

## GDP BY REGION

Disparities in economic performance across OECD countries are often smaller than those prevailing among regions of the same country. Further, these regional disparities have persisted over time, even when economic disparities among countries were falling.

### Definition

Regional inequalities in economic performance are here measured by regional GDP per capita. GDP per capita is calculated by dividing the GDP of a region by the population (number of inhabitants) living there, and is measured according to the definitions of the 1993 *System of National Accounts*.

The Gini index is one summary measure of regional disparities within each country. It looks not only at the regions with the highest and the lowest GDP per capita but at differences among all regions. The index ranges between 0 and 1: the higher its value, the larger the disparities. Regional disparities tend to be underestimated when the size of regions is large. This may be the case for those countries, where GDP figures are only available for Territorial Level 2 regions (see Population by region).

### Overview

Regional disparities in the economic performance within countries are often substantial. For example, the GDP per capita in Inner London-West (United Kingdom) is more than four times higher than the national average, while that of the Isle of Anglesey is only half the national average. Large differences are also found in the Russian Federation, Brazil, United States, Turkey and Poland. Regional inequalities within countries remain large also when using a measure of regional productivity (for example GDP per worker).

Regional disparities in GDP per capita result from different patterns of economic growth within countries. In recent years, the 10% most dynamic OECD regions were responsible for more than one third of the total increase in the OECD GDP. In Greece, almost all the increase in the national GDP is accounted for by the Attiki region. The contribution to GDP growth of the 10% fastest growing regions was around 60% in the Russian Federation, Poland and Hungary.

Regional disparities in the Gini index of GDP per capita are the highest in Turkey, Mexico and the Slovak Republic. A comparison between regional disparities and the share of people living in regions with low GDP per capita (below the national median) gives a measure of the economic implications of these regional inequalities. In 2006, more than 40% of the total OECD population lived in regions with low GDP per capita. In Turkey and Mexico, two countries with the same Gini index of regional GDP per capita, this proportion varied from 35% in Turkey to almost 60% in Mexico.

### Comparability

As for the other regional statistics, comparability is affected by differences in the meaning of the word “region”. The word “region” can mean very different things both within and among countries, with significant differences in terms of area and population. To address this issue, the OECD has classified regions within each member country based on two levels: territorial level 2 (TL2, large regions) and territorial level 3 (TL3, small regions). All the data shown here refer to small regions with the exception of Australia, Brazil, Canada, China, India, Mexico, Russian Federation, South Africa and the United States.

Part of the observed differences in GDP per capita within a country are due to commuting, which tends to increase GDP per capita in those regions where people are employed and reduce the GDP per capita of those regions where commuters reside.

“2006 or latest available year” refers to 2006 in all countries except Japan (2005); New Zealand (2003); Russian Federation (2005) and Turkey (2001). “1995-2006 or latest available period” refers to data from 1995 to 2006 in all countries except Italy (2000-06), Mexico (1995-2004); Poland (2000-05); and the United States (1997-2005).

### Sources

- OECD *Regional Database*.
- OECD (2009), *OECD Regions at a Glance 2009*, OECD, Paris.

### Further information

#### Analytical publications

- OECD (2009), *Regions Matter: Economic Recovery, Innovation and Sustainable Growth*, OECD, Paris.
- OECD (2009), *How Regions Grow: Trends and Analysis*, OECD, Paris.
- OECD (2003), *Geographic Concentration and Territorial Disparity in OECD Countries*, OECD, Paris.
- OECD (2005), *Local Governance and the Drivers of Growth*, OECD, Paris.
- OECD (2006), *OECD Territorial Reviews – Competitive Cities in the Global Economy*, OECD, Paris.
- OECD (2007), *Higher Education and Regions: Globally Competitive, Locally Engaged*, OECD, Paris.
- Spiezia, V. (2003), “Measuring Regional Economies”, OECD Statistics Brief, No. 6, October, OECD, Paris, [www.oecd.org/std/statisticsbrief](http://www.oecd.org/std/statisticsbrief).

#### Online databases

- OECD *Regional Database*.

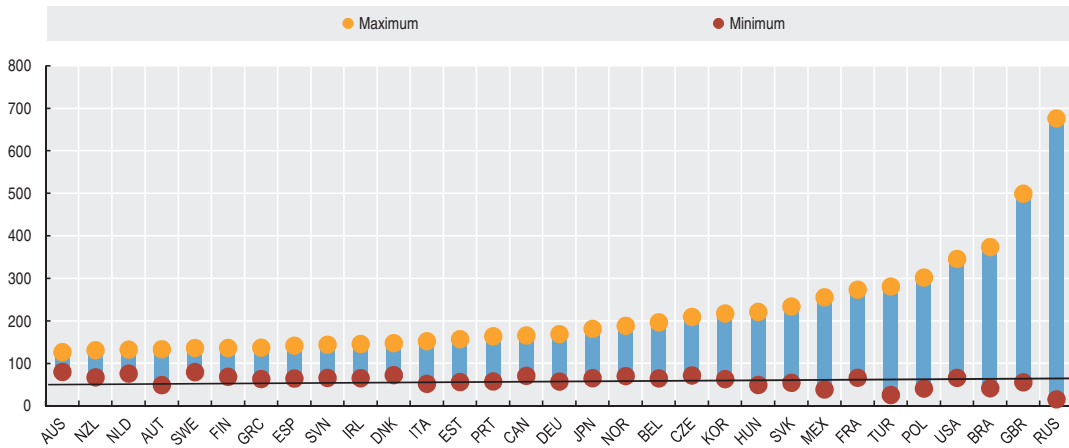
#### Web sites

- OECD eXplorer, [www.oecd.org/gov/regionaldevelopment](http://www.oecd.org/gov/regionaldevelopment).
- Territorial grids, [www.oecd.org/gov/regional/statisticsindicators](http://www.oecd.org/gov/regional/statisticsindicators).



**Range in regional GDP per capita, small regions**

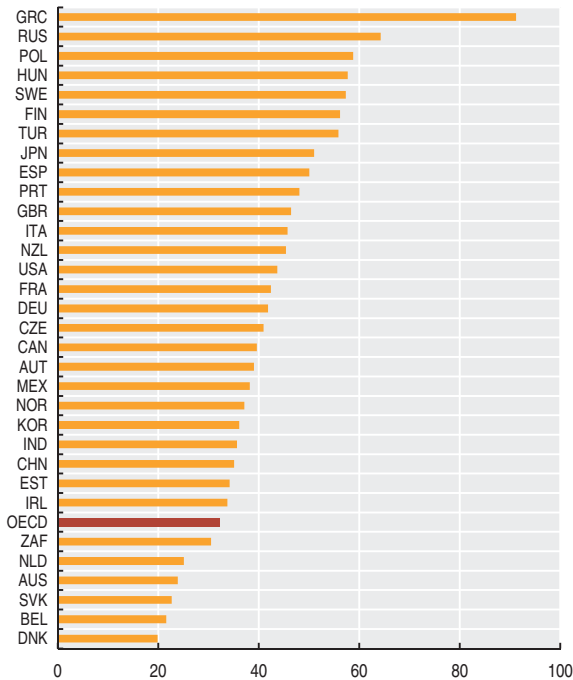
As a percentage of national GDP per capita, 2006 or latest available year



StatLink <http://dx.doi.org/10.1787/818135428215>

**Share of GDP increase of each country due to the ten per cent of most dynamic regions, small regions**

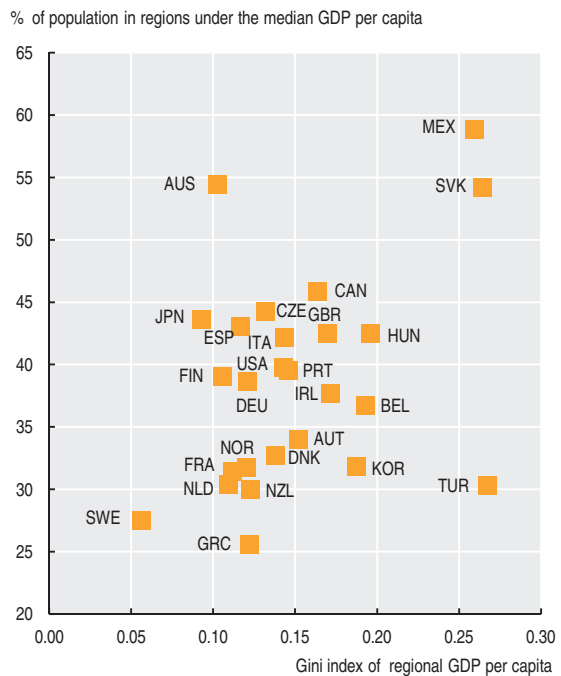
Percentage, 1995-2006 or latest available period



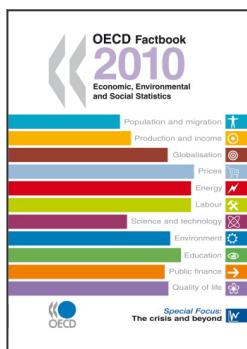
StatLink <http://dx.doi.org/10.1787/818145715674>

**Gini index of regional GDP per capita and share of the population in regions with low GDP per capita, small regions**

2006 or latest available year



StatLink <http://dx.doi.org/10.1787/818166553241>



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