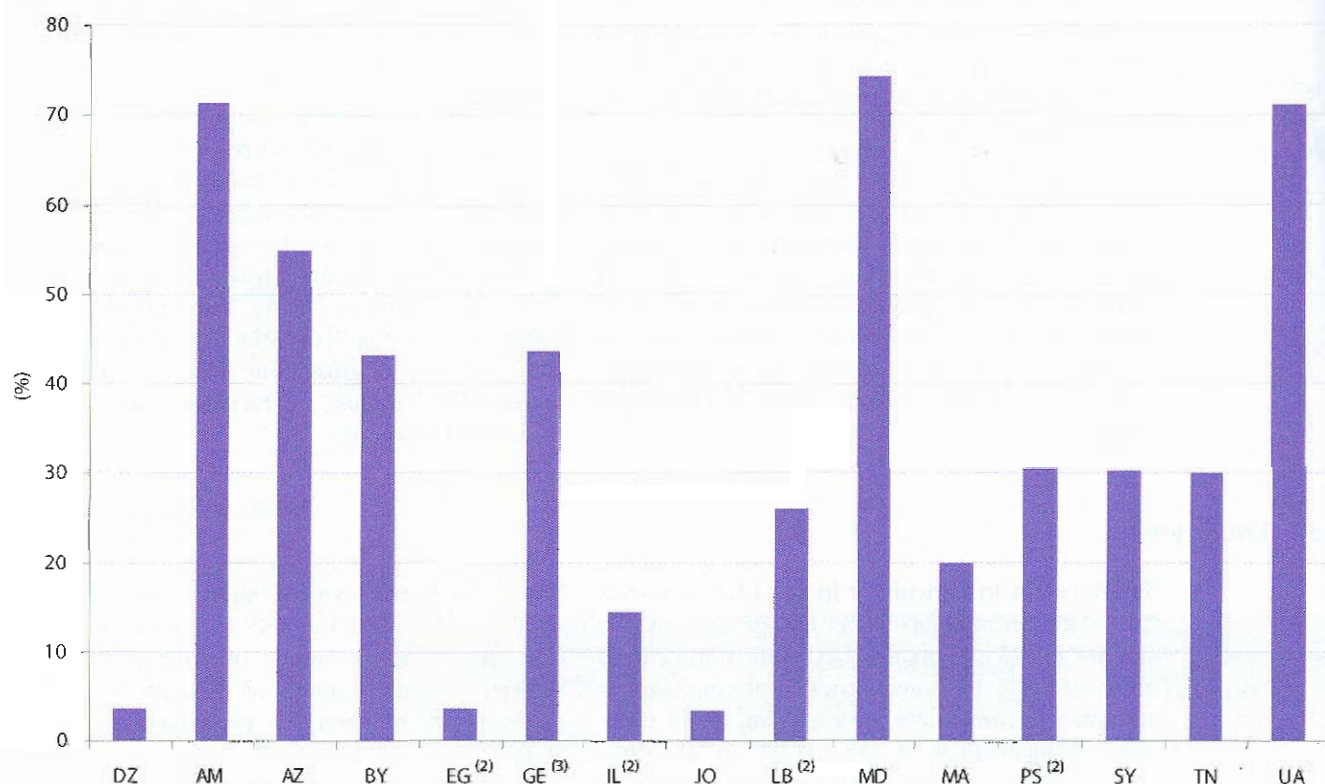
When these employment figures are compared with those for 2000, the ENP countries show very different trends. Seven out of thirteen countries showed increasing shares of agriculture in total employment, between 0.7 percentage points in Ukraine and 4.6 percentage points in Armenia, while six countries recorded decreasing values with the largest decline of about 18 percentage points in Moldova.

### 6.4 Land use

Total land area is broken down into utilised agricultural area, wooded area and other land area. The utilised agricultural area (UAA) consists of arable land, permanent grassland, permanent crops, crops under glass and kitchen gardens.

The proportion of the UAA in total land area varies considerably among countries. ENP-East countries have larger shares of UAA in total land area compared to ENP-South countries. These shares are 74% in Moldova and 71% in Armenia and Ukraine. The lowest shares of agricultural land are observed in Jordan, Algeria and Egypt, all with about 3.5% of their total surface, a reflection of the large desert areas in these three countries.



**Figure 6.4.1:** Utilised agricultural area as percentage of total land area, 2007 (%) <sup>(1)</sup>

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2005 data. (3) 2003 data.

**Table 6.4.1:** Agricultural area - 1 000 hectares

	Arable land		Permanent grassland		Land under permanent crops	
	2000	2007	2000	2007	2000	2007
EU-27	:	184 202 <sup>(1)</sup>	:	:	:	12 208 <sup>(2)</sup>
Armenia	494 <sup>(3)</sup>	452 <sup>(3)</sup>	139 <sup>(3)</sup>	128 <sup>(3)</sup>	38	54
Azerbaijan	1 826	1 841 <sup>P</sup>	2 678	2 694 <sup>P</sup>	237	221 <sup>P</sup>
Belarus	6 133	5 519	2 995	3 276	124	121
Georgia <sup>(4)</sup>	793	802 <sup>(5)</sup>	1 938	1 940 <sup>(5)</sup>	269	264 <sup>(5)</sup>
Moldova <sup>(6)</sup>	1 814	1 820	376	364	352	302
Ukraine	32 564	32 434	5 521	5 514	3 321	3 319

(1) 2003 data. (2) 2004 data. (3) According to the land balance (the State Cadastre Committee). (4) Including territories not controlled by the central government of Georgia. (5) 2003 data. (6) At the beginning of the year, including Transnistria.

Table 6.4.1 shows the share of the UAA that has been classified under the three headings arable land, permanent grassland and land under permanent crops in each of the ENP-East countries. The arable land in the ENP-East countries represents only about a quarter of the EU-27 arable land, while the area under permanent crops is around 35% of the EU-27 land under permanent crops.

The share of land under permanent crops is relatively small in the ENP-East countries, accounting for 4% of their total area. Moldova with 9% shows the highest proportion of land under permanent crops in total area, followed by the Ukraine with 5%. The lowest percentage is recorded by Belarus with 1 % of its total area.



More than half of the total land area of Moldova and Ukraine is arable land, while in contrast permanent grassland in these two countries occupies 11% and 9% respectively. In Belarus and Armenia arable land also predominates over permanent grassland. In Belarus, the shares are 27% and 16% respectively,

while in Armenia they are 15% and 4%. On the other hand, permanent grassland in Azerbaijan (31%) and Georgia (28%) predominates over arable land, which accounts for 21% and 12% of their total land area.

## 6.5 Agricultural production and livestock

### 6.5.1 Cereal production

The production of cereals is notably erratic, with large year-to-year movements. This is a reflection of the fact that cereal production is dependent both on weather conditions and farmers' planting decisions. This makes it difficult to establish reliable trends. The year 2000 seems to have been a bad year for cereal production in many of the ENP countries. This applies particularly to Algeria, Azerbaijan, Morocco, Syria and Ukraine. Morocco achieved a cereal harvest of over 9 million tonnes in 2006, its best year since 2000. Production in Algeria has varied around 4 million tonnes since 2003, substantially higher than in the earlier years, whereas production in Belarus was highest in 2007, with 7 million tonnes.

The main ENP producer of cereals is Egypt, with nearly 23 million tonnes in 2005, which accounted for 38% of the ENP countries' total production of that year. Other major producers are Morocco, Ukraine, Syria, Belarus and Algeria.

In 2005, the latest year for which cereal production for all the ENP countries is available, the total ENP cereal production of 61 million tonnes stood at around a fifth of the EU-27 level. The production of cereals has increased in most ENP countries compared to 2000, the only exceptions being Moldova and Georgia, where the production decreased in average by 10.3% and 0.3% per year, respectively. The increase has been particularly high in Morocco and Algeria, with average annual growth rates of 29.2% and 27.6%, respectively.

**Table 6.5.1:** Production of cereals <sup>(1)</sup>

	Cereals (1 000 tonnes)								Average annual growth rate (%)
	2000	2001	2002	2003	2004	2005	2006	2007	
EU-27	277 876	284 218	288 762	251 685	324 765	287 355	269 398	261 099	-0.9
Algeria	932	2 658	1 951	4 264	4 031	3 525	4 013	:	27.6 <sup>(2)</sup>
Armenia	225	367	416	310	457	396	213	453	10.5
Azerbaijan	1 527	2 002	2 181	2 040	2 139	2 105	2 058	1 983	3.8
Belarus	4 856	5 153	5 990	5 449	7 016	6 420	5 923	7 217	5.8
Egypt	20 082	19 301	20 164	20 652	21 285	22 985	:	:	2.7 <sup>(3)</sup>
Georgia	421	714	672	754	679	703	327	413	-0.3
Israel	100	171	193	231	205	249	169	:	9.1 <sup>(2)</sup>
Jordan	57	48	115	80	53	102	62	:	1.5 <sup>(2)</sup>
Lebanon	150	172	265	327	396	394	:	:	21.3 <sup>(3)</sup>
Moldova	1 935	2 628	2 587	1 613	2 994	2 838	2 290	902	-10.3
Morocco	1 986	4 593	5 276	7 959	8 589	4 270	9 227	:	29.2 <sup>(2)</sup>
Occupied Palestinian territory	67	38	77	68	62	68	:	:	0.1 <sup>(3)</sup>
Syria	3 510	6 919	5 930	6 223	5 278	5 627	6 297	:	10.2 <sup>(2)</sup>
Tunisia	1 086	1 354	513	2 904	2 347	2 097	1 610	:	6.8 <sup>(2)</sup>
Ukraine	5 213	9 001	8 298	5 453	9 867	9 510	8 268	6 115	2.3

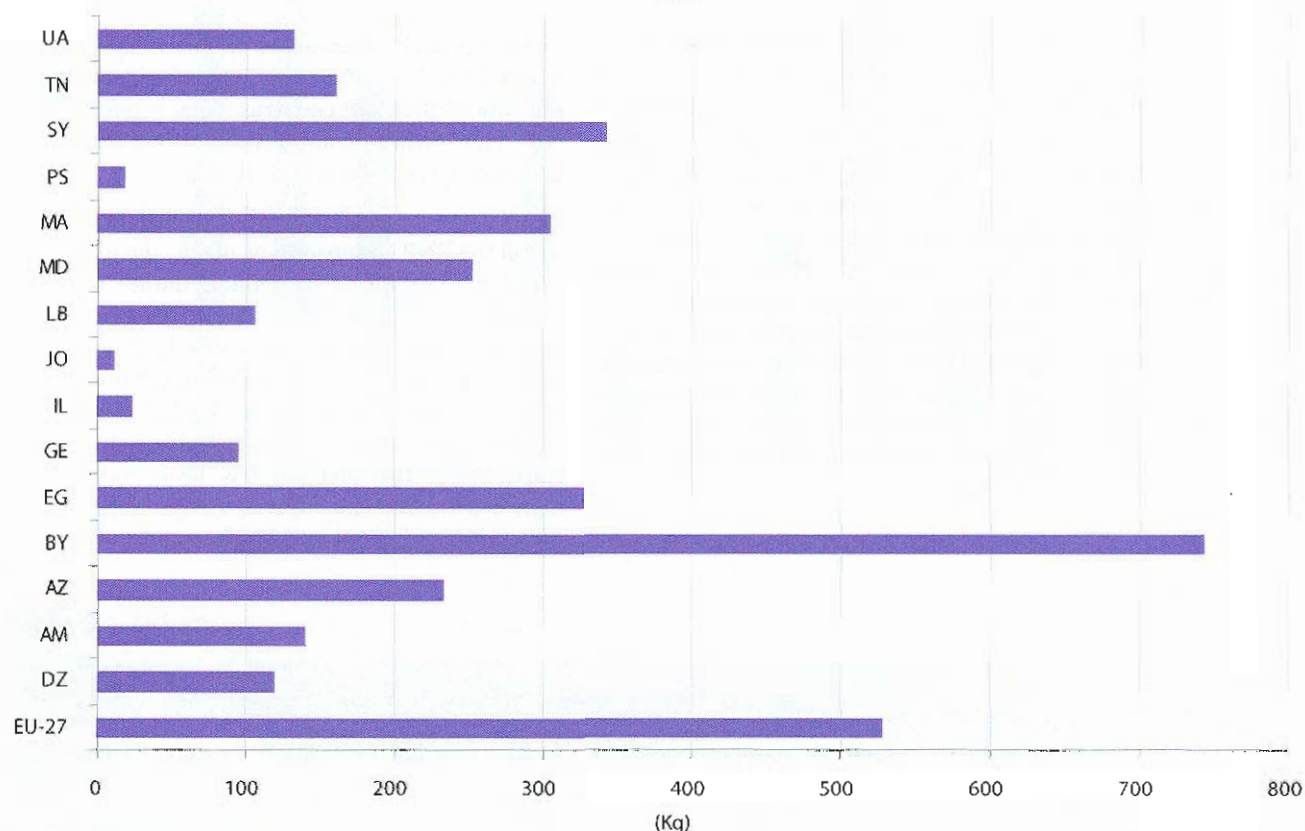
(1) Cereals excluding rice for DZ, IL, JO, LB, PS, SY and TN. (2) 2000-2006. (3) 2000-2005.



Figure 6.5.1 shows that among ENP countries Belarus has the largest production of cereals per capita, with 743 kg, about 1.4 times the per capita production of the EU-27 (527 kg). In all other ENP countries, production per capita is considerably below the figure for the EU-27. Syria, Egypt and

Morocco are above half the per capita production in the EU-27, with figures of 341, 327 and 304 kg. Algeria and Morocco recorded a four times higher production per capita than in 2000, while Armenia and Lebanon doubled their production in the same period.

**Figure 6.5.1:** Cereal production per inhabitant, 2007 (kg) <sup>(1)</sup>



(1) For ENP-South countries 2006 data are shown instead of 2007, with the exception of EG, LB and PS (2005 data); cereals excluding rice for DZ, IL, JO, LB, PS, SY and TN.

### 6.5.2 Meat production

Information about the total slaughter weight of animals is only available for seven ENP countries. Ukraine is by far the largest meat producer among them, with nearly 2 million tonnes in 2007, followed by Belarus with 815 thousand tonnes. However, compared to the EU-27, these are relatively small productions. Compared to 2000, meat production increased in five out of seven countries, the exceptions being Georgia and Lebanon.

As shown in Table 6.5.2, production of meat from cattle in the ENP countries is more than 2 million tonnes, a stable value compared to 2000. In contrast,

poultry meat production, which stood at a similar level as production of meat from cattle in 2000, increased rapidly and reached more than 3 million tonnes in 2007. Sheep and goat meat production is by far less significant in the ENP countries, with a total production of 0.9 million tonnes, representing about 83% of the EU-27 total. The production of meat from poultry and from cattle represented only 31% and 26% respectively of the EU-27 total.



Egypt is the largest producer of meat from cattle with 0.7 million tonnes, followed by the Ukraine, with 0.5 million tonnes. However, their productions showed different trends compared to 2000 — an increase by 18% in Egypt and a decrease by 28% in Ukraine.

The production of sheep and goat meat in the ENP countries is concentrated in a few countries: Syria, Algeria, Morocco and Egypt accounted together for about 75% of the total production in all ENP countries.

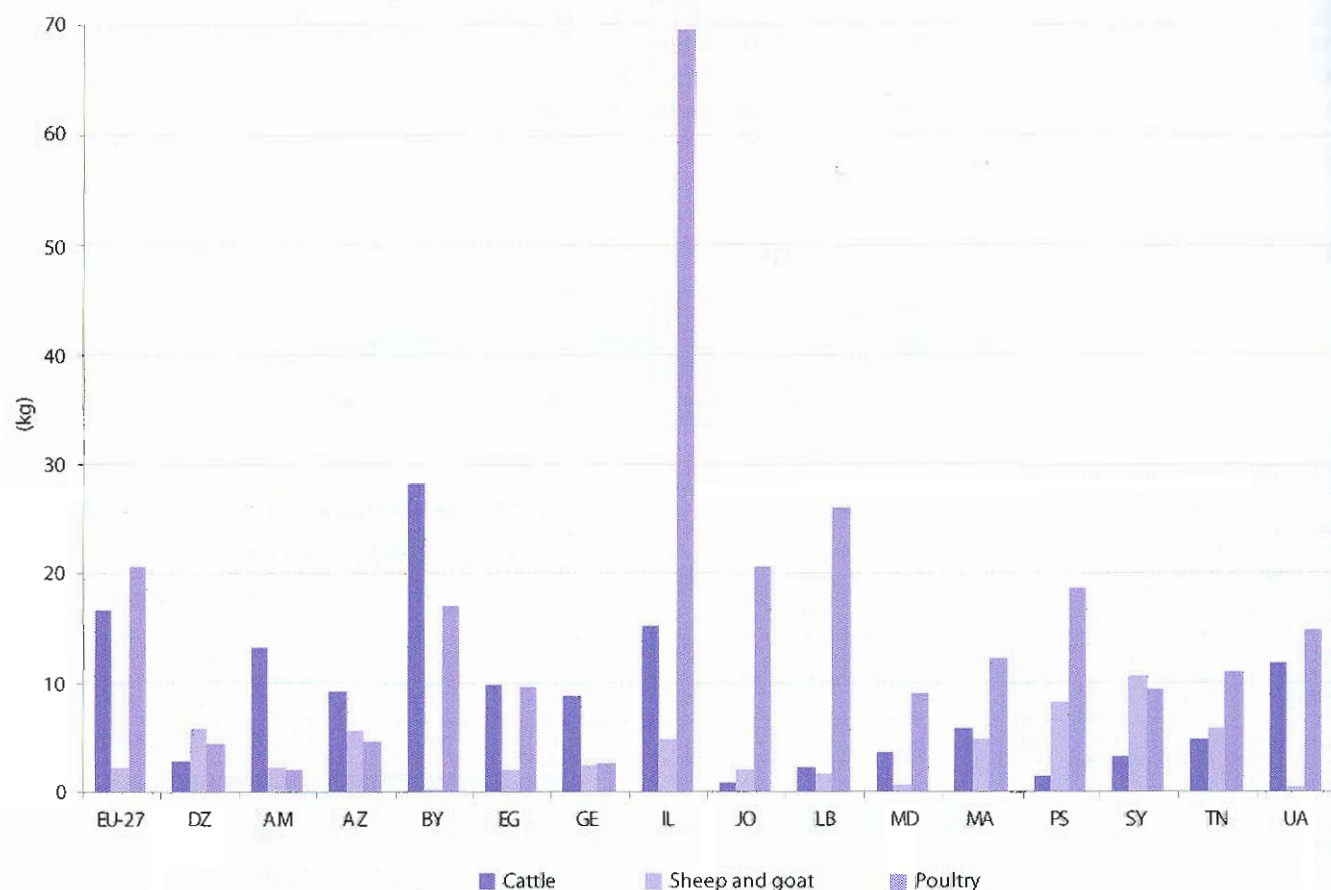
**Table 6.5.2:** Breakdown of animals for slaughter (1 000 tonnes slaughter weight) <sup>(1)</sup>

	Animals for slaughter - total production		Cattle		Sheep and goats		Poultry	
	2000	2007	2000	2007	2000	2007	2000	2007
EU-27	:	42 293	:	8 188	:	1 078	:	10 188
Algeria	:	:	103	95	141	194	198	145
Armenia	49	70	31	43	8	7	1	7
Azerbaijan	109	167	56	79	35	48	17	39
Belarus	598	815	213	274	3	1	76	165
Egypt	:	:	570	671 <sup>(2)</sup>	124	137 <sup>(2)</sup>	449	661 <sup>(2)</sup>
Georgia	108	87	48	39	9	10	14	11
Israel	:	:	87	108	19	34	412	495
Jordan	:	:	6	5	:	11	130	115
Lebanon	101	89	7	8 <sup>(3)</sup>	6	6 <sup>(3)</sup>	85	98 <sup>(3)</sup>
Moldova	88	98	18	13	3	2	16	32
Morocco	:	:	145	176	147	146	250	370
Occupied Palestinian territory	:	:	4	5 <sup>(3)</sup>	21	31 <sup>(3)</sup>	74	69 <sup>(3)</sup>
Syria	:	:	47	61	189	195	105	173
Tunisia	:	:	52	49	55	58	108	110
Ukraine	1 663	1 912	754	546	17	15	193	689

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2004 data. (3) 2005 data.

The two main producers of poultry meat are Ukraine and Egypt, with around 0.7 million tonnes each. Together with Israel and Morocco they produce about 70 % of total poultry meat of all ENP countries. Poultry meat production increased by almost 50% compared to 2000, the most significant increase being recorded in Ukraine, where the production was almost four times bigger in 2007.



**Figure 6.5.2:** Meat production per inhabitant, 2007 (kg) <sup>(1)</sup>

(1) For ENP-South countries 2006 data are shown instead of 2007, with the exception of EG (2004 data), LB and PS (2005 data).

Belarus is the largest producer of cattle meat per inhabitant, with 28 kg, a production that surpasses that of the EU-27 (16.5 kg). Belarus is followed well behind by Israel with 15 kg, whereas Jordan showed the lowest production with less than 1 kg per inhabitant.

The main producer of sheep and goat meat per inhabitant is Syria, with 11 kg, followed by the occupied Palestinian territory, with 8 kg and Tunisia, Algeria and Azerbaijan with about 6 kg per inhabitant each. Production in these countries was higher than in the EU-27 (2.2 kg per inhabitant).

Production of poultry meat showed the largest value in Israel, at 70 kg per inhabitant, more than twice that of the next largest producer, Lebanon (26 kg per inhabitant) and more than three times the EU-27 (21 kg per inhabitant).



## Box 6.I: Animal livestock in ENP-East countries

Table 6.I.1: Livestock (1 000 heads, end of the period)

	Cattle		of which dairy cows		Pigs		Sheep and goats	
	2000	2007	2000	2007	2000	2007	2000	2007
EU-27	:	89 025	:	24 176	:	160 006	:	100 103
Armenia	497	629	265	311	69	87	540	637
Azerbaijan	2 022	2 512	959	1 217	19	19	6 086	8 110
Belarus	4 221	4 007	1 845	1 459	3 431	3 598	154	124
Georgia	1 177	1 090 <sup>P</sup>	646	550 <sup>P</sup>	443	130 <sup>P</sup>	628	780 <sup>P</sup>
Moldova <sup>(1)</sup>	394	251	269	181	447	406	938	846
Ukraine	9 424	5 491	4 855	3 036	7 652	7 020	1 875	1 679

(1) Excluding Transnistria.

Total number of cattle in the ENP-East countries in 2007 was 14 million, about one sixth of the EU-27 total. Ukraine, with 5.5 million heads and Belarus, with 4.0 million heads, accounted together for 68% of the ENP-East total. The number of cattle in ENP-East countries together decreased by more than 20% compared to 2000, which was mainly driven by a 42% fall in Ukraine. This decline was partly compensated for by an increase of 24% in Azerbaijan.

Dairy cows in the ENP-East countries accounted for 6.8 million heads in 2007, about a quarter of the EU-27 total. The main breeder country is again Ukraine with 3 million heads, while the lowest figure, 181 thousand heads, is recorded in Moldova. In total, the number of dairy cows in the ENP-East countries has decreased by about 24% between 2000 and 2007, mainly due to the considerable reduction in the dairy herd in Ukraine.

The number of pigs in the ENP-East countries decreased by 7% compared to 2000 and was in 2007 less than 10% of the number in the EU-27. The overwhelming majority (94%) is concentrated in Ukraine and Belarus.

Sheep and goats in the ENP-East countries — about 12 million heads in 2007 — represented 12% of the EU-27 total. Azerbaijan, with 8 million heads accounts on its own for two thirds of them. Adding the Ukraine, with 1.7 million heads means that the two countries together had 80% of the ENP-East total. In contrast to cattle and pigs, the number of sheep and goats has increased by 19% between 2000 and 2007, largely a reflection of the rise in numbers in Azerbaijan.



## 6.6 Trade of agricultural products

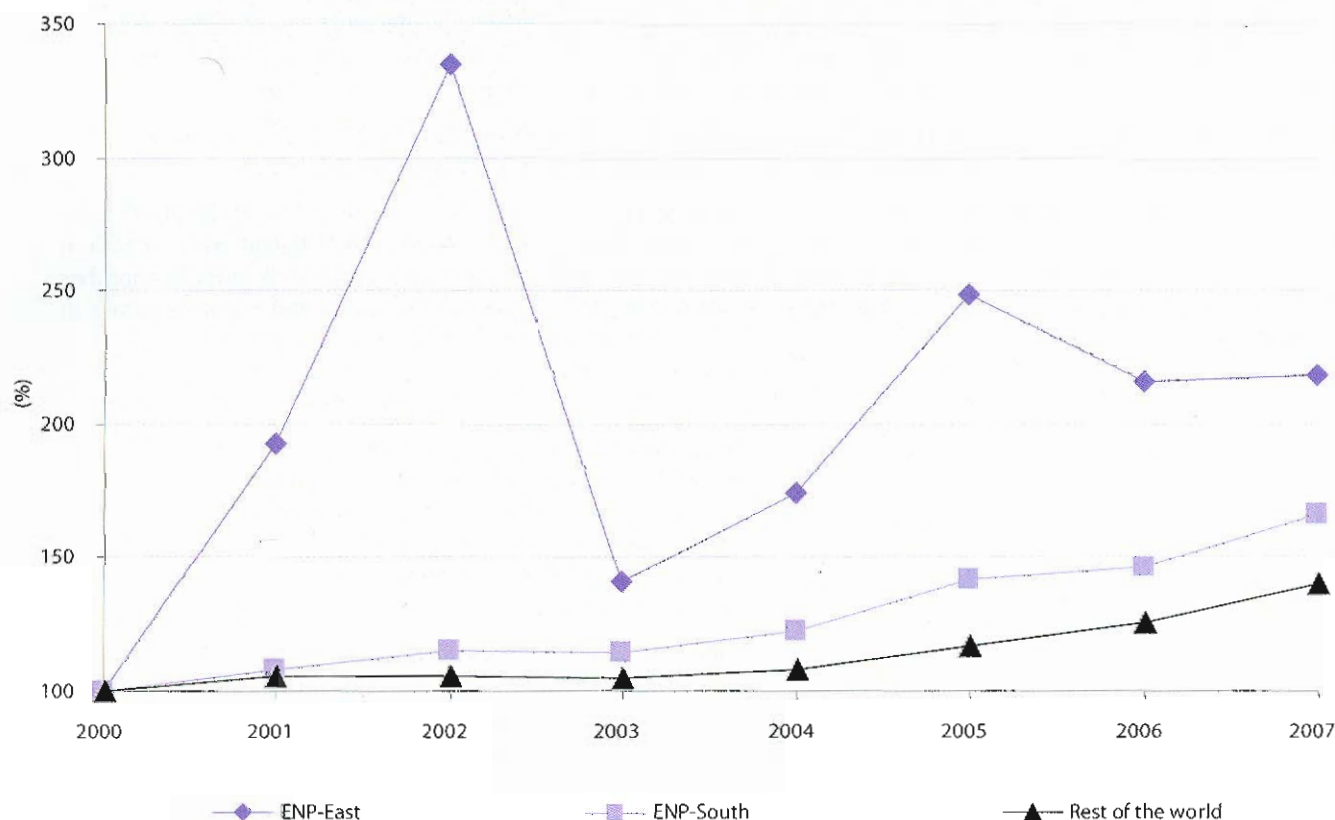
Table 6.6.1: EU-27's trade of agricultural products (million EUR)

Partners	2000			2007		
	Exports	Imports	Balance	Exports	Imports	Balance
ENP-East	703	269	434	1 369	587	782
ENP-South	3 999	2 158	1 842	4 088	3 581	507
Rest of the world	33 714	49 056	-15 341	42 438	68 680	-26 242

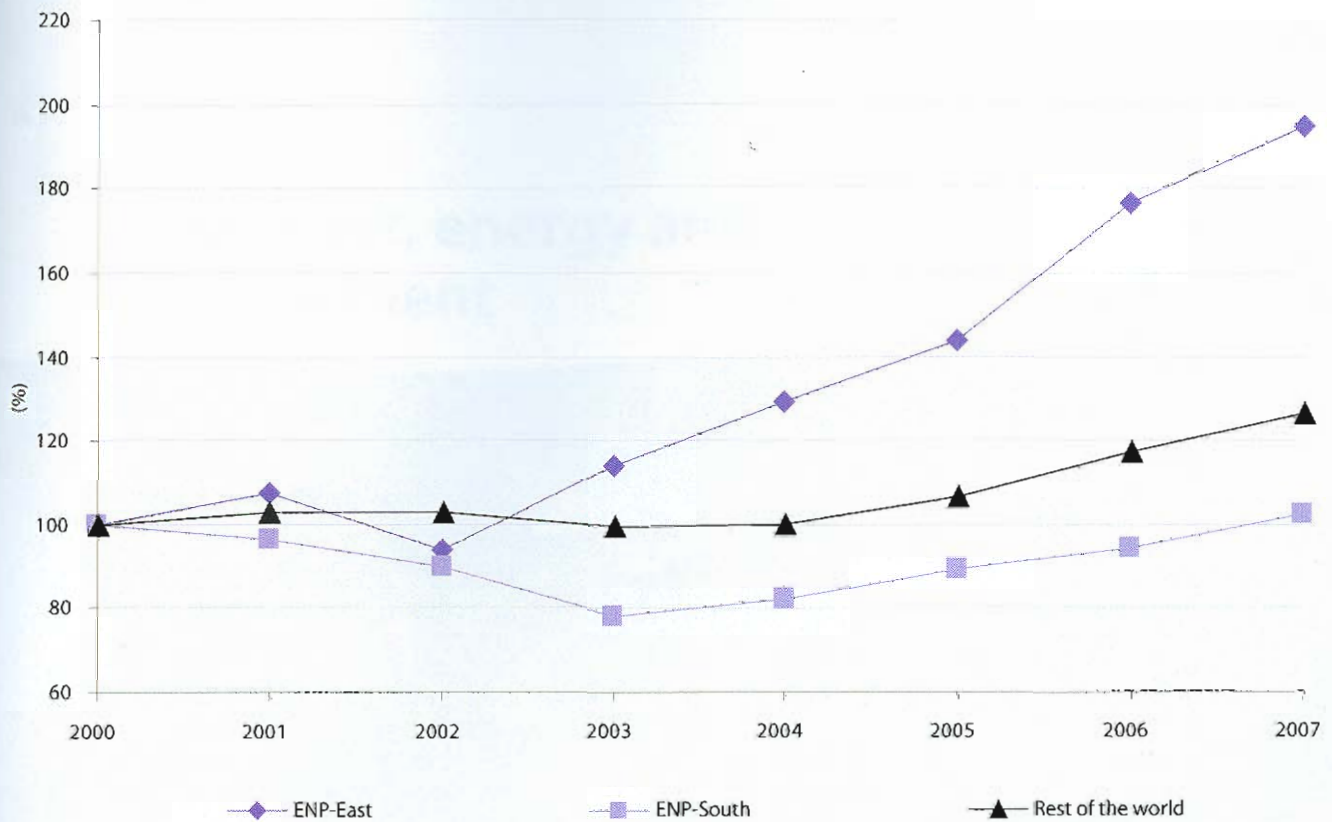
In 2007 there was a surplus in the EU-27's trade of agricultural products with the ENP countries, whereas the trade with the rest of the world recorded a deficit of EUR 26 billion. The surplus with the ENP-East countries was higher than that with the ENP-South countries in 2007, a turnaround compared to 2000.

Imports of EU-27 from ENP-South countries followed a steady increase through the period, outpacing the growth in imports from the rest of the world. Imports from ENP-East countries showed a more erratic pattern, with a particularly large rise from 2000 to 2002, followed by a sharp fall in 2003 and then smaller changes up to 2007.

Figure 6.6.1: Evolution of EU-27 imports of agricultural products (2000 = 100)





**Figure 6.6.2:** Evolution of EU-27 exports of agricultural products (2000 = 100)

Exports from the EU-27 to the ENP countries and to the rest of the world have grown steadily since 2003. However, the rate of growth of exports to the ENP-East countries has been considerably higher in this period, particularly from 2005 to 2006. Between 2000 and 2003 exports to the ENP-South countries fell, while those to the ENP-East countries followed an uneven path, growing from 2000 to 2001 and from 2002 to 2003, but decreasing between 2001 and 2002.



# 7

## Transport, energy and environment



## 7. Transport, energy and environment

### 7.1 Introduction

In recent years traffic in ENP countries is, in general, increasing in terms of passenger and goods transport, with rail transport still more important in some countries than road transport. However, the road network length especially of motorways is growing as well as the number of private cars in

several ENP countries. This causes an increase of energy consumption in all ENP countries. There are three ENP countries that are net energy exporters: Algeria, Azerbaijan and Egypt, while all other ENP countries and the EU-27 are net energy importers.

### 7.2 Transport

#### 7.2.1 Infrastructure

**Table 7.2.1:** Road and rail infrastructure <sup>(1)</sup>

	Road network						Rail network			
	Length of road network (km) <sup>(2)</sup>		Density (km/1 000 km <sup>2</sup> )		Length of motorways (km)		Length of rail network (km)		Density (km/1 000 km <sup>2</sup> )	
	2000	2007	2000	2007	2000	2007	2000	2007	2000	2007
EU-27	:	:	:	:	:	:	:	:	:	:
Algeria	104 450 <sup>(3)</sup>	109 452 <sup>(3)</sup>	44 <sup>(3)</sup>	46 <sup>(3)</sup>	49	107	3 973 <sup>(4)</sup>	3 572 <sup>(4)</sup>	2 <sup>(4)</sup>	2 <sup>(4)</sup>
Armenia	6 000	6 000	202	202	:	:	730	730	25	25
Azerbaijan	18 800 <sup>(5)</sup>	18 800 <sup>(5)</sup>	217 <sup>(5)</sup>	217 <sup>(5)</sup>	:	:	2 120	2 120	24	24
Belarus	74 400	85 700	358	413	:	:	5 550	5 550	27	27
Egypt	71 799	106 854	71	106	:	:	4 693	5 128	5	5
Georgia	20 400	20 300	294	292	:	300	1 600	1 600	23	23
Israel	16 449	17 686	803	863	56	146	858 <sup>(6)</sup>	905 <sup>(6)</sup>	42 <sup>(6)</sup>	44 <sup>(6)</sup>
Jordan	7 245	7 694	81	86	:	:	622	622	7	7
Lebanon	6 769 <sup>(3)</sup>	6 970 <sup>(3)</sup> <sup>(7)</sup>	648 <sup>(3)</sup>	667 <sup>(3)</sup> <sup>(7)</sup>	170	170 <sup>(7)</sup>	0	0	0	0
Moldova	9 400 <sup>(8)</sup>	9 300 <sup>(8)</sup>	278 <sup>(8)</sup>	275 <sup>(8)</sup>	:	:	1 140 <sup>(9)</sup>	1 150 <sup>(9)</sup>	34 <sup>(9)</sup>	34 <sup>(9)</sup>
Morocco	32 511 <sup>(10)</sup>	32 697 <sup>(7)</sup> <sup>(10)</sup>	46 <sup>(10)</sup>	46 <sup>(7)</sup> <sup>(10)</sup>	425	639	1 907	1 907	3	3
Occupied Palestinian territory	4 924	5 147	818	855	:	:	0	0	0	0
Syria	44 575 <sup>(3)</sup>	51 967 <sup>(3)</sup>	241 <sup>(3)</sup>	281 <sup>(3)</sup>	:	:	2 796 <sup>(4)</sup>	2 833 <sup>(4)</sup>	15 <sup>(4)</sup>	15 <sup>(4)</sup>
Tunisia	19 115	19 275	116	117	142	262	2 169 <sup>(11)</sup>	2 153 <sup>(7)</sup> <sup>(11)</sup>	13 <sup>(11)</sup>	13 <sup>(7)</sup> <sup>(11)</sup>
Ukraine	169 500	169 400	281	281	:	:	22 300	21 900	37	36

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) Excluding motorways, except otherwise indicated. (3) Including non paved sections which may be used by non motorised vehicles. (4) Standard gauge and Narrow gauge. (5) Including motorways. (6) 2000 data include non active railway line for standard gauge with active sidings, 2006 data include only active railways and sidings. (7) 2005 data. (8) Public roads; excluding Transnistria. (9) Including Transnistria. (10) Paved roads. (11) In-use and not in-use lines.



Table 7.2.1 and Figure 7.2.1 illustrate the recent developments in ENP countries' road and rail networks. The length of these networks clearly depends on the size of each country, the larger ones generally having longer networks. Ukraine, a relatively large country, had the longest road network among the ENP countries at a little under 170 thousand km, although it saw little change over the years from 2000 to 2007. Algeria had the second longest road network of the ENP countries, standing at 109 thousand km in 2006, up by 0.8% per year, since 2000. Egypt, with a similar size of road network of 106 thousand km in 2006, saw its network grow by nearly 7% per year between 2000 and 2006, having the most accentuated growth in the ENP countries. Belarus and Syria, with 85 thousand km and 51 thousand km respectively, also achieved a strong growth of over 2% per year over the period.

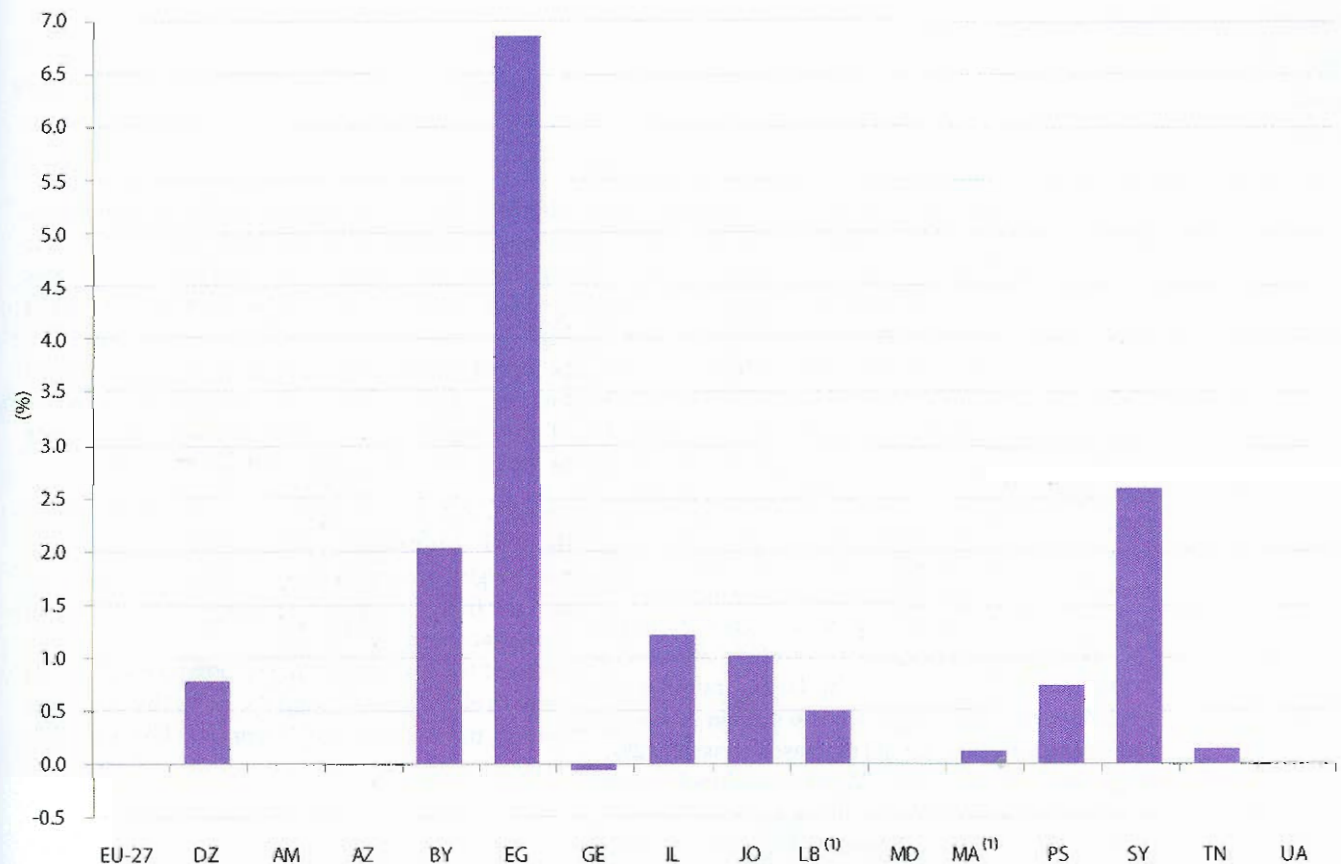
Of the countries for which data are available, Morocco has the most developed motorway network with 639 km in 2006, recording an increase of 50% since 2000. Over the same period,

Israel built an additional 90 km of motorways, an increase of 160%, while Algeria more than doubled its network, reaching 107 km of motorways. Tunisia saw an increase of 85% in its motorway network for the period observed.

Looking at road density, i.e. the length of road divided by a country's land area, Israel, the occupied Palestinian territory and Lebanon stand out with more than 600 km of roads per thousand square km in 2006. On the other hand, Algeria, Morocco and Jordan, countries with substantial desert areas, had less than a 100 km of roads per thousand square km in the same year. The ENP-East countries all recorded more than 200 km of road network per thousand square km, with Belarus at 413 km per thousand square km in 2007, having the highest road network density in this group.

Ukraine has the longest rail network of all ENP countries, almost 4 times longer than the rail network in Belarus, which ranks in second place with 5 550 km.

**Figure 7.2.1:** Length of road network, average annual growth rates 2000-2007 (%)



(1) 2000-2005.



Lebanon and the occupied Palestinian territory had no rail network while Armenia, Israel and Jordan had less than a thousand km. Between 2000 and 2007, the length of the rail network in the ENP countries did not vary significantly. The Egyptian rail network grew at around 1.5% a year, while that of Algeria declined by a similar percentage from 2000 to 2006. The rail networks in Armenia, Azerbaijan,

Belarus and Georgia remained unchanged, over the period, while the network in Ukraine shrank slightly. In terms of rail density measured in km per thousand square km of land area, Israel, Ukraine and Moldova had the highest rail density. Algeria, Egypt, Jordan and Morocco, were at the other extreme all with less than 10 km of rail tracks per thousand square km.

**Table 7.2.2:** Passenger cars (1 000)

	2000	2001	2002	2003	2004	2005	2006	2007
EU-27	:	:	:	:	:	:	:	:
Algeria	1 692	1 708	1 739	1 775	1 835	1 906	2 042	:
Armenia	:	:	:	:	:	:	:	:
Azerbaijan	332	343	351	400	439	479	549	617
Belarus	1 422	1 468	1 552	1 656	1 708	1 775	1 970	:
Egypt	1 700	1 767	1 846	1 881	1 960	2 081	2 241	:
Georgia	245	248	252	255	:	:	416	467
Israel	1 422	1 486	1 522	1 545	1 593	1 652	1 711	:
Jordan	304	364	484	499	540	601	670	:
Lebanon	29	:	:	:	:	:	:	:
Moldova	238	257	269	266	280	293	319	339
Morocco	1 211	1 253	1 296	1 336	:	:	:	:
Occupied Palestinian territory	90	81	64	70	95	104	89	:
Syria	134	144	176	201	228	279	358	:
Tunisia	510	544	579	601	635	661	:	:
Ukraine	5 250	5 313	5 400	5 525	5 446	5 539	5 604	5 940

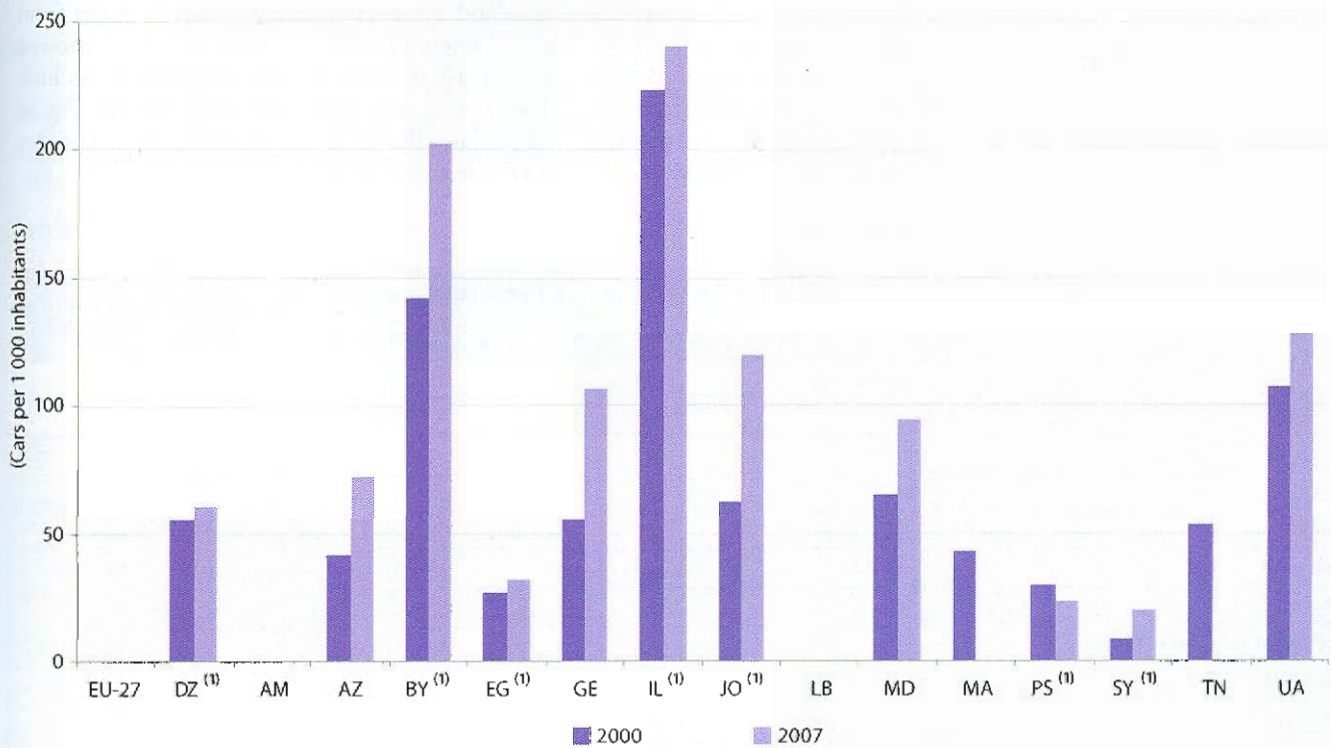
Table 7.2.2 shows the number of passenger cars registered in the ENP countries over the period 2000 to 2007. The coverage from year to year, in terms of countries reporting is very variable. The total number of vehicles reported in the ENP countries (for the countries with available data) was 15.5 million in 2006, nearly a quarter higher than the total in 2000 (considering the same countries as in 2006). This represented an average annual growth rate of 3.6% per year over this period. Within the total, Syria recorded an average annual growth rate of 18%, Jordan 14% and Azerbaijan 9%. Georgia, not included in the partial total because of gaps in the data also achieved an average annual growth rate of 9%. All these countries have relatively small vehicle fleets, while Ukraine with the largest number of passenger cars registered (nearly 6 million in 2007), recorded an average annual increase of less than 2%. Similarly, Belarus, Egypt, Algeria and Israel, other countries with large vehicle fleets, recorded annual average growth rates between 3% and 6%. The occupied Palestinian territory was the only country to record a fall in passenger car registrations.

Figure 7.2.2 takes account of the level of population in each country to show the number of cars registered per thousand inhabitants. On this measure, two ENP countries stand out as having high levels of motorisation, Israel and Belarus. The occupied Palestinian territory and Syria recorded low rates of motorisation. The evolution of the levels of motorisation over the period observed is similar to the one for the number of passenger cars.

Figure 7.2.3 shows another aspect of transport in the ENP countries, the balance between road and rail freight expressed as percentage in total road and rail freight transport. Only in Jordan does road freight account for a larger market share than rail, where it takes over 70% of the combined road/rail total. In all the other countries, rail is the dominant mode, particularly for Georgia, Ukraine and Armenia.

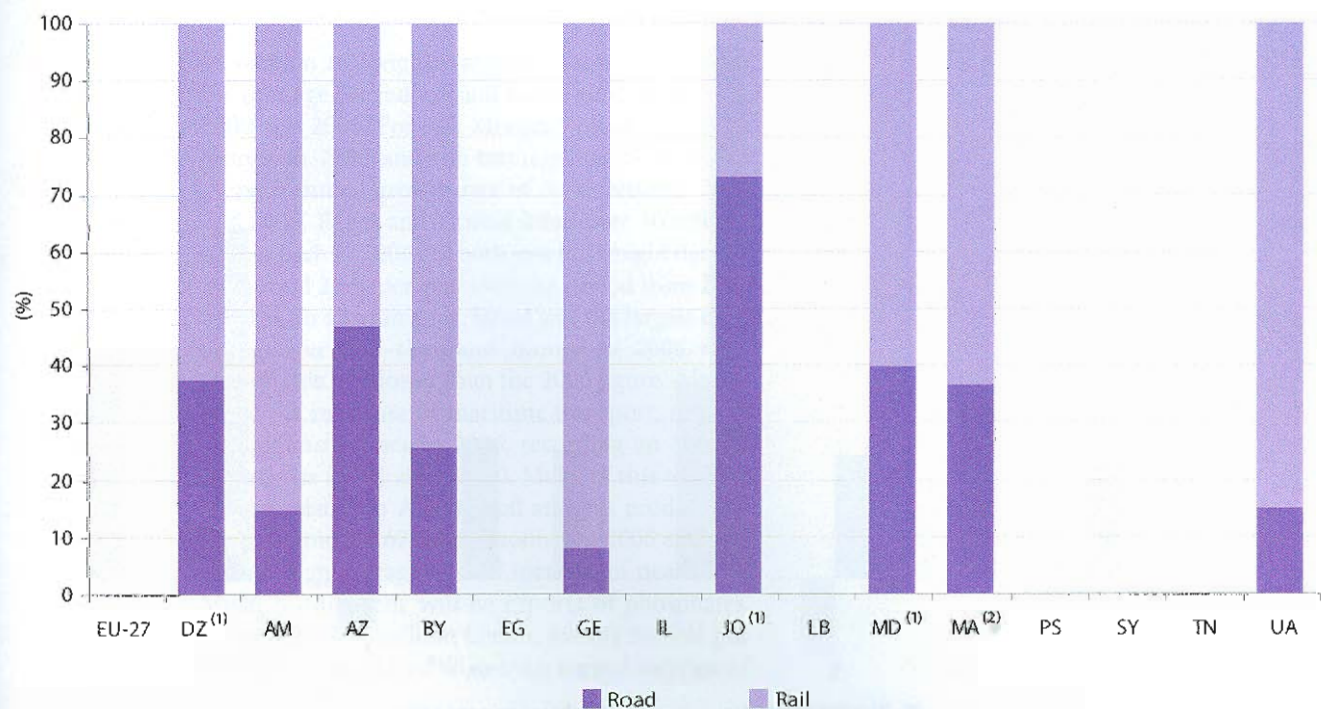


**Figure 7.2.2:** Passenger cars per 1 000 inhabitants



(1) 2006 data instead of 2007.

**Figure 7.2.3:** Share of road and of rail in total road/rail freight transport, 2007 (%)



Note: Calculation based on million tkm for ENP-East and on 1 000 tons for ENP-South countries.

(1) 2006 data. (2) 2005 data.



## 7.2.2 Transport in ENP-South countries

Looking in more detail at the ENP-South countries data, some information is available about deaths in road accidents (Table 7.2.3). Algeria reported over 4 120 deaths in 2006 (the highest value from the ENP-South countries, considering the fact that for Egypt there are no available data) while Morocco,

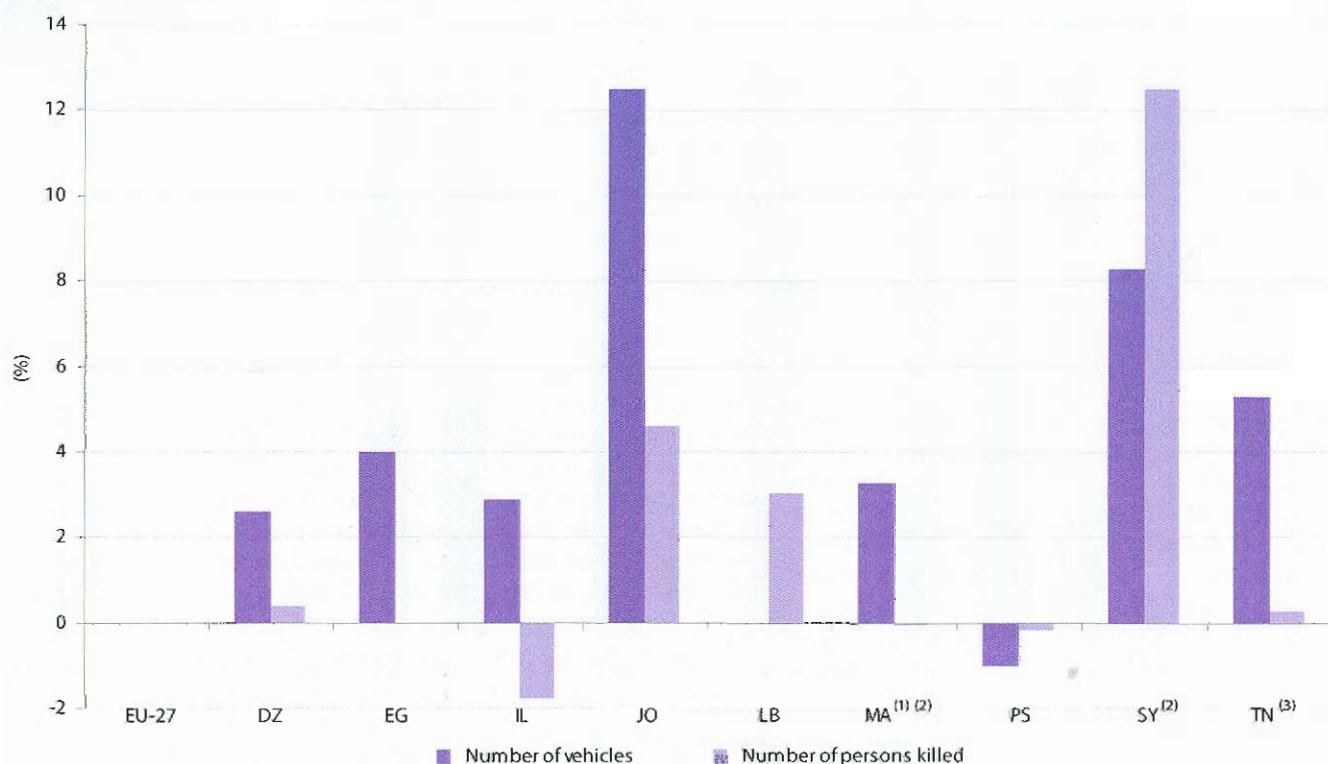
Syria and Tunisia had figures for 2005. Apart from Syria (where the data for 2000 and 2005 showed an increase of over 10% per year), there was little change from the figures recorded in 2000. Figure 7.2.4 relates the changes in road deaths to changes in vehicle registrations.

**Table 7.2.3:** Persons killed in road accidents

	Number of persons killed in road accidents		Average annual growth rate (%)
	2000	2006	
EU-27	:	:	:
Algeria	4 025	4 120	0.4
Egypt	:	:	:
Israel	461	414	-1.8
Jordan	686	899	4.6
Lebanon	313	375	3.1
Morocco	3 627	3 617 <sup>(1)</sup>	-0.1 <sup>(2)</sup>
Occupied Palestinian territory	190	188	-0.2
Syria	1 219	2 197 <sup>(1)</sup>	12.5 <sup>(2)</sup>
Tunisia	1 499	1 519 <sup>(1)</sup>	0.3 <sup>(2)</sup>

(1) 2005 data. (2) 2000-2005.

**Figure 7.2.4:** Road transport: number of vehicles and number of persons killed, average annual growth rates 2000-2006 (%)



(1) 2000-2003 for vehicles. (2) 2000-2005 for persons killed. (3) 2000-2005.



Table 7.2.4 illustrates developments in passenger transport by mode. Egypt dominates in rail passenger transport with over 400 million passenger transported in 2006 (Egypt also has the longest rail network of all ENP-South countries). The numbers of rail passengers have been declining in Egypt and Algeria by 8% and 4% per year respectively since

2000. In contrast Morocco has seen a rise of 10% per year up to 2005 and Syria a rise of 16% up to 2006. Egypt also recorded the largest number of air passengers accounting for about a third of all air passengers transported in ENP-South countries. Egypt ranked second after Morocco regarding maritime passenger transport.

**Table 7.2.4: Passenger transport**

	Rail transport			Air transport			Maritime transport		
	Passengers (1 000)		Average annual growth rate (%)	Passengers (1 000)		Average annual growth rate (%)	Passengers (1 000)		Average annual growth rate (%)
	2000	2006		2000	2006		2000	2006	
EU-27	:	:	:	:	:	:	:	:	:
Algeria	28 324	21 895	-4.2	6 512	6 637	0.3	587	890	7.2
Egypt	697 723	435 593	-7.6	18 918	25 886	5.4	2 510	3 096	3.6
Israel	12 698	28 351	14.3	9 608	8 896	-1.3	697	261	-15.1
Jordan	34	15	-12.6	2 350	3 770	8.2	611	1 287	13.2
Lebanon	0	0	:	2 343	2 825	3.2	47 <sup>(1)</sup>	21 <sup>(1)</sup>	-12.8 <sup>(1)</sup>
Morocco	13 066	21 005 <sup>(2)</sup>	10.0 <sup>(3)</sup>	7 253	9 306	4.2	2 442	3 871	8.0
Occupied Palestinian territory	0	0	:	0 <sup>(4)</sup>	0 <sup>(4)</sup>	:	0	0	:
Syria	859	2 148	16.5	2 835 <sup>(5)</sup>	3 486	10.9 <sup>(6)</sup>	14 <sup>(5)</sup>	18	12.2 <sup>(6)</sup>
Tunisia	35 581	36 790 <sup>(2)</sup>	0.7 <sup>(3)</sup>	9 651	10 399 <sup>(2)</sup>	1.5 <sup>(3)</sup>	799	1 782 <sup>(2)</sup>	17.4 <sup>(3)</sup>

(1) Beyrouth port and including cruises. (2) 2005 data. (3) 2000-2005. (4) Number of passengers of regular flights of the Palestinian Airlines from Al-Arish airport (Egypt). (5) 2004 data. (6) 2004-2006.

In relation to freight transport, Table 7.2.5 shows the tonnage for rail, air and maritime transport for 2000 and 2006. For rail, Morocco lifted 35 million tonnes in 2005 and the tonnage increased by an average annual growth rate of 5.4% between 2000 and 2005. Egypt and Tunisia lifted over 10 million tonnes each in 2006 but both saw rail freight decline by around 2.5% per year over the period from 2000 to 2006. In air transport, Israel was the largest user, lifting over 300 thousand tonnes in 2006 even though this was lower than the 2000 figure. Algeria made the most use of maritime transport, moving 127 million tonnes in 2006, recording an average annual rise of 4% since 2000. Much of this tonnage will be related to Algeria's oil and gas production. Morocco moved 67 million tonnes in 2006 and also recorded an average annual increase of nearly 4%. Much of this trade will be exports of phosphates. Egypt moved 60 million tonnes, mainly natural gas, in 2006 and displayed an average annual increase of 6% since 2000.



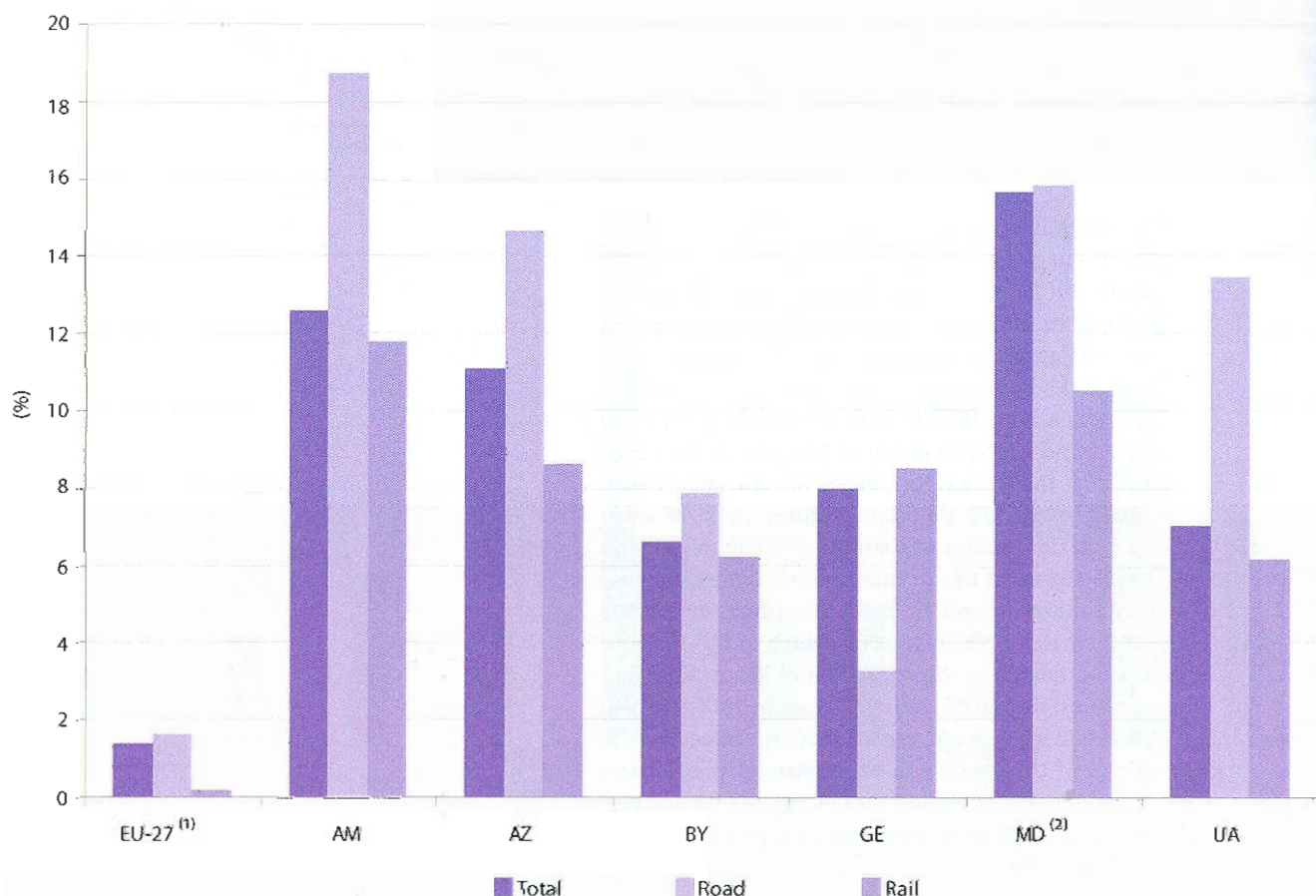
Table 7.2.5: Freight transport

	Rail transport			Air transport			Maritime transport		
	Freight (1 000 t)		Average annual growth rate (%)	Freight (1 000 t)		Average annual growth rate (%)	Freight (1 000 t)		Average annual growth rate (%)
	2000	2006		2000	2006		2000	2006	
EU-27	:	:	:	:	:	:	:	:	:
Algeria	7 793	6 463	-3.1	22	27 <sup>(1)</sup>	4.2 <sup>(2)</sup>	100 301	126 927	4.0
Egypt	12 126	10 458	-2.4	189	212 <sup>(3)</sup>	2.9 <sup>(4)</sup>	42 541	59 550	5.8
Israel	10 293	7 642	-4.8	343	328	-0.7	43 063	48 124	1.9
Jordan	1 579	2 281	6.3	82	97	2.8	12 553 <sup>(5)</sup>	18 078 <sup>(5)</sup>	6.3 <sup>(5)</sup>
Lebanon	0	0	:	59 <sup>(6)</sup>	58	:	4 835 <sup>(7)</sup>	4 226 <sup>(7)</sup>	-2.2 <sup>(7)</sup>
Morocco	27 129	35 207 <sup>(1)</sup>	5.4 <sup>(2)</sup>	53	61	2.4	53 519	66 823	3.8
Occupied Palestinian territory	0	0	:	0	0	:	0	0	:
Syria	5 631	8 752	7.6	32 <sup>(2)</sup>	34	3.1 <sup>(8)</sup>	13 931 <sup>(3)</sup>	39 693 <sup>(1)</sup>	184.9 <sup>(9)</sup>
Tunisia	12 078 <sup>(10)</sup>	10 801 <sup>(10)</sup>	-2.2 <sup>(10)</sup>	28	20 <sup>(1)</sup>	-6.5 <sup>(2)</sup>	20 791	21 681 <sup>(1)</sup>	0.8 <sup>(2)</sup>

(1) 2005 data. (2) 2000-2005. (3) 2004 data. (4) 2000-2004. (5) Goods handled in Aqaba port. (6) Excluding mail. (7) Beyrouth port. (8) 2004-2006. (9) Growth rate 2004-2005. (10) Tonnage sent.

### 7.2.3 Transport in ENP-East countries

Figure 7.2.5: Freight transport: average annual growth rates 2000-2007 (%)



(1) Growth rate 2004-2005. (2) 2000-2006 for total and road.



In most ENP-East countries, growth in freight transport by road has outstripped growth in freight transport by rail although both have seen significant rises over the period observed. As seen in Figure 7.2.5, which shows the average annual growth rates in freight transport for the period 2000 to 2007, this happened particularly in Armenia (19% average annual growth rate for road freight compared to 12% average annual growth for rail freight) and Ukraine (13% annual growth rate for road freight compared to 6% average annual growth for rail freight). One exception to the rule is Georgia where rail freight has grown by 8.5% per year compared to 3.5% per year for road freight. This is a reflection of the specialised nature of Georgian ports, which accommodate rail ferries to other countries on the Black Sea coast, for the movement of freight to and from the rest of the Caucasus, including the increasing movements of oil and gas in the region.

Other modes of transport are also important in the ENP-East countries. Table 7.2.6 shows the transport performance for inland waterways and pipelines. Pipelines are a major freight transport mode for Ukraine and Belarus (mainly because of their geographical position between Russia and the major oil and gas markets in the rest of Europe). As an emerging oil and gas producer, Azerbaijan experienced a rise in freight transport by pipelines, from 1 billion tkm in 2000 to 52 billion tkm in 2007.

It is interesting to see what this implies for road's share of total inland freight transport. As Table 7.2.7 shows, in 2007 road accounted for over three quarters of total transport in the EU-27. Of the ENP-East countries, only Belarus, Armenia and Azerbaijan were near the EU-27 value.

**Table 7.2.6: Other freight transport (million tkm)**

	Inland waterways		Pipelines	
	2000	2007	2000	2007
EU-27	:	:	:	:
Armenia	:	:	1 302.0	1 958.0
Azerbaijan	:	:	1 371.0	52 304.5
Belarus	25.6	93.0	52 659.0	70 836.0
Georgia	:	:	:	:
Moldova	0.1 <sup>(1)</sup>	0.6 <sup>(1)</sup>	:	:
Ukraine	5 897.5	5670.2	187 497.6	182 145.0

(1) Excluding Transnistria.

**Table 7.2.7: Structural indicators on inland transport**

	Total inland freight transport, tkm/GDP (1995 constant prices)		Road freight transport as a share of total inland freight transport (modal split of freight transport), %		Total inland passenger transport, pkm/GDP (1995 constant prices)	
	2000	2007	2000	2007	2000	2007
EU-27 <sup>(1)</sup>	:	106.7	:	76.7	:	93.9
Armenia	:	:	46.3	57.0	:	:
Azerbaijan	143.0	150.3	37.8	47.0	59.7	58.4
Belarus	:	:	71.7	69.4	:	:
Georgia <sup>(2)</sup>	264.9	325.6 <sup>(3)</sup>	10.8	7.9	123.6	107.1
Moldova	:	:	:	:	:	:
Ukraine	:	:	17.3 <sup>(3)</sup>	22.8	:	:

(1) Eurostat estimates, 2006 data. (2) Rail and road transport on the territory of the country and abroad. (3) 2003 data.



## 7.3 Energy

### 7.3.1 Primary energy production

Primary energy production consists of several elements:

1. The extraction of the fossil fuels:
  - a. Petroleum,
  - b. Natural gas,
  - c. Coal and lignite
2. Hydroelectric power
3. Nuclear power
4. Renewable sources (electricity from geothermal, solar and wind power and wood and waste)

Primary energy consumption is conventionally measured in tonnes of oil equivalent. A tonne of oil equivalent (toe) is the amount of energy released by burning one tonne of crude oil: 1 toe = 0.041868 TJ.

Table 7.3.1 shows that total EU-27 production of primary energy products was 871 million tonnes of oil equivalent (Mtoe) in 2007 compared with 346 Mtoe produced by the ENP countries (for which data are available). While EU primary energy production fell between 2000 and 2007 by 7% that of the ENP countries rose by over 20%.

Within the total, EU-27 produced substantial amounts of each fossil fuel in both 2000 and 2007, while the ENP countries were major producers of crude oil and natural gas but not coal.

Among the ENP countries, the main producers of crude oil were Algeria, Azerbaijan and Egypt, with Syria also producing significant amounts. For natural gas, the main producers were Algeria and Egypt. Egyptian production of natural gas almost doubled between 2003 and 2005.

**Table 7.3.1:** Primary production of energy products (1 000 toe)

	Total (including renewable energy)		Coal and lignite		Crude oil		Natural gas	
	2000	2007	2000	2007	2000	2007	2000	2007
EU-27	933 041	871 247 <sup>(1)</sup>	211 995	190 424 <sup>(1)</sup>	169 845	116 749 <sup>(1)</sup>	207 559	179 405 <sup>(1)</sup>
Algeria	170 594 <sup>(2)</sup>	179 596 <sup>(3)</sup>	0 <sup>(2)</sup>	0 <sup>(3)</sup>	91 417 <sup>(2)</sup>	94 451 <sup>(3)</sup>	79 153 <sup>(2)</sup>	85 020 <sup>(3)</sup>
Armenia	:	:	:	:	:	:	:	:
Azerbaijan	19 283	52 876	:	:	14 087	42 778	5 064	9 908
Belarus	5 243	5 790	:	:	2 757	2 622	442	346
Egypt	62 331 <sup>(4)</sup>	78 234 <sup>(3)</sup>	25 <sup>(4)</sup>	17 <sup>(3)</sup>	35 791 <sup>(4)</sup>	32 477 <sup>(3)</sup>	23 694 <sup>(4)</sup>	44 606 <sup>(3)</sup>
Georgia	2 410	842	5	13	111	59	74	19
Israel	637	1 811 <sup>(2)</sup>	27	44 <sup>(2)</sup>	4	2 <sup>(2)</sup>	9	1 041 <sup>(2)</sup>
Jordan	290	252 <sup>(3)</sup>	0 <sup>(2)</sup>	0 <sup>(3)</sup>	2	1 <sup>(3)</sup>	213	179 <sup>(3)</sup>
Lebanon	98 <sup>(5)</sup>	224 <sup>(3)</sup>	:	0 <sup>(3)</sup>	:	0 <sup>(3)</sup>	:	0 <sup>(3)</sup>
Moldova	59	71 <sup>(1)</sup>	:	:	2 <sup>(4)</sup>	4 <sup>(1)</sup>	:	:
Morocco	134	191 <sup>(3)</sup>	17	7 <sup>(3)</sup>	12	7 <sup>(3)</sup>	38	38 <sup>(3)</sup>
Occupied Palestinian territory	194 <sup>(5)</sup>	252 <sup>(3)</sup>	0 <sup>(5)</sup>	0 <sup>(3)</sup>	0 <sup>(5)</sup>	0 <sup>(3)</sup>	0 <sup>(5)</sup>	0 <sup>(3)</sup>
Syria	19 528 <sup>(2)</sup>	20 566 <sup>(3)</sup>	:	:	13 890 <sup>(2)</sup>	14 730 <sup>(3)</sup>	4 660 <sup>(2)</sup>	4 760 <sup>(3)</sup>
Tunisia	5 220 <sup>(4)</sup>	5 595 <sup>(3)</sup>	0 <sup>(4)</sup>	0 <sup>(3)</sup>	3 236 <sup>(4)</sup>	3 479 <sup>(3)</sup>	1 967 <sup>(4)</sup>	2 100 <sup>(3)</sup>
Ukraine	:	:	:	:	:	:	:	:

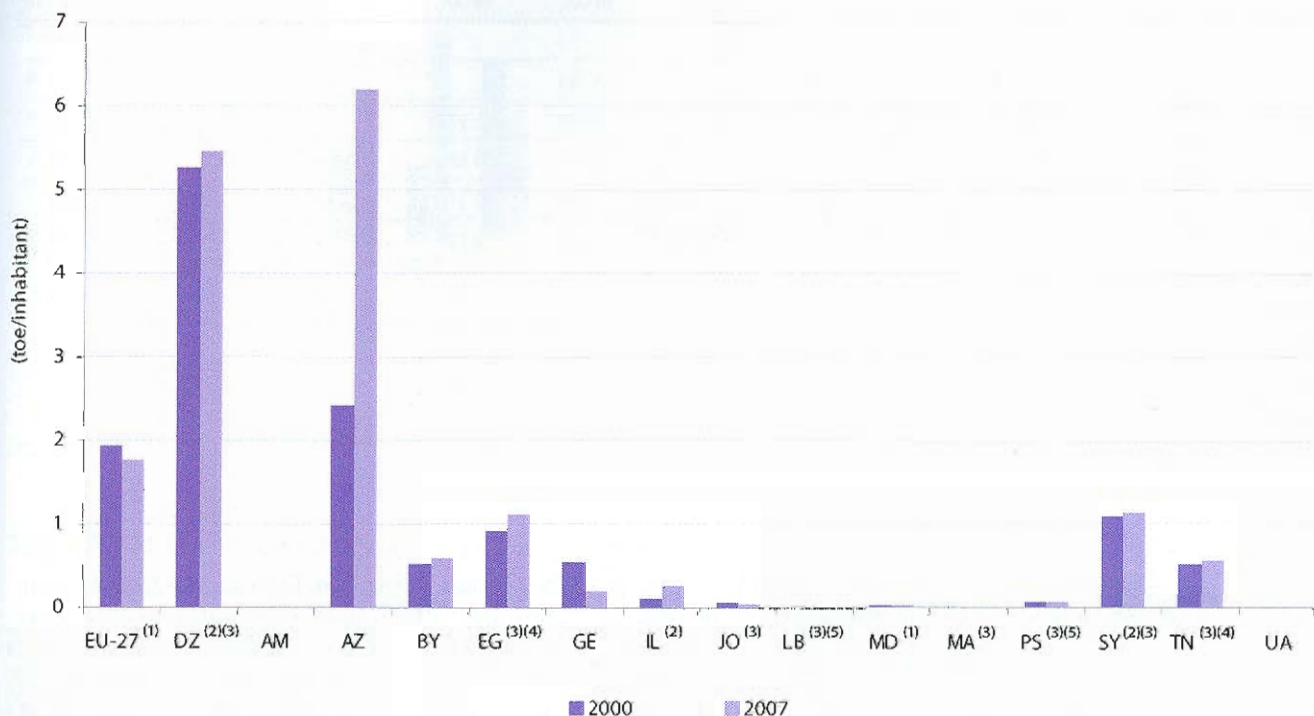
(1) 2006 data. (2) 2004 data. (3) 2005 data. (4) 2003 data. (5) 2002 data.



Figure 7.3.1 shows the total primary energy production per inhabitant. While there is no data available for Armenia and the Ukraine, values for Jordan, Lebanon, Moldova, Morocco and the occupied Palestinian territory are close to zero. Production of energy products in the EU-27 averaged around 2 toe per inhabitant over the period since 2000. Among the ENP countries, Algeria and Azerbaijan exceeded by far this level of

energy production with Azerbaijan reaching more than 6 toe per head and Algeria more than 5 toe per head in the latest available year. All the other ENP countries, with available data, recorded values smaller than those in EU-27. Energy production per inhabitant in Azerbaijan almost tripled due to a fast increasing oil industry, while energy production per inhabitant in Georgia fell by more than 50% over the period observed.

**Figure 7.3.1:** Total primary production of energy products per inhabitant (toe/inhabitant)



(1) 2006 data instead of 2007. (2) 2004 data instead of 2000. (3) 2005 data instead of 2007. (4) 2003 data instead of 2000. (5) 2002 data instead of 2000.

### 7.3.2 Energy consumption

Gross inland energy consumption for the ENP countries is shown in Table 7.3.2. There are no data for Armenia, Syria and Ukraine and very little for Georgia and for this reason they are not included in the total energy consumption calculated for the ENP countries. In 2004, ENP countries' energy consumption of 191 million toe was little more than a tenth of that recorded by the EU-27 (1.8 billion toe). At the individual country level, the figures for the gross energy consumption have tended to rise over time but with substantial irregularities between individual years. Countries displaying consistent growth of energy consumption included Jordan, the occupied Palestinian territory and Tunisia.



**Table 7.3.2:** Gross inland energy consumption

	Gross inland energy consumption (1 000 toe)								Average annual growth rate (%)
	2000	2001	2002	2003	2004	2005	2006	2007	
EU-27	1 722 908	1 762 412	1 757 782	1 802 858	1 823 647	1 825 679	1 825 181	:	1.0 <sup>(1)</sup>
Algeria	:	:	:	:	35 188	35 731	:	:	1.5 <sup>(2)</sup>
Armenia	:	:	:	:	:	:	:	:	:
Azerbaijan	13 395	13 953	14 161	14 418	14 876	16 328	16 823	15 737	2.3
Belarus	35 954	36 128	35 814	36 335	37 497	38 593	40 655	40 484	1.7
Egypt	:	:	50 535	51 418	50 020	58 000	:	:	4.7 <sup>(3)</sup>
Georgia	:	3 549	:	:	:	:	:	:	:
Israel	19 661	19 524	19 919	20 333	20 746	:	:	:	1.4 <sup>(4)</sup>
Jordan	5 056	5 150	5 299	5 774	6 434	6 972	:	:	6.6 <sup>(5)</sup>
Lebanon	:	:	5 073	:	5 154	4 887	5 241	:	0.8 <sup>(6)</sup>
Moldova	1 853	1 735	1 892	1 978	2 144	2 278	2 271	:	3.4 <sup>(1)</sup>
Morocco	10 779	12 093	11 232	11 062	11 170	12 128	:	:	2.4 <sup>(5)</sup>
Occupied Palestinian territory	:	:	747	851	834	861	:	:	4.9 <sup>(3)</sup>
Syria	:	:	:	:	:	:	:	:	:
Tunisia	:	:	:	6 900	7 572	7 549	:	:	4.6 <sup>(7)</sup>
Ukraine	:	:	:	:	:	:	:	:	:

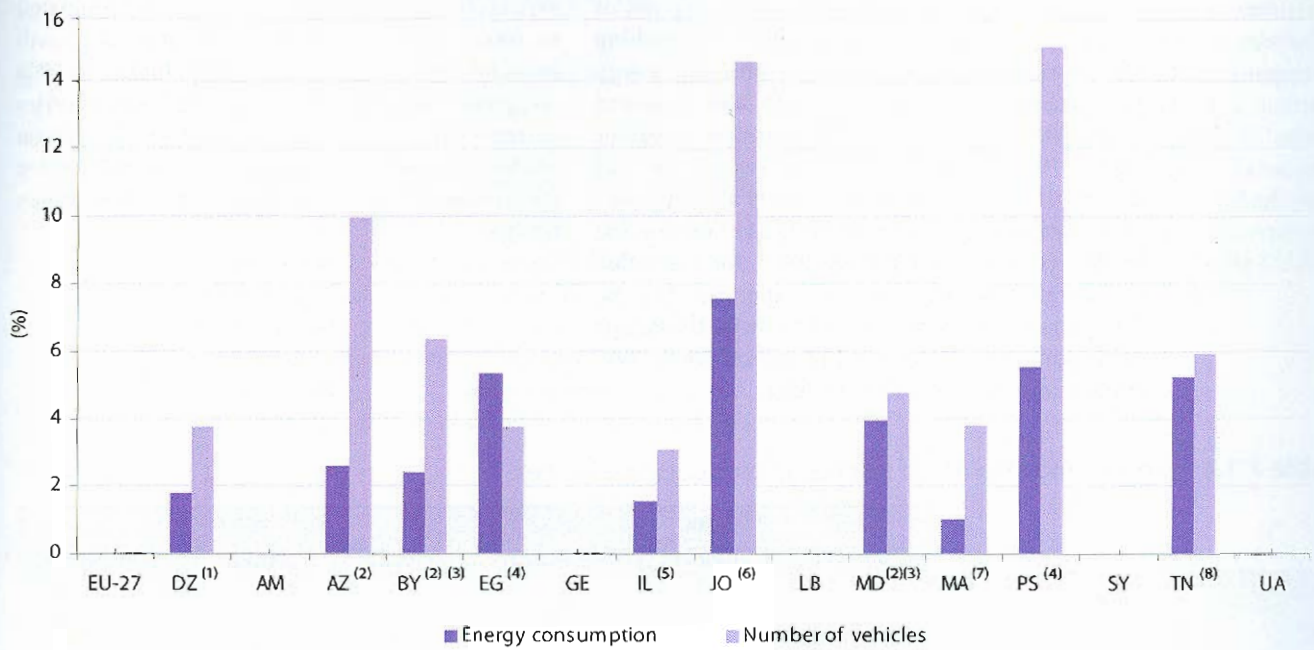
(1) 2000-2006. (2) Growth rate 2004-2005. (3) 2002-2005. (4) 2000-2004. (5) 2000-2005. (6) 2002-2006. (7) 2003-2005.

Figure 7.3.2 compares the growth in energy consumption with the growth in the number of vehicles registered for those countries where data is available. In general, the growth in the number of vehicles registered was more accentuated than the growth in energy consumption. But it seems reasonable to infer that vehicle use has become a contributor to the growth in energy consumption in the ENP countries.

Table 7.3.3 illustrates the efficiency of each country's energy consumption by recording how many kilograms of oil equivalent (kgoe) are required to produce EUR 1 000 GDP at constant prices. Among the ENP countries, Israel, Lebanon, Morocco, the occupied Palestinian territory and Tunisia recorded levels close to the EU-27 figure of around 170 kgoe/EUR 1 000 GDP.

In contrast, Azerbaijan, Belarus, Moldova, Georgia and Egypt all consume substantially higher levels of energy per unit of GDP compared to the EU-27. The EU-27 experienced some improvement of the energy efficiency since 2003. A number of ENP countries have also improved their energy efficiency. This applies particularly to Azerbaijan where the kgoe required to produce EUR 1 000 has fallen from 2 900 in 2000 to 1 100 in 2007. The fall has been particularly sharp since 2004 and reflects the rapid build up of Azerbaijan's oil production since then. Belarus and Moldova have also seen improvements regarding the energy efficiency during the period observed.



**Figure 7.3.2:** Average annual growth rates of energy consumption and of number of registered vehicles, 2000-2007 (%)

(1) Growth rate 2004-2005. (2) Only passenger cars. (3) 2000-2006. (4) 2002-2005. (5) 2000-2004. (6) 2000-2005. (7) 2000-2003. (8) 2003-2005.

**Table 7.3.3:** Energy efficiency (kgoe per EUR 1 000 GDP of 2004)

	2000	2001	2002	2003	2004	2005	2006	2007
EU-27	175	175	172	175	172	169	164	:
Algeria	:	:	:	:	514	497	:	:
Armenia	:	:	:	:	:	:	:	:
Azerbaijan	2 855	2 706	2 484	2 275	2 131	1 850	1 417	1 061
Belarus	2 529	2 427	2 292	2 173	2 013	1 894	1 814	1 669
Egypt	:	:	865	853	797	884	:	:
Georgia	:	1 066	:	:	:	:	:	:
Israel	209	209	215	216	210	:	:	:
Jordan	696	674	655	685	699	704	:	:
Lebanon	:	:	328	:	298	:	:	:
Moldova	1 126	1 278	1 141	953	975	963	956	:
Morocco	295	307	276	256	246	261	:	:
Occupied Palestinian territory	:	:	234	246	:	:	:	:
Syria	:	:	:	:	:	:	:	:
Tunisia	:	:	:	322	333	319	:	:
Ukraine	:	:	:	:	:	:	:	:



### 7.3.3 Energy exports and imports

The EU-27 is a major net importer of energy products (calculated as imports minus exports of energy products), according to Table 7.3.4, reaching over one thousand million toe net imports of energy products in 2006, compared with 830 thousand million toe in 2000. All ENP countries together export more energy than they import, the net exports (difference between exports and imports) of energy products reaching almost 113 million toe in 2007 (a 52% increase since 2000). But this value is generated by only three net exporters: Algeria, Azerbaijan and Egypt. Algeria had by far the largest net exports, which stood at 144 million toe in 2005 compared with 135 million in 2004.

Azerbaijan recorded the highest growth of its net exports (almost 7 times the value in 2007 compared to 2000). Egypt also recorded substantial growth in its net exports of almost 4 times higher in 2005 compared with 2004. The remaining ENP countries all reported net imports, ranging from 33 million toe for Belarus to between one and two million toe for Armenia, Tunisia and the occupied Palestinian territory.

**Table 7.3.4:** Exports and imports of all energy products (1 000 toe) <sup>(1)</sup>

	2000			2007		
	Exports	Imports	Net exports	Exports	Imports	Net exports
EU-27	:	:	-826 298	:	:	-1 010 137 <sup>(2)</sup>
Algeria	136 850 <sup>(3)</sup>	1 473 <sup>(3)</sup>	135 377 <sup>(3)</sup>	145 219 <sup>(4)</sup>	1 114 <sup>(4)</sup>	144 105 <sup>(4)</sup>
Armenia	:	:	-1 258	:	:	-1 851
Azerbaijan	:	:	5 403	:	:	36 590
Belarus	:	:	-30 786	:	:	-33 868
Egypt	9 841 <sup>(3)</sup>	4 720 <sup>(3)</sup>	5 121 <sup>(3)</sup>	25 440 <sup>(4)</sup>	7 053 <sup>(4)</sup>	18 387 <sup>(4)</sup>
Georgia	:	:	-1 346	:	:	-2 168
Israel	3 587	21 944	-18 357	3 582 <sup>(3)</sup>	23 068 <sup>(3)</sup>	-19 216 <sup>(3)</sup>
Jordan	0	4 774	-4 774	0 <sup>(4)</sup>	7 010 <sup>(4)</sup>	-7 010 <sup>(4)</sup>
Lebanon	:	4 974 <sup>(5)</sup>	:	0 <sup>(4)</sup>	5 241 <sup>(4)</sup>	-5 241 <sup>(4)</sup>
Moldova	:	:	-1 772	:	:	-2 153 <sup>(2)</sup>
Morocco	1 441 <sup>(3)</sup>	12 185 <sup>(3)</sup>	-10 744 <sup>(3)</sup>	1 378 <sup>(4)</sup>	13 236 <sup>(4)</sup>	-11 858 <sup>(4)</sup>
Occupied Palestinian territory	0 <sup>(5)</sup>	590 <sup>(5)</sup>	-590 <sup>(5)</sup>	19 <sup>(4)</sup>	1 175 <sup>(4)</sup>	-1 156 <sup>(4)</sup>
Syria	:	:	:	:	:	:
Tunisia	3 677 <sup>(6)</sup>	5 657 <sup>(6)</sup>	-1 980 <sup>(6)</sup>	3 853 <sup>(4)</sup>	5 626 <sup>(4)</sup>	-1 773 <sup>(4)</sup>
Ukraine	:	:	:	:	:	:

(1) For ENP-South countries 2006 data are shown instead of 2007, except otherwise indicated. (2) 2006 data. (3) 2004 data. (4) 2005 data. (5) 2002 data. (6) 2003 data.

### 7.3.4 Energy dependence/independence

Energy dependency as a concept expresses the balance between primary energy production and energy consumption. A country is energy dependent if its primary energy production fails to match its consumption and energy has to be imported. Similarly, a country is energy independent if its primary energy production is more than its consumption and it is able to export energy. In this sense, a measure of energy dependency is also (primary energy production-

consumption) divided by energy consumption. When this measure is positive, a country is energy independent, when negative, the country is energy dependent. The difference (primary energy production-consumption) is the same as the net exports of energy products (the difference between exports and imports of energy products) — there may be counterbalancing flows of energy in and out of a country when natural gas is exchanged for petroleum for example.



Using this measure, the EU-27 relied on net imports to cover 55% of its energy needs in 2006. Looking at the ENP countries, the data shows two distinct groups:

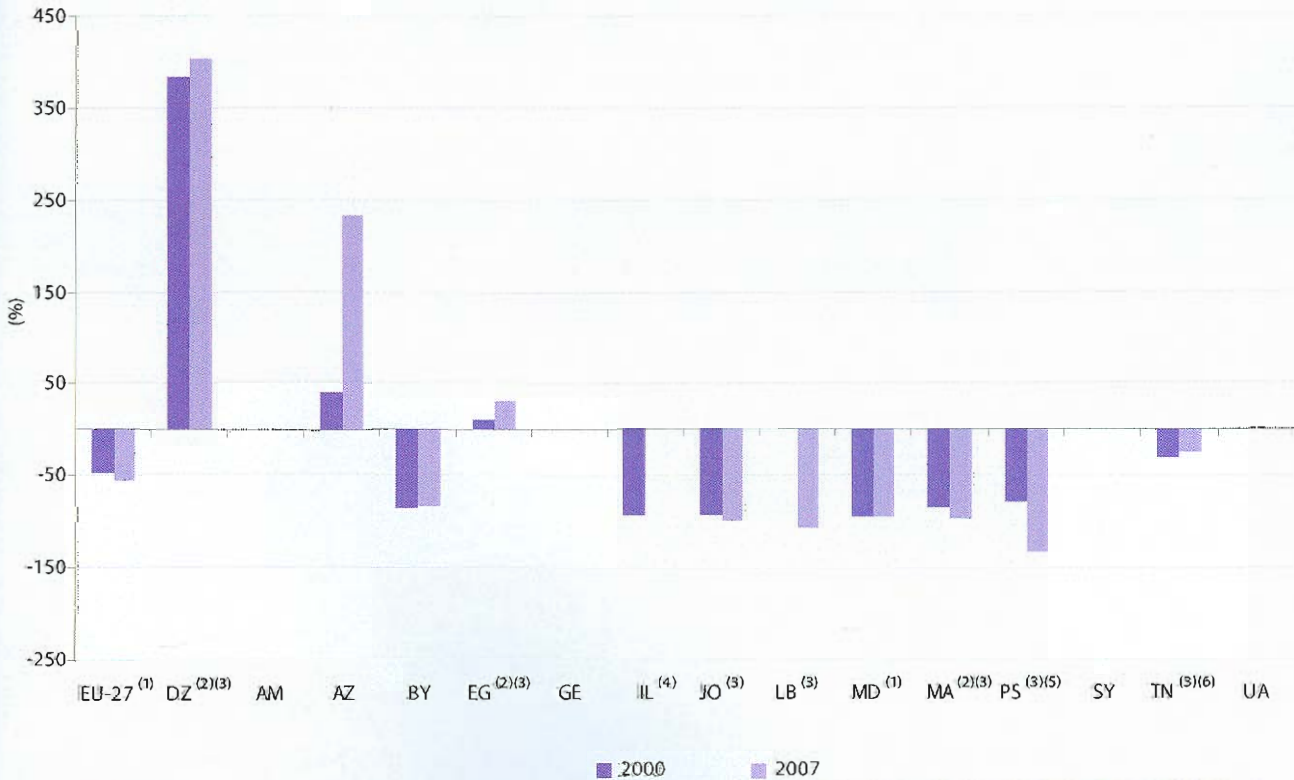
1. Energy independent countries — Algeria, Azerbaijan and Egypt
2. Energy dependent countries — Belarus, Israel, Jordan, Lebanon, Moldova, Morocco, the occupied Palestinian territories and Tunisia.

In the first group of energy independent countries, Algeria exported over four times more energy than it consumed in 2005. Azerbaijan exported over two times more than its consumption in 2007, a substantial increase compared with 2000, and reflecting the build up of its oil and gas production.

In 2005, Egypt’s net exports of energy represented almost a third of its inland energy consumption.

In the second group of energy dependent countries, Tunisia’s primary energy production is relatively high and almost satisfies its inland consumption needs. It only needs to import almost a quarter of its inland energy consumption, while all other countries in this group (Belarus, Jordan, Lebanon, Moldova, Morocco and the occupied Palestinian territory) are highly dependent on imported energy, showing larger energy dependency than the EU 27.

**Figure 7.3.3:** Energy dependency (net exports/gross inland energy consumption) (%)



(1) 2006 data instead of 2007. (2) 2004 data instead of 2000. (3) 2005 data instead of 2007. (4) 2006 data instead of 2007. (5) 2002 data instead of 2000. (6) 2003 data instead of 2000.



## 7.4 Environment

Sustainable development is one of the major EU policy issues, particularly in relation to the environment. Since the environmental changes need to be examined in a global context, it is unfortunate that so little data are available for the ENP countries. However, some data are available

for water. The data are not always harmonised in terms of definitions used and do not always cover the same time periods for all of the countries. Moreover, there is no data available for ENP-East countries.

### 7.4.1 Water

Since all ENP-South countries are situated in a relatively dry zone, the availability of water is of high importance for daily life as well as for economic development. As expected, the gross freshwater abstraction is highest in countries with relatively large populations like Morocco and Syria (no data available for Algeria and Egypt). However, considering per capita data, water abstraction in Egypt at 2.8 thousand litres per inhabitant per day (1995 data) and Morocco at 1.2 thousand litres per inhabitant per day (2004 data) was the highest, followed by Lebanon with 913 litres per day per inhabitant (2004 data). The high values for Egypt and Morocco might be a reflection of

irrigation. For the two years shown, although most of the countries for which data are available report an increase in the total volume of freshwater abstraction, water abstraction per inhabitant per day decreased. An explanation for this may be that the population in this area is growing faster than the water abstraction. The largest decline of the water abstraction per inhabitant per day (more than 41%) was recorded in the occupied Palestinian territory (2000 to 2005), followed by Israel with almost 13% (2000 to 2003) and Jordan with more than 9% (2000 to 2005). Only Syria recorded an increase of water abstraction per day and inhabitant over the period observed (16%).

**Table 7.4.1: Water**

	Freshwater abstracted (million m <sup>3</sup> per year)		Water abstraction per inhabitants per day (l/inhabitant/day)		Population connected to public water supply (%)		Population connected to urban wastewater collecting systems (%)	
	2000	2006	2000	2006	2000	2006	2000	2006
EU-27	:	:	:	:	:	:	:	:
Algeria	:	:	386.0 <sup>(1)</sup>	:	70.8	:	84.0 <sup>(1)</sup>	:
Egypt	:	:	2 832.0 <sup>(2)</sup>	:	82.6	:	:	:
Israel	1 981.3	1 833.9 <sup>(3)</sup>	852.3	744.5 <sup>(3)</sup>	100.0	100.0	100.0	100.0
Jordan	817.5	845.0	471.0	426.7 <sup>(4)</sup>	:	:	:	:
Lebanon	:	1 250.0 <sup>(5)</sup>	:	913.0 <sup>(5)</sup>	:	75.6 <sup>(5)</sup>	35.0 <sup>(2)</sup>	67.0 <sup>(5)</sup>
Morocco	13 450.0	14 819.0 <sup>(6)</sup>	1 284.0	1 184.0 <sup>(3)</sup>	62.7	71.9	83.7	87.2 <sup>(4)</sup>
Occupied Palestinian territory	:	:	204.0	119.4 <sup>(4)</sup>	86.5 <sup>(3)</sup>	88.6	:	:
Syria	16 938.0	21 878.0	284.0	330.5	:	:	58.7 <sup>(2)</sup>	:
Tunisia	2 368.0	2 351.0 <sup>(5)</sup>	675.0	646.7 <sup>(5)</sup>	94.4 <sup>(5)</sup>	97.1	44.1	53.9 <sup>(4)</sup>

(1) 2001 data. (2) 1995 data. (3) 2003 data. (4) 2005 data. (5) 2004 data. (6) 2002 data.

The share of the population connected to the public water supply ranges from 71% in Algeria to 100% in Israel. For the two years shown, most of the countries with available data recorded an increase in the share of population connected to the public water supply. But in general there is still a need for improvement in many of these countries.

Water abstraction and supply are closely linked to wastewater collection systems because these systems can often clean and recycle used water

for other purposes and, thus, directly reduce the need for water abstraction. The percentage of the population connected to urban wastewater collection systems varies considerably within the ENP-South countries: Israel with 100% (2006 data) to Tunisia with 54% (2005 data). Population connected to urban wastewater systems almost doubled in Lebanon, while it increased by around 22% in Tunisia for the period observed.



# 8

## Definitions, classifications and abbreviations



## 8. Definitions, classifications and abbreviations

### 8.1 Country overview

**Average annual growth rate:** Geometric average of the growth over a given period.

**Gross domestic product (GDP) per capita:** Ratio between the GDP and the average population for a given year.

**Gross value added (GVA):** Gross value added is the value of output less the value of intermediate consumption.

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

**Infant mortality rate:** 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 value is expressed per 1 000 live births.

**Population:** Number of inhabitants in a given area as of 1<sup>st</sup> January of the year in question (or, in some cases, on 31<sup>st</sup> December of the previous year). The population data may be based on data 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).

**Total employment:** Employed persons are persons aged 15 and over who during the reference week performed work, even for just one hour per week, for pay, profit or family gain or were not at work but had a job or business from which they were temporarily absent because of, e.g. illness, holidays, industrial dispute and education or training.

### 8.2 Economy and finance

**Change in stocks:** Changes in inventories (ESA, 1995, 3.117) are measured by the value of the entries into inventories less the value of withdrawals and the value of any recurrent losses of goods held in inventories.

**Final consumption expenditure:** Final consumption expenditure (ESA 1995, 3.75) 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. In the system of national accounts, only the following sectors take part to the final consumption: households, non-profit institutions serving households (NPISH) and general government.

**Final consumption expenditure of General Government:** Government final consumption expenditure (ESA, 1995, 3.79) includes two categories of expenditure: 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 any transformation, as social transfers in kind. The general government sector (S.13 in ESA 95) comprises the sub-sectors of central government, state government, local government, and social security funds.

**Final consumption expenditure of households and NPISHs:** Private final consumption expenditure includes households' and NPISHs' final consumption expenditure. Households consist of employers, employees, recipients of property incomes, recipients of pensions, recipients of other transfer incomes, and NPISHs consist of non-profit-making institutions which are separate legal entities, which serve households and which are private non-market producers. Their principal resources, apart from those derived from occasional sales, are derived from voluntary contributions in cash or in kind from households in their capacity as consumers, from payments made by general governments and from property income.

**General government debt (-) / surplus (+):** Refers to the national accounts concept of consolidated general government net borrowing (-)/ net lending (+) of ESA95. The general government sector (S.13 in ESA95) comprises the sub-sectors of central government, state government, local government, and social security funds.



**Gross capital formation:** Includes gross fixed capital formation and stock variation (changes in inventories).

**Gross domestic product (GDP):** Is the central aggregate of national accounts. GDP at market prices is the final result of the production activity of resident producer units (ESA 1995, 8.89). It can be defined in three ways:

- GDP is the sum of gross value added of the various institutional sectors or the various industries plus taxes and less subsidies on products (which are not allocated to sectors and industries). It is also the balancing item in the total economy production account (output approach);
- GDP is the sum of final uses of goods and services by resident institutional units (actual final consumption and gross capital formation), plus exports and minus imports of goods and services (expenditure approach);
- GDP is the sum of the uses side in the generation of income account for the total economy (in other words, compensation of employees, taxes on production and imports less subsidies, gross operating surplus and mixed income of the total economy) (income approach).

GDP may be expressed in current or constant prices. Constant price data indicate the development of volumes, while current price data reflects volume and price movements.

**GDP per capita:** Ratio between the GDP and the average population for a given year.

**Gross fixed capital formation (ESA, 1995, 3.102):** Consists of resident producers' acquisitions, less disposals of fixed assets during a given period plus certain additions to the value of non-produced assets realised by the productive activity of producer or institutional units. Fixed assets are tangible or intangible assets produced as outputs from processes of production that are themselves used repeatedly, or continuously, in processes of production for more than one year.

**Gross external public debt:** Gross foreign debt of the whole economy, covers both short- and long-term debt, but excludes equity investment and money market instruments. For the ratio of gross foreign debt to exports, the national accounts definition of exports of goods and services is used.

**Gross value added (GVA) by activity:** Is the value of output less the value of intermediate consumption; it is a measure of the contribution to GDP made by an individual producer, industry or sector.

These indicators provide a breakdown of value added according to NACE. The activities are defined as follows:

- agriculture (NACE Sections A+B);
- industry (excluding construction - NACE Sections C to E);
- construction (NACE Section F);
- services (NACE Sections G to P);
- distributive trades, hotels and restaurants, transport and communications (NACE Sections G to I);
- financial intermediation, real estate, renting and business activities (NACE Sections J+K);
- other services (NACE Sections L to P).

**Imports and exports of goods & services:** 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, called the 'external balance of goods and services'.

The average of imports and exports of goods and services as a proportion of GDP is a measure of the degree of openness of an economy. If the proportion increases over time it means that a country is becoming more integrated within the international economy. The average of imports and exports is calculated by simply summing imports and exports and dividing by 2.

**Inflation rate:** Consumer Price Indices (CPIs) are economic indicators constructed to measure the changes over time in the prices of consumer goods and services acquired, used or paid for by households. The indices aim at measuring 'pure' price changes.

The coverage of the consumer price index is defined in terms of household final monetary consumption expenditure, as defined in national accounts. Expenditures are normally classified to the COICOP (Classification Of Individual Consumption by Purpose).



### 8.3 External dimension of the economy

#### 8.3.1 External trade

**Cover ratio:** Ratio between the value of exports of goods by the value of imports of goods.

**Degree of openness:** Indicator, which measures how open an economy is to foreign trade. The indicator is calculated as the average of exports and imports as a share of GDP.

**Exports:** Transactions in goods and services (sales, barter, gifts or grants) from residents to non-residents.

**External trade:** Exports and imports from a state or regions partners outside its own territory. The statistical values are generally based on the customs value.

**Imports:** Transactions in goods and services (purchases, barter, gifts or grants) from non-residents to residents.

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

#### 8.3.2 Balance of payments

**Balance of payments:** Is a statistical statement that systematically summarises the economic transactions of an economy with the rest of the world. The standard components of the Balance of Payments are comprised of two main groups of accounts:

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

Most items entered in the current account of the standard components should show gross debits and credits. Most entries in the capital and financial account should be made on a net basis; that is, each component should be shown only 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.

**Capital and financial account:** Consists of two major components — the capital account and the financial account — that are in concordance with those same accounts in the SNA. Assets represent claims on non-residents, and liabilities represent indebtedness to non-residents. The major components of the capital account are capital transfers and acquisition/disposal of non-produced, non-financial assets. Capital transfers consist of those involving transfers of ownership of fixed assets; transfers of funds linked to, or conditional upon, acquisition or disposal of fixed assets; or cancellation, without any counterparts being received in return, of liabilities by creditors. Capital transfers include two components: (i) general government, which is subdivided into debt forgiveness and other, and (ii) other, which is subdivided into migrants' transfers, debt forgiveness, and other transfers. The classification of standard components in the financial account is based on these criteria: all components are classified according to type of investment or by functional subdivision (direct investment, portfolio investment, other investment, reserve assets).

**Current account:** All transactions (other than those in financial items) that involve economic values and occur between resident and non-resident entities. Also covered are offsets to current economic values provided or acquired without a quid pro quo. Specifically, the major classifications are goods and services, income, and current transfers.



**Foreign direct investment (FDI):** Is the category of international investment made by an entity resident in one economy (direct investor) to acquire a lasting interest in an enterprise operating in another economy (direct investment enterprise).

Inward FDI (or FDI in the reporting economy) is investment by foreigners in enterprises resident in the reporting economy. Outward FDI (or FDI abroad) is investment by resident entities in affiliated enterprises abroad.

FDI statistics record both the initial investment and all subsequent investment made by the direct investor, in the form of equity capital, or in the form of loans, or in the form of reinvesting earnings. Investment made through other affiliated enterprises of the same group of the direct investor should also be recorded according to the international methodology.

All flows are recorded in current value. FDI flows are the new investment made during the reference period. They are recorded in the Balance of Payments financial account. Total FDI flows are composed of various kinds of instruments used for making the investment as follows:

- Equity capital comprises equity in branches, all shares in subsidiaries and associates (except non-participating, preferred shares that are treated as debt securities and are included under other FDI capital) and other contributions such as the provision of machinery;
- Reinvested earnings consist of the direct investor's share (in proportion to equity participation) of earnings not distributed by the direct investment enterprise. Reinvested earnings are an imputed transaction. This recording represents not distributed income as being earned and reinvested in the direct investment enterprise by the direct investor at the same time.

Other FDI capital (loans) covers the borrowing and lending of funds, including debt securities and trade credits between direct investors and direct investment enterprises. Debt transactions between affiliated financial intermediaries recorded under direct investment flows are limited to permanent debt.

### 8.3.3 Tourism

**Arrival:** A person who arrives in a collective accommodation establishment and checks in. Collective tourist accommodation establishment: An accommodation establishment that provides overnight lodging for travellers in a room or some other unit. However, the number of places it provides must be greater than a specified minimum for groups of persons exceeding a single family unit and all the places in the establishment must come under common commercial-type management, even if it is non-profit-making. Includes hotels and similar establishments, specialised establishments.

**Average hotel size (bed places per hotel):** Average accommodation capacity of the hotels in a country in terms of the average number of bed places per hotel. It is calculated by dividing the overall capacity (number of bed places) of hotels and similar establishments by the number of establishments in the relevant category.

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

**Departure:** A person who leaves a collective accommodation establishment and checks out.

**Hotels and similar establishments:** Hotels and similar establishments are typified as being arranged in rooms, in number exceeding a specified minimum; as coming under a common management; as providing certain services including room service, daily bed-making and cleaning of sanitary facilities; as grouped in classes and categories according to the facilities and services provided; and as not falling in the category of specialised establishments.

**Inbound tourism:** Activities of non-residents of a given country travelling to and staying in places in that country and outside their usual environment.

**Nights spent by residents and non-residents:** A night spent (or overnight stay) is each night that a guest actually spends (sleeps or stays) or is registered (his/her physical presence there being unnecessary) in a collective accommodation establishment or in private tourism accommodation.



**Outbound tourism:** Activities of residents of a given country travelling to and staying in places outside that country and outside their usual environment.

**Tourism intensity (ratio tourist nights/resident population):** This indicator compares the number of tourists (in terms of overnight stays) to the number of residents that are present in a destination in the same time period (e.g. a day, a month, a year). It measures the intensity of tourism demand in that period and is one of the indicators used to measure the carrying capacity of a tourist destination. It is a factor representing the number of nights spent in a country divided by the inhabitants of the same country.

**Trip:** A movement to one or more destinations, that covers the whole period that a person is away from the place of residence.

## 8.4 Population and social conditions

### 8.4.1 Population

**Crude birth rate:** Ratio of the number of births during the year to the average population in that year. The value is expressed per 1000 inhabitants.

**Crude death rate:** Ratio of the number of deaths during the year to the average population in that year. The value is expressed per 1000 inhabitants.

**Fertility rate:** The average number of children that would be born to a woman during her lifetime if she were to pass through her childbearing years conforming to the average fertility rates of each year. It is therefore the completed fertility of a hypothetical generation of women, computed by adding the fertility rates by age (the number of women at each age is assumed to be the same).

**Infant mortality rate:** The ratio of deaths of children under the age of 1 year in relation to the number of live births during the same reference year. The value is expressed per 1 000 live births.

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

**Natural increase rate:** The difference between the crude birth rate and the crude death rate. It is expressed as a ratio per 1 000 inhabitants.

**Net migration rate:** The difference between immigration into and emigration from the area during the year (net migration is therefore negative when the number of emigrants exceeds the number of immigrants). Since most countries either do not have accurate figures on immigration and emigration or have no figures at all, net migration is generally estimated on the basis of the difference between population change and natural increase between two dates (in Eurostat database, it is then called corrected net migration). The statistics on net migration are therefore affected by all the statistical inaccuracies in the two components of this equation, especially population change.

**Number of emigrants:** People leaving their country of usual residence and effectively taking up residence in another country. According to the 1997 United Nations recommendations on statistics of international migration (Revision 1), such a person is a long-term emigrant if he/she leaves his/her country of previous usual residence for a period of 12 months or more.

**Number of immigrants:** Persons arriving or returning from abroad to take up residence in the country for a certain period, having previously been resident elsewhere. According to the 1997 United Nations recommendations on statistics of international migration (Revision 1), such a person is a long-term immigrant if he/she stays in his/her country of destination for a period of 12 months or more, having previously been resident elsewhere for 12 months or more.

**Population:** Number of inhabitants in a given area as of 1<sup>st</sup> January of the year in question (or, in some cases, on 31<sup>st</sup> December of the previous year). The population data may be based on data 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).

**Population density:** Population density is the ratio between mid-year (total) population and surface (land) area.



### 8.4.2 Labour market

**Activity rate:** Activity rates represent the labour force as a percentage of the population of working age (15-64 years). The **labour force** is made up of all employed and unemployed persons. **Employed persons** are persons aged 15 and over who during the reference week performed work, even for just one hour per week, for pay, profit or family gain or were not at work but had a job or business from which they were temporarily absent because of, e.g., illness, holidays, industrial dispute and education or training. **Unemployed persons** are persons aged 15-74 who were without work during the reference week, were currently available for work and were either actively seeking work in the past four weeks or had already found a job to start within the next three months.

Activity rates for men and women are expressed as a percentage of the male population and the female population respectively, not as a share of the total (male and female) population.

Employment by sector: Breakdown of employment according to the following sectors:

- Primary sector: agriculture (NACE Sections A+B);
- Secondary sector: industry and construction (NACE Sections C to F);
- Tertiary sector: services (NACE Sections G to P).

**Unemployment rate:** The share of unemployed persons in the total number of active persons in the labour market (the labour force). Unemployment rates for men and women are expressed as a percentage of the male labour force aged 15 to 74 and the female labour force aged 15 to 74 respectively, not as a share of the total (male and female) labour force. **Long-term unemployment rate** is the share of persons unemployed for 12 months or more in the total number of active persons in the labour market (the labour force). Active persons are those who are either employed or unemployed. These unemployment rates for men and women are expressed as a percentage of the male labour force aged 15 to 74 and the female labour force aged 15 to 74 respectively, not as a share of the total (male and female) labour force. **Youth unemployment rate** is the share of unemployed persons aged 15-24 as a proportion of the total number of active persons in the labour market (the labour force) aged 15-24. The data presented generally refer to average rates of the four quarterly labour force surveys in each year. Youth unemployment rates for men and women are expressed as a percentage of the male labour force aged 15-24 and the female labour force aged 15-24 respectively, not as a share of the total (male and female) labour force.

### 8.4.3 Social indicators

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

**Income (or expenditure) distribution - S80/S20 quintile share ratio:** The ratio of total income received by the 20% of the population with the highest income (top quintile) to that received by the 20% of the population with the lowest income (lowest quintile). Income must be understood as equivalised disposable income. The income of each household is calculated by adding together the income received by all the members of the household from all sources. For each person, the equivalised income is calculated as its household income divided by equivalised household size according to the modified OECD scale (which gives a weight of 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). Consequently, each person in the same household receives the same 'equivalised income'. The population consists of all the persons living in private households of a country. The term person therefore includes all the members of the households, whether they are adults or children.

**Index of real wages and salaries, 2000=100:** The index of real wages and salaries is an index of nominal wages and salaries divided by the consumer price index. It is expressed as a fixed base index relative to 2000=100.



**Number of main telephone lines per 1 000 inhabitants:** The indicator gives the number of main telephone lines services per 1 000 inhabitants. Main telephone lines are lines that connect the subscriber's terminal equipment to the public switched network and which have a dedicated port in the telephone exchange equipment.

**Number of subscriptions to cellular mobile telephone services per 1 000 inhabitants:** The indicator gives the number of subscribers per 1 000 inhabitants to the services of the operators offering mobile telecommunication connected to an automatic public mobile telephone service using cellular technology. It also includes pre-paid cards.

**Share of households owning a personal computer:** Ratio of the number of self-contained computers designed to be operated by a single user at a time, to the number of households.

**Total public expenditure on health:** The System of Health Accounts (SHA) 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.

#### 8.4.4 Education

**Adult literacy rate:** Percentage of the population 15 and above, who can both read and write with understanding a short simple statement on their everyday life.

**Higher education graduate:** Number of graduates from tertiary education during a university year.

**Net enrolment rate at ISCED 1:** Number of pupils of the theoretical school-age group who are enrolled at ISCED 1 level expressed as a percentage of the total population in that age group.

**Net enrolment rate at ISCED 2:** Number of pupils of the theoretical school-age group who are enrolled at ISCED 2 level expressed as a percentage of the total population in that age group.

**Number of compulsory schooling years:** Number of years that children are legally obliged to attend school.

**Number of pupils/students by level (according to ISCED):** The count of pupils/students studying in the reference period, the school/academic year. Education stages are defined by the ISCED classification as follows:

- pre-primary education (ISCED 0);
- primary education/first stage of basic education (ISCED 1);
- lower secondary education/second stage of basic education (ISCED 2);
- (upper) secondary education (ISCED 3);
- post-secondary non-tertiary education (ISCED 4);
- first stage of tertiary education (not leading directly to an advanced research qualification) (ISCED 5);
- second stage of tertiary education (leading to an advanced research qualification) (ISCED 6).

For a more detailed description of each of these ISCED headings please refer to the end of this document in the section entitled classifications.

#### School completion rate at ISCED 1:

Ratio of the total number of students successfully completing (or graduating from) the last year of ISCED 1 (primary education or first stage of basic education), in a given year to the total number of children of official graduation age of the population.

**Youth literacy rate:** Percentage of the population 15-24 years old who can both read and write with understanding a short simple statement on their everyday life.



## 8.5 Agriculture

**Animals for slaughter:** All data on production of animals are recorded by their slaughter weight.

**Arable land:** Refers to the land worked regularly, generally under a system of crop rotation.

**Cereals including rice:** Data on cereals refer to crops harvested for dry grain only (crops harvested green for forage, silage or grazing are excluded, and are classified as fodder crops).

Cereals include: common wheat and spelt, durum wheat; rye; barley; oats; grain maize; sorghum; triticale; buckwheat, millet and canary seed. This heading also covers rice. Rice: *Oryza sativa* L. harvested as dry grain, including seed.

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

**Permanent crops:** Crops, which are not grown in rotation, which occupy the soil for a long period and yield crops over several years.

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

**Total utilised agricultural area:** Consists of arable land, permanent grassland, permanent crops, kitchen gardens and crops under glass.

## 8.6 Transport, energy and environment

### 8.6.1 Transport

#### Freight transport:

- **Road:** Any goods moved by road goods vehicles. This includes all packaging and equipment such as containers, swap-bodies or pallets.
- **Rail:** Any goods moved by rail vehicles. This includes all packaging and equipment, such as containers, swap-bodies or pallets as well as road goods vehicles carried by rail.
- **Maritime:** Any goods conveyed by merchant ships. This includes all packaging and equipment such as containers, swap-bodies, pallets or road goods vehicles. Mail is included; goods carried on or in wagons, lorries, trailers, semi-trailers or barges are also included.
- **Inland waterways:** Any goods moved by inland waterways freight vessels. This includes all packaging and equipment such as containers, swap-bodies or pallets.
- **Pipelines:** Any crude or refined liquid petroleum products moved by oil pipelines.

The transport performance is reported according to the 'territoriality principle'. This means that only transport performance that takes place on the territory of the country is included. Tonne-kilometre represents the movement of one tonne over a distance of one kilometre. The distance taken into account is the distance actually run.

**Length of motorways:** Length of roads that have been especially designed and built for motor traffic, providing separate carriage ways for two directions of traffic, which are separated from each other, while not crossing at the same level any other road, railway or tramway track, or footpath. Entry and exit lanes of motorways are included irrespectively of the location of the signposts. Urban motorways are also included.



**Length of road network:** A road is defined as a 'line of communication (travelled way) using a stabilised base other than rails or air strips open to public traffic, primarily for the use of road motor vehicles running on their own wheels. Bridges, tunnels, supporting structures, junctions, crossings and interchanges, as well as toll roads are included, while dedicated cycle paths are excluded. The length of roads includes state roads, provincial roads and communal roads, but should ideally exclude motorways (see definition above).

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

**Network density:** Number of kilometres of roads/railways the country has per 1 000 square-kilometres of its total area.

**Number of passenger cars:** Road motor vehicles, other than motorcycles, intended for the carriage of passengers and designed to seat no more than nine persons (including the driver). The term 'passenger car' therefore covers micro-cars (no permit required to be driven), taxis and hired passenger cars (with less than ten seats). Passenger cars exclude minibuses.

**Persons killed in road accidents:** Persons killed immediately or dying within 30 days as a result of a road accident.

**Road freight transport as a share of total inland freight transport (modal split of freight transport):** Percentage of road freight transport in total inland freight transport (in tonne-kilometres).

**Total inland freight transport tonne-km/GDP (1995 constant prices):** This indicator is calculated by taking the ratio between the freight transport performance (in tonne-kilometres) in a reference year and the GDP of the same reference year, expressed in constant 1995 euro. Total inland freight transport is an aggregate of inland freight transport modes: road, rail and inland waterways.

**Total inland passenger transport, passenger-km/GDP (1995 constant prices):** This indicator is calculated by taking the ratio between the passenger transport performance (in passenger-kilometres) in a reference year and the GDP of the same reference year, expressed in constant 1995 euro. Passenger-kilometre represents one passenger travelling a distance of one kilometre. Total inland passenger transport is an aggregate of passenger transport by road and rail.

### 8.6.2 Energy

**Energy dependency:** Net exports divided by the gross inland energy consumption.

**Energy efficiency (intensity):** This indicator is the ratio between the gross inland consumption of energy (expressed in kilogram of oil equivalent — kgoe) and the gross domestic product (GDP) for a given calendar year (expressed in EUR 1 000). It measures the energy consumption of an economy and its overall energy efficiency. The gross inland consumption of energy is calculated as the sum of the gross inland consumption of five energy types: coal, electricity, oil, natural gas and renewable energy sources. The GDP figures are taken at constant prices to avoid the impact of the inflation.

**Gross inland energy consumption:** Is the quantity of energy consumed within the borders of a country. It is calculated as primary production plus recovered products plus imports plus stock changes minus exports minus bunkers (i.e. quantities supplied to sea-going ships). Gross inland energy consumption is measured in terms of tonnes of oil equivalent (toe).

**Primary production of crude oil:** Quantities of fuel extracted or produced within national boundaries, including offshore production. Production includes 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:** Quantities of fuels extracted or produced after any operation for removal of inert matter. In general, production includes the quantities consumed by the producer during the production process (e.g. for heating or operation of equipment and auxiliaries), as well as any quantities supplied to other on-site producers of energy for transformation or other uses.

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

**Tonne of oil equivalent (toe):** Is the amount of energy released by burning 1 tonne of crude oil: 1 toe = 0.041868 Terrajoules.

### 8.6.3 Environment

**Freshwater abstracted:** Corresponds to fresh groundwater removed from any source, either permanently or temporarily. Includes abstraction by public water supply industry and direct abstraction by other activities, and water abstracted but returned without use, such as mine water and drainage water. Water used for hydroelectricity generation is excluded.

**Population connected to public water supply:** Corresponds to the percentage of the resident population connected to the public water supply

Water is supplied by economic units engaged in collection, purification and distribution of water (including desalination of sea water to produce water as the principal product of interest, and excluding systems operated for agricultural purposes and treatment of wastewater solely in order to prevent pollution). Deliveries of water from one public supply undertaking to another are excluded.

**Population connected to urban wastewater collecting systems:** Refers to the percentage of the resident population connected to the wastewater collecting systems (sewerage).



## 8.7 Classifications

### 8.7.1 COICOP - Classification of Individual Consumption by Purpose

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

#### COICOP description

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

### 8.7.2 ISCED 97 - International Standard Classification of Education

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

#### ISCED description

- 0 Pre-primary level of education; this level is defined as the initial stage of organised instruction, designed primarily to introduce very young children to a school-type environment
- 1 Primary level of education; programmes are normally designed to give students a sound basic education in reading, writing and mathematics along with an elementary understanding of other subjects such as history, geography, natural science, social science, art and music. In some cases religious instruction is featured
- 2 Lower secondary level of education; this is designed to complete the provision of basic education which began at ISCED level 1. The programmes at this level are usually on a more subject-oriented pattern using more specialized teachers and more often several teachers conducting classes in their field of specialization
- 3 Upper secondary education; this level of education typically begins at the end of full-time compulsory education for those countries that have a system of compulsory education. More specialization may be observed at this level than at ISCED level 2 and often teachers need to be more qualified or specialised than for ISCED level 2



- 4 Post-secondary, non-tertiary education (these programmes straddle the boundary between upper secondary and post-secondary education from an international point of view, even though they might clearly be considered as upper secondary or post-secondary programmes in a national context. These programmes are often not significantly more advanced than programmes at ISCED level 3 but they serve to broaden the knowledge of participants who have already completed a programme at level 3)
- 5 First stage of tertiary education (not leading directly to an advanced research qualification); this level consists of tertiary programmes with an educational content more advanced than those offered at levels 3 and 4
- 6 Second stage of tertiary education (leading to an advanced research qualification); this level is reserved for tertiary programmes that lead to the award of an advanced research qualification. The programmes are devoted to advanced study and original research

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

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

NACE description

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

### 8.7.4 SITC - Standard International Trade Classification — one-digit level

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



## 8.8 Units, symbols and abbreviations

### 8.8.1 Measuring units

%	Percentage
EUR	Euro
GWh	Gigawatt-hour: Unit of electrical energy equal to 106 kWh (kilowatt-hour)
Hectare	Unit of area equal to 100 ares or 10 000 square metres
l	Litre
Mtoe	Million tonnes of oil equivalent
kg	Kilogram (1 000 grams)
kgoe	Kilogram of oil equivalent
km	Kilometre (1 000 metres)
km <sup>2</sup>	Square kilometre
m <sup>3</sup>	Cubic metre
pkm	Passenger-kilometre, represents one passenger travelling a distance of one kilometre
t	Tonne = 1 000 kg
tkm	Tonne-kilometre, represents the transport of one tonne of goods over a distance of one kilometre
tkm/GDP	Ratio between the freight transport performance (in tonne-kilometres) and the GDP; provides a measure of transport intensity
toe	Tonne of oil equivalent = 0.02 Terrajoules (net calorific value)

### 8.8.2 Statistical symbols

-	Not applicable
:	No data available
0	Negligible quantities (less than half of the unit used)
e	Estimated value
p	Provisional value

### 8.8.3 Countries and organisations

EU-27	European Union (27 countries)
DZ	Algeria
AM	Armenia
AZ	Azerbaijan
BY	Belarus
EG	Egypt
GE	Georgia
IL	Israel
JO	Jordan
LB	Lebanon
MD	Moldova



MA	Morocco
PS	Occupied Palestinian territory
SY	Syria
TN	Tunisia
UA	Ukraine

ENP-East countries: AM, AZ, BY, GE, MD and UA

ENP-South countries: DZ, EG, IL, JO, LB, MA, PS, SY and TN

USA	United States of America
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Eurostat	Statistical Office of the European Communities
NSI	National Statistical Institute
OECD	Organisation for Economic Co-operation and Development
WTO	World Trade Organization

#### 8.8.4 Other abbreviations

COICOP	Classification Of Individual Consumption by Purpose
CPI	Consumer price index
ENP	European Neighbourhood Policy
ESA95	European system of accounts (1995)
DFTA	Deep and comprehensive free trade agreement
FDI	Foreign direct investment
GDP	Gross domestic product
GVA	Gross value added
IMF	International Monetary Fund
ISCED	International Standard Classification of Education (UN classification)
LFS	Labour force survey
NACE	Classification of Economic Activities in the European Community
n.e.s	Not elsewhere specified
NPISH	Non Profit Institutions Serving Households
SITC	Standard International Trade Classification
UAA	Utilised agricultural area



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