

### Regional specialisation and productivity growth

While deeply rooted in local history, geography, institutions and social capital, the production structure of regions keeps evolving over time as a result of both macroeconomic changes and economic policies at the national or subnational level.

The primary sector (agriculture, fishing and forestry) is still an important employer in many regions in Turkey, Mexico, Poland, Greece and Portugal. All these countries display a large inter-regional variation in agricultural employment, with a few regions still highly specialised in primary activities. One such highly specialised region is Northeastern Anatolia in Turkey where 60% of the labour force is employed in the primary sector (Figure 2.40). Most countries have large differences in the shares of employment in mining, manufacturing and utilities (electricity, gas and water). Seven countries in Eastern Europe – the Czech Republic, the Slovak Republic, Hungary, Slovenia, Estonia, Portugal and Poland – had markedly higher shares of employment in this sector in 2013. The region of Central Transdanubia in Hungary has a high specialisation in this industry with more than 35% of the employment, as well as the Thrace in Turkey and Central Moravia in the Czech Republic (Figure 2.40). The sector of construction shows regional “outliers” where the share of service jobs is much above the national average, like Corsica in France and Aosta Valley in Italy.

Differences in productivity changes have also been marked within countries, contributing largely to regional convergence or divergence. In the period 2000-13, productivity gains in agriculture and manufacturing were similar between lagging regions (those with GDP per capita below the national average in 2000) and advanced regions (GDP per capita above national average in 2000) (Figure 2.41). Lagging regions in Canada, Finland, Japan and the Slovak Republic performed significantly better than advanced regions in agriculture; while in Ireland and the United States the same was evident in manufacturing. The lower dynamism is apparent in the construction sector, where labour productivity decreased in 12 out of 21 countries, both in advanced and lagging regions. Only in Japan was the productivity growth in lagging regions significantly higher than in advanced regions (Figure 2.41).

#### Definition

Industries are defined according to the International Standard Industrial Classification (ISIC) Rev.4. Industry size is defined by the share of employment in that industry. Regional data on gross value added (GVA) and employment are available aggregated in ten sectors.

Regional productivity by sector is defined as the GVA in the sector divided by the number of employees in the sector. It is expressed in average yearly growth rates over available years.

Advanced/lagging regions are defined as those with GDP per capita in 2000 above/below national average GDP per capita.

#### Source

OECD (2015), *OECD Regional Statistics* (database), <http://dx.doi.org/10.1787/region-data-en>.

See Annex B for data sources and country-related metadata.

#### Reference years and territorial level

2000-13; TL2 OECD countries.

Branch accounts are not available for Iceland and Israel.

#### Figure notes

2.40-2.41: Last available year: Australia, Austria, Belgium, Canada, Czech Republic, Denmark, Finland, France, Greece, Hungary, Ireland, Japan, Korea, New Zealand, Poland, Slovak Republic, Slovenia, Spain, Sweden, United States 2012; New Zealand and construction in Portugal 2011; Turkey, 2014.

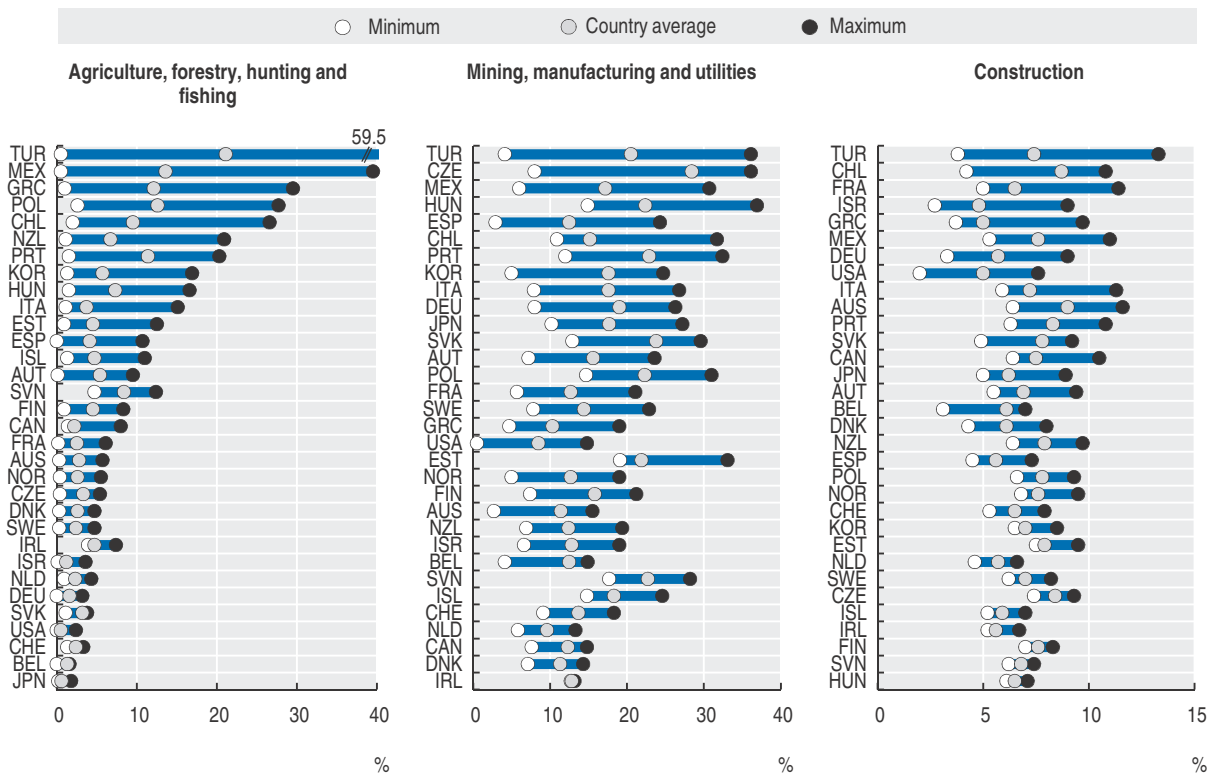
2.41: First available year: Belgium and Japan 2009, Korea 2004, Canada 2002. Germany, Mexico, Netherlands and Norway data are not included for lack of regional data on comparable years. Turkey is excluded for lack of data on GVA by industry.

Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.

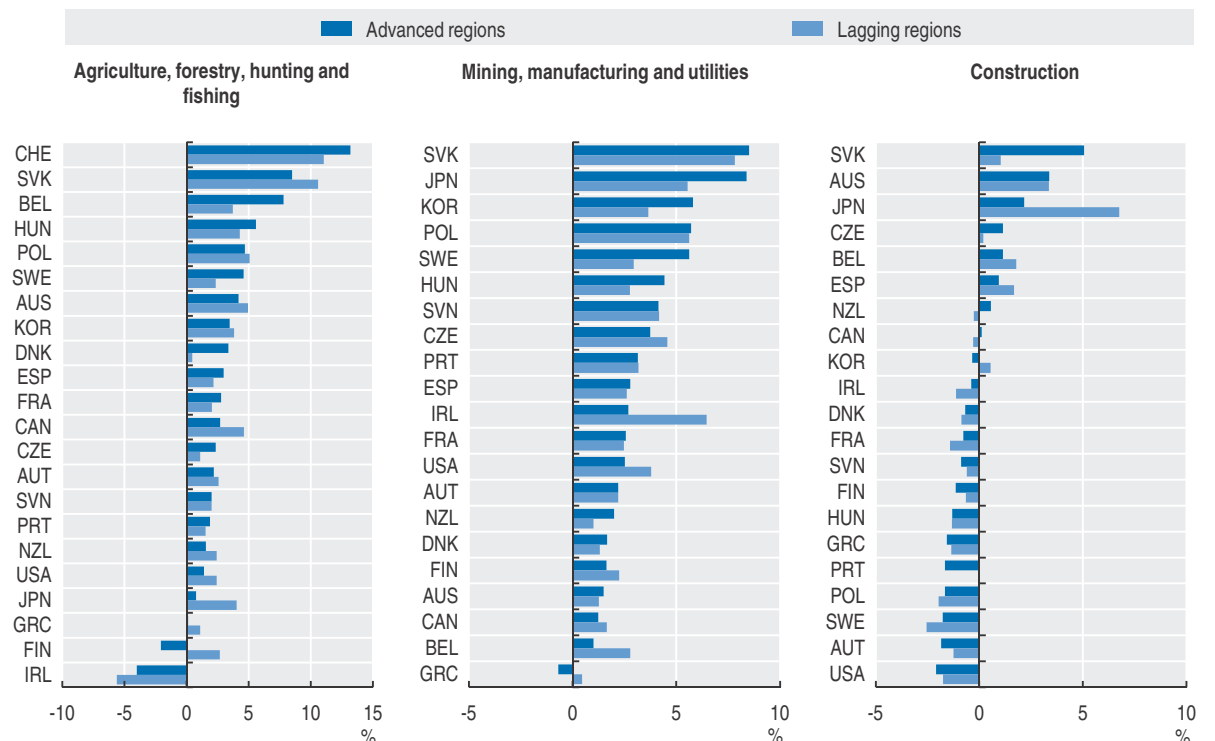
## 2. REGIONS AS DRIVERS OF NATIONAL COMPETITIVENESS

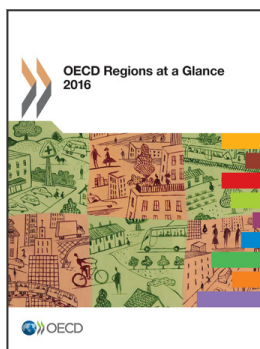
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**2.40. Regional range of employment share (as a % of regional total employment) in selected industries, 2013 (TL2)**



**2.41. Annual rate of productivity growth in selected industries in 2000-13, by regional economic performance in 2000, TL2**





From:  
**OECD Regions at a Glance 2016**

Access the complete publication at:  
[https://doi.org/10.1787/reg\\_glance-2016-en](https://doi.org/10.1787/reg_glance-2016-en)

**Please cite this chapter as:**

OECD (2016), “Regional specialisation and productivity growth”, in *OECD Regions at a Glance 2016*, OECD Publishing, Paris.

DOI: [https://doi.org/10.1787/reg\\_glance-2016-24-en](https://doi.org/10.1787/reg_glance-2016-24-en)

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