

7. PATTERNS OF GROWTH IN REGIONS

Predominantly urban regions attract the largest share of economic activity. In 2007, almost 60% of total gross domestic product (GDP) in OECD countries was produced in urban regions that account for less than half of the OECD population. Predominantly rural areas contributed 14% to overall GDP, even though in Ireland, Slovenia and in the Scandinavian countries the GDP produced by rural regions was above 40% of national GDP (Figure 7.1).

Large metropolitan regions in OECD countries are generally key drivers of growth.

The economic growth of the large metropolitan regions in Eastern Europe (Poland, the Czech Republic, Hungary, the Slovak Republic) and Greece was particularly strong compared to average national growth rates. In Austria, Australia, Canada, Ireland, Italy and Mexico, by contrast, the rate of growth in large metropolitan regions was below the national average (Figure 7.2).

Regional differences in GDP per capita are mainly explained by productivity differentials among regions. Labour productivity growth is therefore considered a key indicator to assess regional competitiveness. Among the 21 OECD countries considered (Europe, Japan and Korea), rural regions increased their labour productivity more than urban regions during 1995-2007 (1.7% versus 1.2%). Among rural regions, gains in productivity were greatest in rural regions close to cities (2%), while remote rural regions grew at 1.3% (Figure 7.3). The largest productivity gains in rural rather than in urban regions were observed in Poland and the Slovak Republic, while the contrary was observed in Greece and Sweden (Figure 7.3).

Preliminary results suggest that the 20% of rural regions with highest productivity growth during 1995-2007 have gained in productivity by reducing the productivity gap between industry and agriculture 170% more than the average rural region, raising productivity in agriculture 20% more than the average rural region, and decreasing the share of employment in agriculture 50% more than the average rural region (Figure 7.4). More analysis is needed to understand whether the reduction in agricultural employment has been absorbed by other sectors, as the similar unemployment rates observed in the two groups seem to indicate (Figure 7.4).

Source

OECD Regional Database: <http://dotstat/wbos/>.

Definition

GDP is the standard measure of the value of the production activity (goods and services) of resident producer units. Regional GDP is measured according to the definition of the System of National Accounts (SNA). To make comparisons over time and across countries, it is expressed at constant prices (year 2000), using the OECD deflator and then it is converted into USD purchasing power parities (PPPs) to express each country's GDP in a common currency.

GDP per worker (labour productivity) is measured as the ratio of constant GDP in 2000 prices, to total employment where the latter is measured at place of work. This means that productivity and GDP per capita trends may diverge in regions if there is commuting on a substantial scale.

Large metropolitan regions (urban areas with a population of more than 1.5 million) are identified on the basis of TL3 urban regions, with the exception of Canada, Mexico and the United States where national definitions are applied.

OECD Metropolitan Database: <http://dotstat/wbos/>.

See Annex B for data, source and country-related metadata.

Reference years and territorial level

1995-2007; TL3.

Australia, Canada, Chile, Mexico and United States only TL2.

Regional GDP is not available for Iceland, Israel and Switzerland.

Figure notes

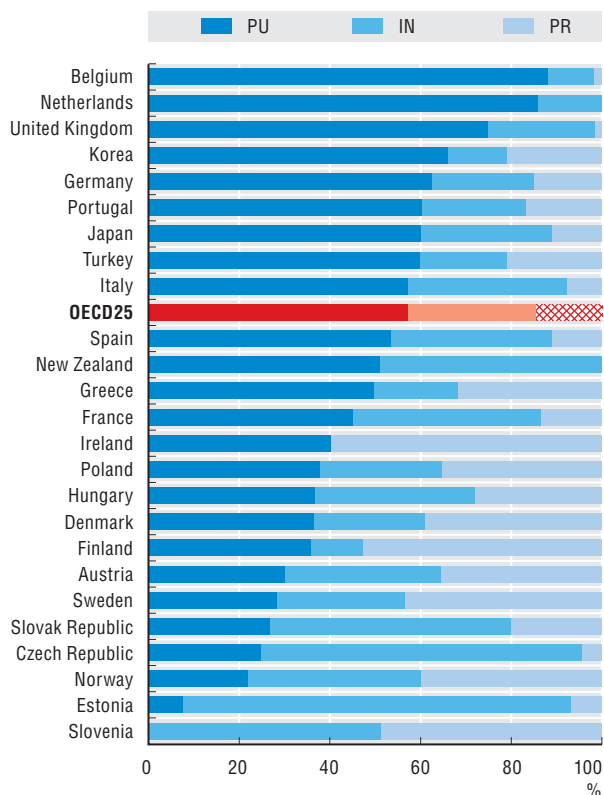
7.1: Available years: Turkey 2001 and New Zealand 2003.

7.2: Data refer to the OECD Metropolitan Database. No available data for Switzerland and Turkey. Available years: Japan 1997-2006, United States 2001-07; New Zealand 2000-03; Norway 1997-2007; Poland 1999-2007. GDP values in Canada refer to 2002-07 and are estimated using data on total income for census subdivisions from the Canada Revenue Agency Locality Code Statistics.

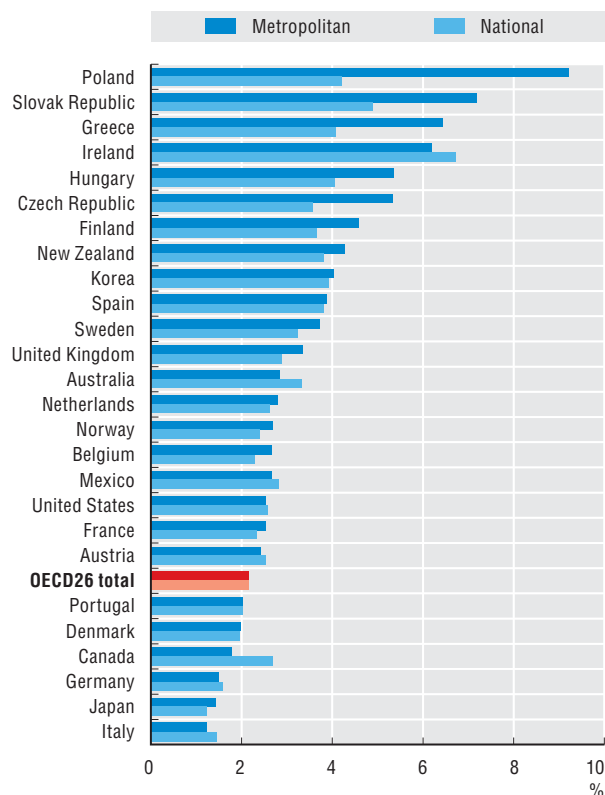
7.3-7.4: New Zealand is excluded for lack of regional GDP after 2003.

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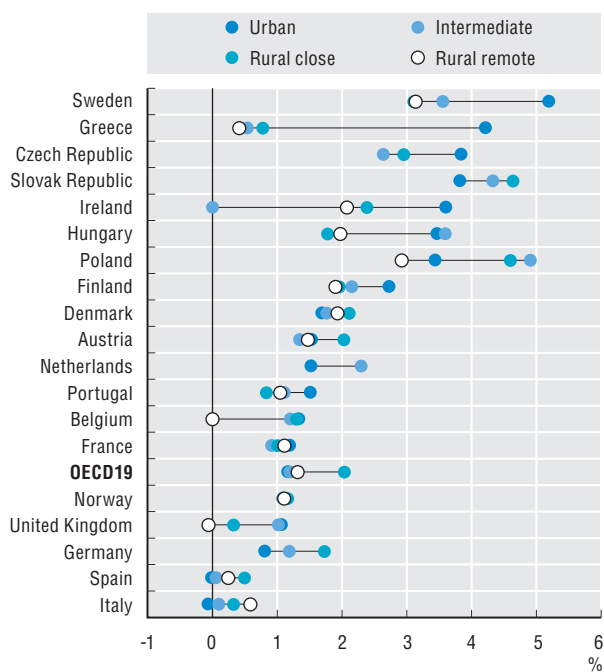
7.1. Distribution of GDP into predominantly urban (PU), intermediate (IN) and predominantly rural (PR) regions (TL3), 2007



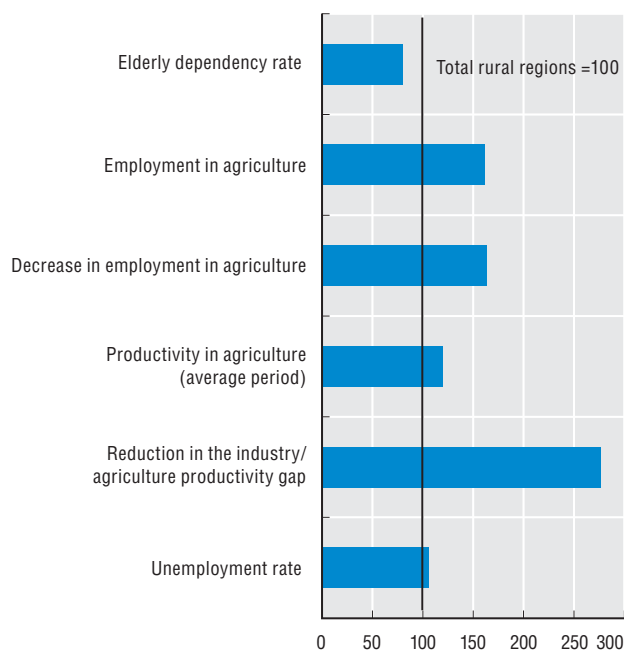
7.2. GDP growth rate in metropolitan regions, 1997-2007



7.3. Labour productivity growth by regional type, 1995-2007



7.4. Characteristics of rural regions in the top 20% of productivity growth, 1995-2007



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