

REGIONAL GDP

Disparities in economic performance across OECD countries are often smaller than those prevailing among regions of the same country. Further, these regional disparities have often 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. Regional GDP is measured according to the definitions of the 1993 *System of National Accounts*. GDP per capita is calculated by dividing the GDP of a region by the population (number of inhabitants) living there. Regional GDP per capita can be biased due to commuting (which raises the GDP per capita of those urban regions where people are employed, and lowers that of regions where commuters live).

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 Australia, Canada, Mexico and the United States, where GDP figures are only available for Territorial Level 2 regions (see Regional population).

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). Data for Australia, Canada, Mexico and the United States refer to larger (TL2) regions, while those for other countries refer to smaller (TL3) regions.

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

Overview

Regional disparities in the economic performance within OECD 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 United States, Turkey and Poland. Only in Australia, the Netherlands, Sweden and New Zealand the GDP per capita of the richest region is less than twice the GDP per capita of the poorest region. Regional inequalities within countries remain large when using a measure of regional productivity (for example GDP per worker).

Regional disparities in GDP per capita result from different pattern of economic growth within countries. In recent years, the 10% most dynamic OECD regions were responsible for 44% 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 growth of the 10% fastest growing regions was above 50% of GDP growth in Sweden, Finland, Hungary, Italy and Japan.

Regional disparities, based on the Gini index, are 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 GDP per capita) gives a measure of the economic implications of these regional inequalities. In 2005, 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.

Sources

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

Further information

Analytical publications

- OECD (2001), *OECD Territorial Outlook, 2001 Edition*, 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 (2007), *Higher Education and Regions: Globally Competitive, Locally Engaged*, OECD, Paris.
- OECD (2006), *OECD Territorial Reviews – Competitive Cities in the Global Economy*, OECD, Paris.
- Spiezia, V. (2003), “Measuring Regional Economies”, OECD Statistics Brief, No. 6, October, OECD, Paris, www.oecd.org/std/statisticsbrief.

Online databases

- OECD *Regional Database*.

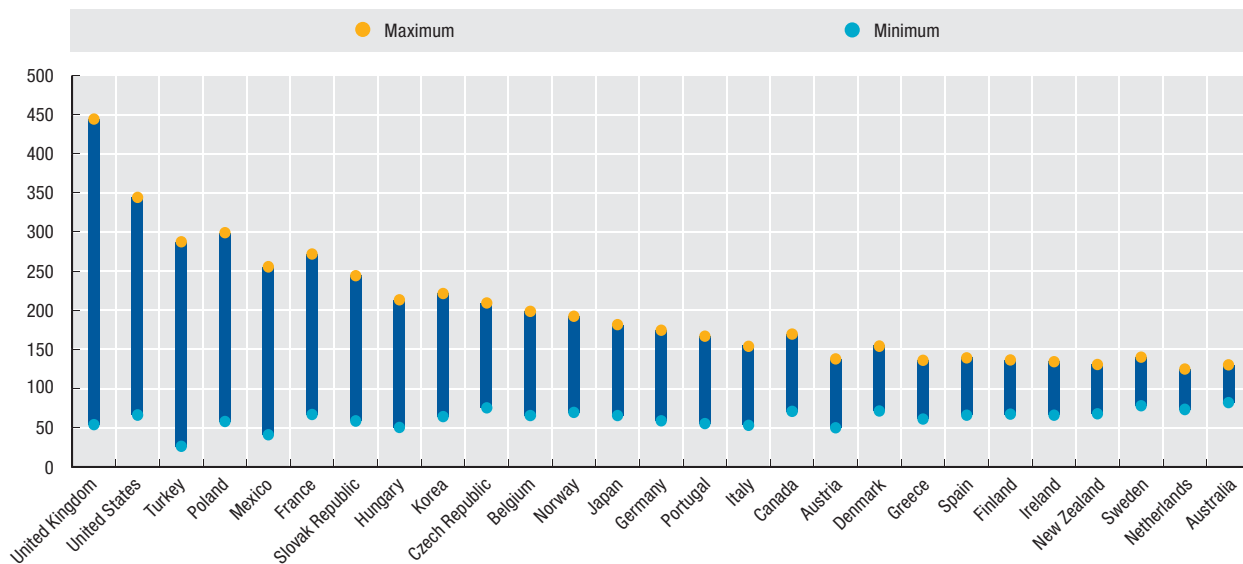
Websites

- Territorial grids, www.oecd.org/gov/regional/statisticsindicators.
- OECD eXplorer, www.oecd.org/gov/regional/statisticsindicators/explorer.



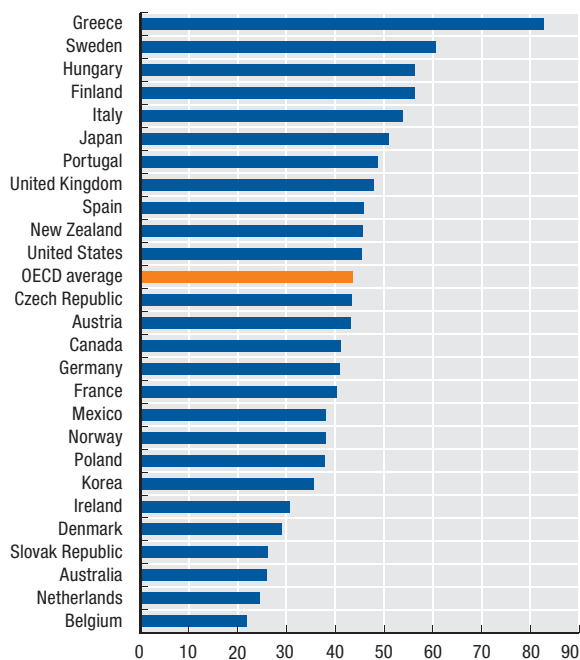
Range in regional GDP per capita, small regions

As a percentage of national GDP per capita, 2005 or latest available year



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

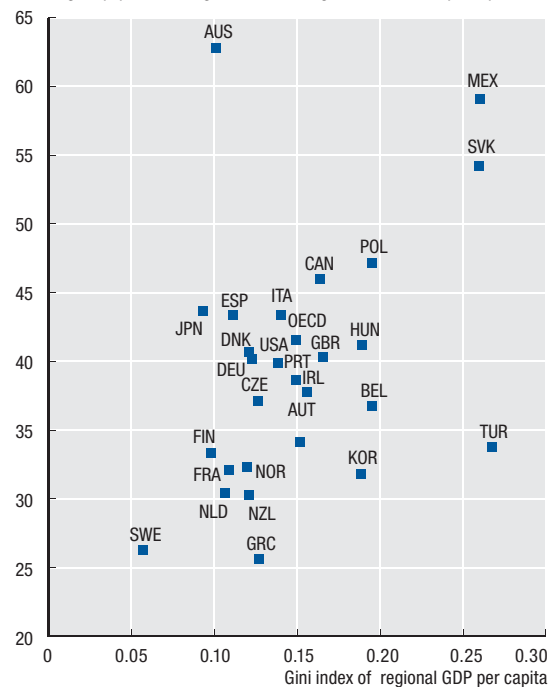
Percentage, 1995-2005 or latest available period



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

2005 or latest available year

Percentage of population in regions under the regional median GDP per capita



StatLink <http://dx.doi.org/10.1787/540261700407>

A corrigendum has been issued for this page. See <http://www.oecd.org/dataoecd/18/63/42445136.pdf>



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