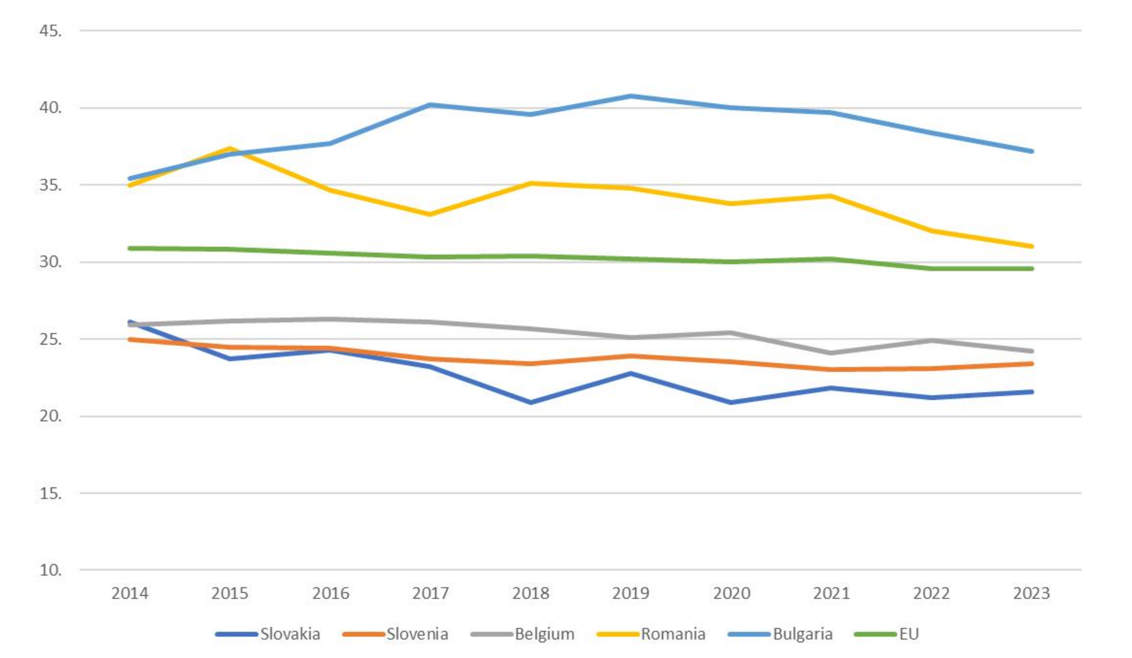
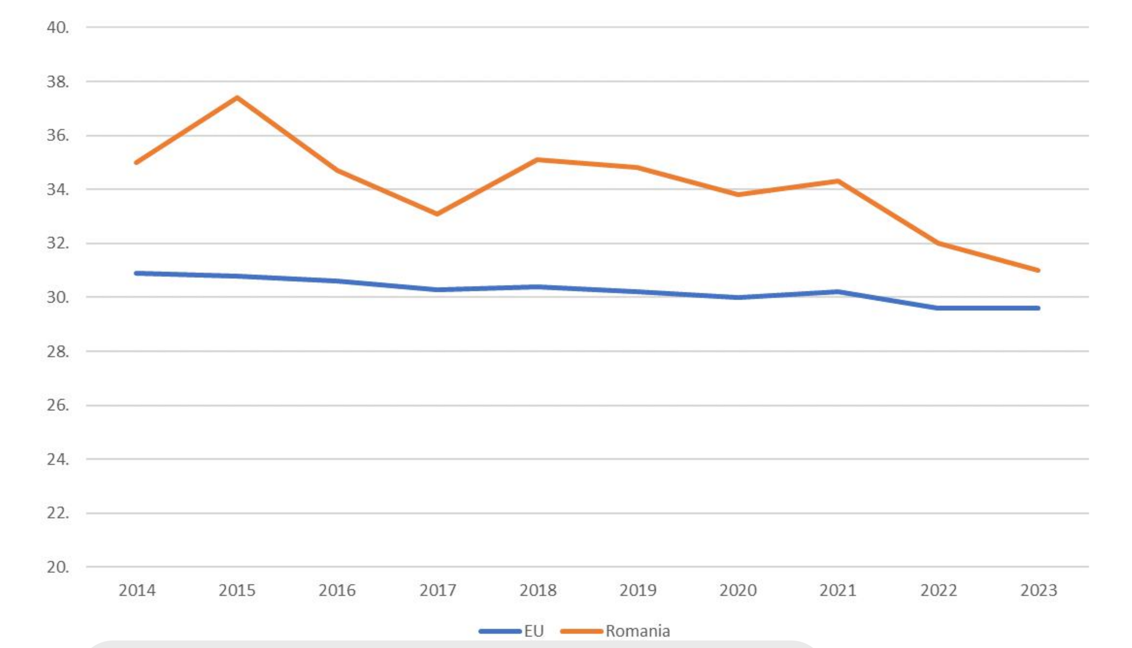
BT RESEARCH

BT NEXT IN THE MARKET



Gini coefficient (scale from 0 to 100))

Source: Eurostat



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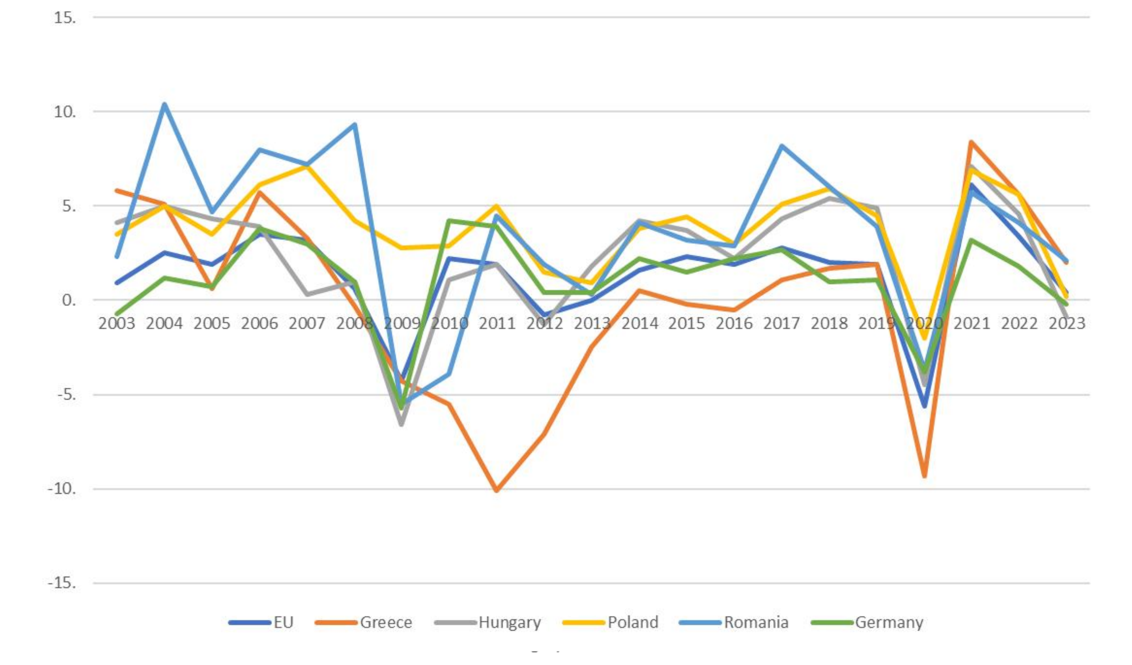
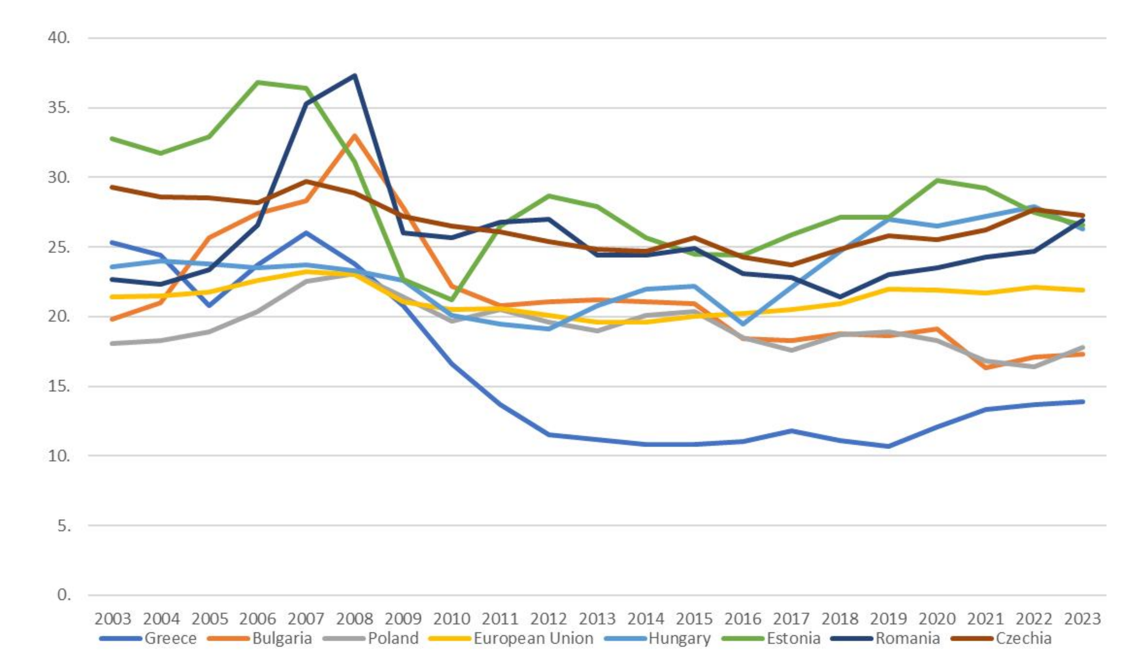


Real GDP - growth rate (% YoY)

Source: Eurostat



Gross fixed capital formation % of GDP

Source: Eurostat

THE GINI COEFFICIENT AND GDP PER CAPITA AT PPS. BRIDGING THE GAP.

The Gini coefficient is a widely used measure of income inequality within a population, providing insight into the distribution of income among individuals or households. Developed by Italian statistician Corrado Gini in 1912, this statistical measure is extensively utilized to analyze income distribution within European Union (EU) member states and not only.

The Gini coefficient ranges from 0 to 100, where 0 represents perfect equality (everyone has the same income) and 100 indicates perfect inequality (one person has all the income, and everyone else has none).
Eurostat uses the Gini coefficient to assess and compare income inequality across EU member states. This assessment helps in understanding the effectiveness of social policies and economic conditions across different countries.

The data reveals considerable variations in income inequality among EU countries. For example, in 2023, Bulgaria had one of the highest Gini coefficients of 37.2, indicating substantial income inequality, whereas countries like Slovakia and Slovenia had much lower Gini coefficients, reflecting more equitable income distributions.
Looking at the data for a longer period helps to showcase trends in income inequality over time. This allows for the analysis of how economic policies, social programs, and external factors like the financial crisis or the COVID-19 pandemic affect income distribution within and across countries.

During the past 10 years the average Gini Index for EU countries improved from a value of 31 in 2014 to 29.8 in 2023. Romania has managed to improve its index for the past 10 years from 35 to 31 in 2024, very close to the EU average (29.8). The best values were recorded by Slovakia (21.6), Slovenia (23.4), and Belgium (24.2), while the lowest values were in Bulgaria (37.2), Lithuania (35.7), and Latvia (34.0).

The GDP per capita at PPS allows for a fair comparison of economic performance across countries, making it possible to compare economic prosperity and living standards across nations on a more equitable basis. During the past years, the GDP per capita at PPS shows remarkable differences in growth values and dispersion among the EU member countries and points to convergence in living standards. Most countries that joined the EU during 2004-2013 moved up towards the EU average values. Romania was at 36% of the EU's average in 2003 and reached 80% in 2023. During this period, the real GDP average percentage change was 3.2% per year, one of the highest among the EU member states. Only Malta (4.9%), Ireland (4.8%), and Poland (3.8%) had higher average growth rates. The EU's annual average growth rate was 1.2% during this period of time.

In 2023 across the EU, growth was recorded in 16 EU countries, out of which in 11 countries GDP contracted and in all EU countries recorded a lower rate of change in 2023 compared with 2022. The sum of the four largest economies in the EU (Germany, France, Italy, Spain) sums up to 59.1% of the EU's GDP (in PPS terms).
Romania's volume index of AIC (Actual Individual Consumption) per capita during 2013-2023 increased a lot as well. In 2013, the index was 56% of EU's average and increased to 89 % of EU's average.

The Gross fixed capital formation (investment) is an important component of the GDP dynamics in a country. Data for the past 10 years shows different values as percentage of GDP reflecting a different investment intensity. In 2023, the gross fixed capital formation (in current prices) as percentage of GDP was on average 22.2% in the EU and was the highest in Czechia (27.0%), Romania (26.9%), and Estonia (26.6%), while the lowest was in Greece (13.9%).

Romania has made significant steps in improving its economic and social landscape for the past years. Its progress in reducing income inequality, increasing economic performance, and enhancing living standards positions it as growing and evolving economy within the EU.

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Income distribution and the Gini coefficient in the EU. Measuring economic development and equality among countries. How economic policies, social programs, and external factors affect income distribution and development.