

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 country or 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 a measure of inequality among all regions of a given country. The index takes on values between 0 and 1, with zero interpreted as no disparity. It assigns equal weight to each region regardless of its size; therefore differences in the values of the index among countries may be partially due to differences in the average size of regions in each country.

Overview

Regional disparities in the economic performance within countries are often substantial. Large differences are found in the Russian Federation, Mexico, the United Kingdom, India, the United States and China. Regional inequalities within countries remain large also when using a measure of regional productivity (for example GDP per worker).

GDP growth at the national level appears largely due to a small number of regions. On average, 40% of OECD growth was accounted for by just 10% of regions over the period 1995-2007. At country level, the regional contribution to growth was very concentrated in Greece, Hungary, Sweden, Finland and Japan where the 10% of regions with the highest GDP increase were responsible for more than half of the national growth in 1995-2007.

The Gini index is a measure of inequality which assigns equal weight to each region of a country regardless of its size, while the number of people living in regions with low GDP per capita (under the national median), provide an indication of the different economic implications of disparities within a country. For example, while regional disparities as measured by the Gini index in GDP per capita are of the same magnitude in the Slovak Republic, Turkey and Estonia, the percentage of national population living in regions with low GDP per capita varies from almost 60% in the Slovak Republic to 23% in Estonia.

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, Chile, China, India, Mexico, the Russian Federation, South Africa, Turkey 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.

“2007 or latest available year” refers to 2007 in all countries except the Russian Federation (2008), China (2008), New Zealand (2003) and Turkey (2006). “1995-2007 or latest available period” refers to data from 1995 to 2007 in all countries except Estonia (1996-2007), Norway (1997-2007), Poland (1999-2007), Turkey (2004-06), China (2004-07), India (2000-07), and the Russian Federation (2005-07).

Sources

- OECD Regional Database.
- OECD (2011), *OECD Regions at a Glance*, OECD Publishing.

Further information

Analytical publications

- OECD (2011), *OECD Territorial Reviews*, OECD Publishing.
- OECD (2011), *Regional Outlook 2011*, OECD Publishing.
- OECD (2009), *How Regions Grow: Trends and Analysis*, OECD Publishing.
- OECD (2009), *Regions Matter: Economic Recovery, Innovation and Sustainable Growth*, OECD Publishing.
- OECD (2005), *Local Governance and the Drivers of Growth*, OECD Publishing.

Online databases

- OECD Regional Database.

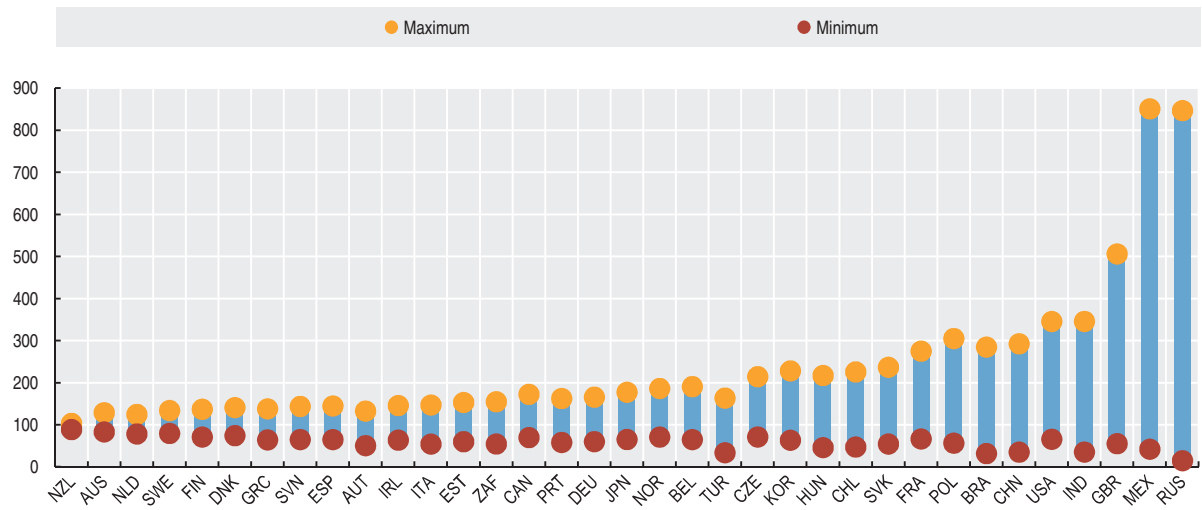
Websites

- Regional Development, www.oecd.org/gov/regionaldevelopment.
- Regional Statistics and Indicators, www.oecd.org/gov/regional/statisticsindicators.



Range in regional GDP per capita

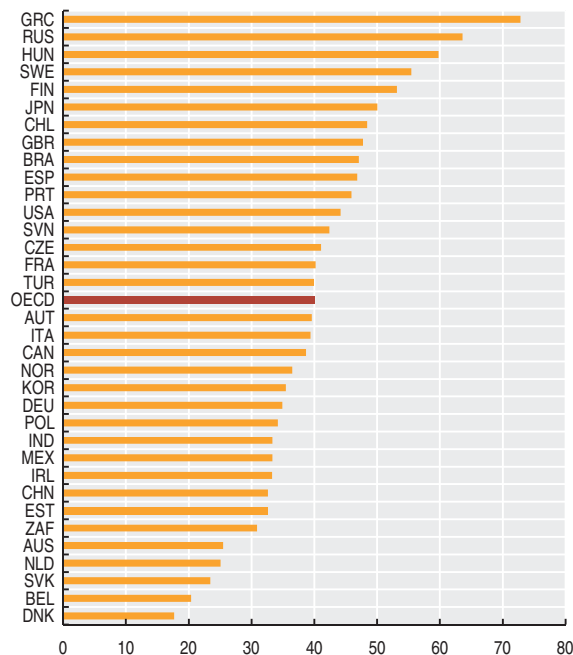
As a percentage of national GDP per capita, 2007 or latest available year



StatLink <http://dx.doi.org/10.1787/888932503227>

Share of GDP increase of each country due to the 10% of most dynamic regions

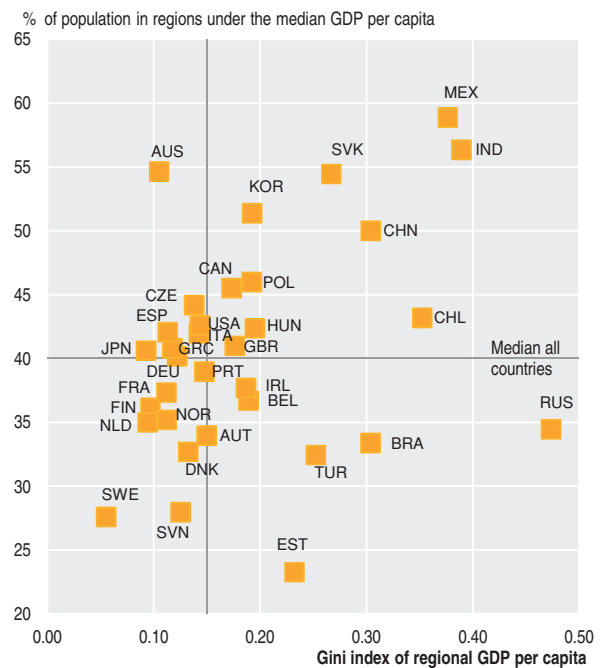
Percentage, 1995-2007 or latest available period



StatLink <http://dx.doi.org/10.1787/888932503246>

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

2007 or latest available year



StatLink <http://dx.doi.org/10.1787/888932503265>

