

## Defining and Describing Regions

### Regional grids

In any analytical study conducted at sub-national levels, defining the territorial unit is of prime importance as the word *region* can mean very different things both within and among countries.

To address this issue, the OECD has classified regions within each member country (Table A.1 in Annex A). The classification is based on two territorial levels. The higher level (territorial level 2 – TL2) consists of 335 large regions while the lower level (territorial level 3 – TL3) is composed of 1 681 small regions. All the regions are defined within national borders and in most the cases correspond to administrative regions. Each TL3 region is contained within a TL2 region (except in Germany and the United States).

This classification – which, for European countries, is largely consistent with the Eurostat classification – facilitates comparability between regions at the same territorial level. Indeed these two levels, which are officially established and relatively stable in all member countries, are used as a framework for implementing regional policies in most countries.

The analysis in this publication is carried out on the lower level regions (TL3) or, when information is not available, on the higher level TL2 regions. Due to limited data availability, labour market indicators in Canada and Australia are presented for groups of TL3 regions. Since these groups are not part of the OECD official territorial grids, for the sake of simplicity they are labelled as Non Official Grids (NOGs) in this publication and compared with TL3 regions in the other countries (Table A.1 in Annex A).

### Regional typology

A second important issue for the analysis of regional economies concerns the different “geography” of each region. For instance, in the United Kingdom one could question the relevance of comparing the highly urbanised area of London to the rural region of the Shetland Islands, despite the fact that these regions are at the same territorial level. To account for these differences, the OECD has established a regional typology, classifying TL3 regions as Predominantly Urban (PU), Predominantly Rural (PR) and Intermediate (IN). This typology, based on the percentage of regional population living in rural or urban communities, enables meaningful comparisons between regions belonging to the same type and level (Table A.2 and Figures A.1 to A.4 in Annex A). The OECD regional typology is based on three criteria. The first criterion identifies rural communities according to population density. A community is defined as rural if its population density is below 150 inhabitants per square kilometre (500 inhabitants for Japan to account for the fact that its national population density exceeds 300 inhabitants per square kilometre).

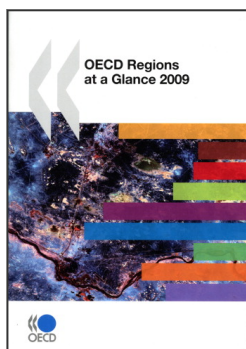
The second criterion classifies regions according to the percentage of population living in rural communities. Thus, the general rule is that a TL3 region is classified as:

- Predominantly rural (rural or PR), if more than 50% of its population lives in rural communities.
- Predominantly urban (urban or PU), if less than 15% of the population lives in rural communities.
- Intermediate (IN), if the share of population living in rural communities is between 15% and 50%.

The third criterion is based on the size of the urban centres. Accordingly:

- A region that would be classified as rural on the basis of the general rule is classified as intermediate if it has a urban centre of more than 200 000 inhabitants (500 000 for Japan) representing no less than 25% of the regional population.
- A region that would be classified as intermediate on the basis of the general rule, is classified as predominantly urban if it has a urban centre of more than 500 000 inhabitants (1 000 000 for Japan) representing no less than 25% of the regional population.

The typology is calculated only for the lower territorial level (TL3), the dimension of TL2 regions is too large to allow for a categorisation into predominantly urban, intermediate or predominantly rural. For analytical purposes the percentage of a population living in PU, IN, and PR is calculated for TL2 regions by compiling the population by the regional typology of its TL3 regions. For example the TL2 region of Rhone-Alpes in France has 28% of its population living in TL3 regions classified as PU, 67% in TL3 IN regions and 5% in TL3 regions classified as PR.



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