

3. REGIONAL CONTRIBUTION TO GDP GROWTH

Local factors matter in achieving national sustained growth. In fact, 10% of OECD regions were responsible for 37% of OECD gross domestic product (GDP) in 2007. In Greece and Portugal the 10% of regions with the highest output contributed half or more of the national GDP. Similarly, in countries such as the Russian Federation and Brazil contribution to national GDP was very regionally concentrated (Figure 3.1). On the other hand, GDP in Belgium, the Slovak Republic and the Netherlands was more evenly distributed among regions, with the 10% regions with the highest output accounting for no more than 25% of total GDP.

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 (Figure 3.2). At country level, the regional contribution to growth was very concentrated in Greece, Hungary, Sweden, Finland and Japan where the 10% of regions with highest GDP increase were responsible for more than half of the national growth in 1995-2007 (Figure 3.2).

Besides the regional contribution to national output growth, it is interesting to note which regions have been competitive, i.e. able to maintain or increase their growth rate. OECD countries have experienced different patterns of growth until 2007. Differences in regional GDP growth rates between the best and the worst performing regions were above five percentage points in almost half of the countries. The widest differences in GDP growth rates were in Mexico, Turkey, Greece and Poland. Japan and the Slovak Republic displayed a national growth rate higher than the OECD average and small regional variations (Figure 3.3). The emerging economies Russian Federation, China, India and Brazil, all displayed larger regional variance in their growth rates compared to OECD countries (Figure 3.3). For cross-country comparisons, it must be noted that regional GDP in emerging economies refer to TL2 large regions.

Regional GDP data are available with a time lag that does not allow for an analysis of whether the economic recession has changed the intra-country contribution to growth significantly. Preliminary evidence on the impact of the crisis on regional contribution to employment change is presented in Chapters 4 and 8.

Almost 70% of predominantly rural (PR) regions had a GDP per capita below the OECD average in 1995, as compared with only 30% of predominantly urban (PU) regions and 50% of intermediate (IN) regions. However, over the past 12 years the GDP growth rate in predominantly rural regions was on average higher than predominantly urban and intermediate regions (Figure 3.4). A large share of PR regions (60%) grew at a rate higher than OECD average

while only around 40% of urban or intermediate regions did. Despite this higher average growth of predominantly rural regions, the gap in GDP per capita between rural and urban regions has not narrowed significantly.

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.

Source

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

OECD deflator and purchasing power parities <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, Turkey and the United States TL2 regions.

Brazil, China, India, Russian Federation and South Africa TL2 regions.

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

New Zealand is excluded for lack of regional GDP after 2003.

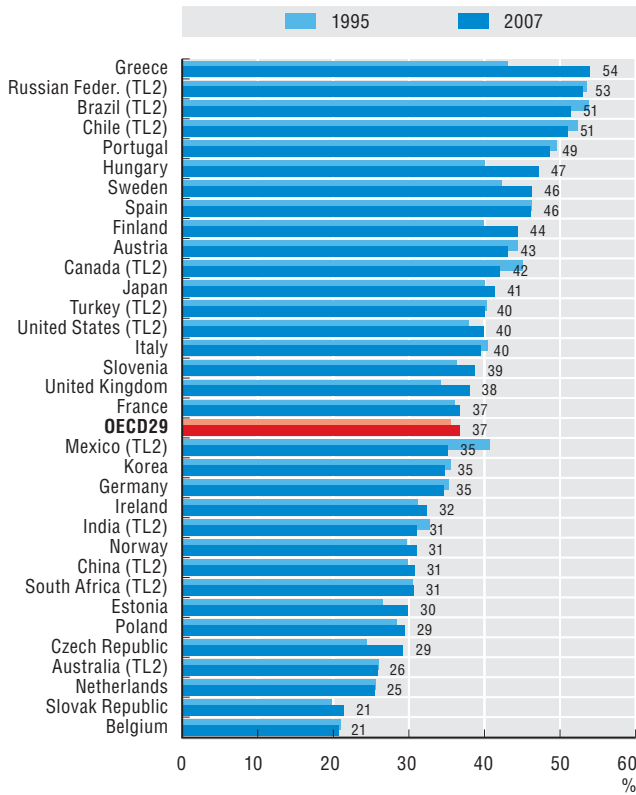
Figure notes

3.1-3.4: Available years: Estonia 1996-2007; Norway 1997-2007; Poland 1999-2007; Turkey 2004-06; China 2004-07; India 2000-07; Russian Federation 2005-07.

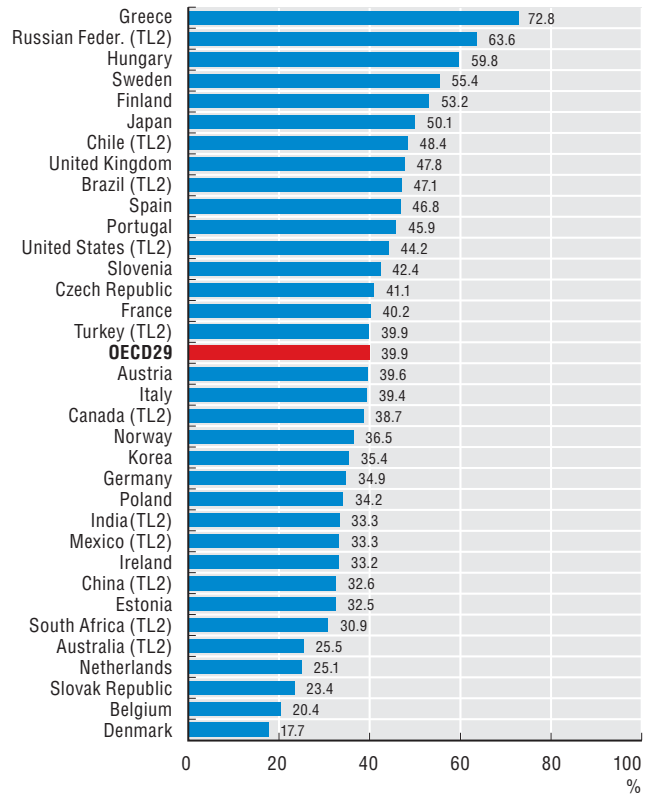
3.4: Only countries where GDP is available for TL3 regions.

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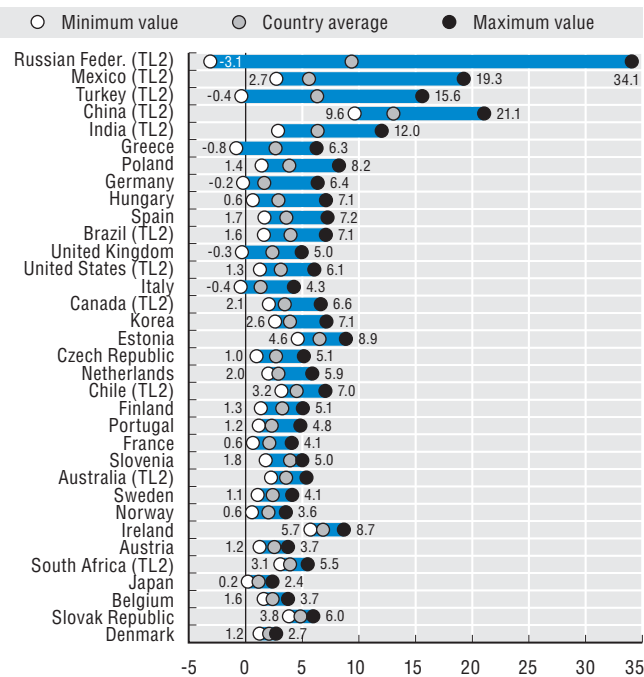
3.1. Percent of national GDP in the 10% TL3 regions with the largest GDP, 1995 and 2007



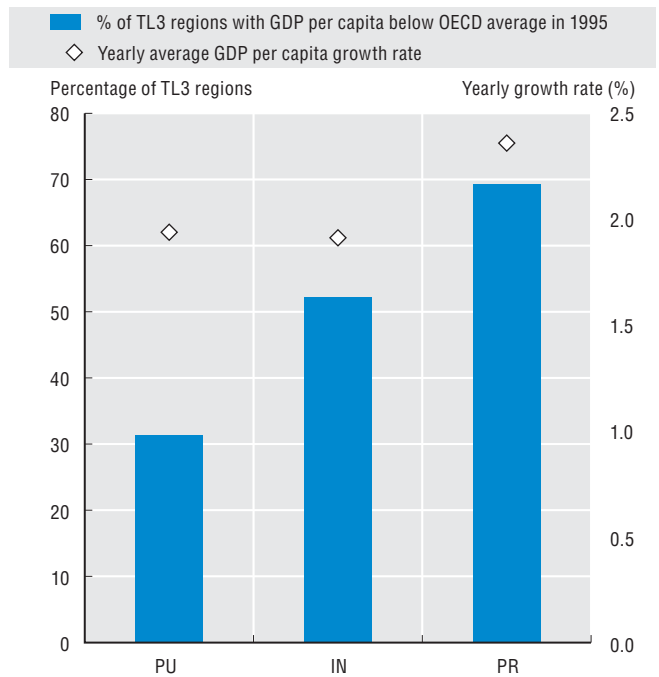
3.2. Percent of national GDP growth contributed by the top 10% of TL3 regions, ranked by regional increase, 1995-2007



3.3. Countries ranked by size of difference in TL3 regional annual GDP growth rates, 1995-2007



3.4. Percent of TL3 regions with GDP per capita below OECD average and GDP growth rate by typology of region, 1995-2007

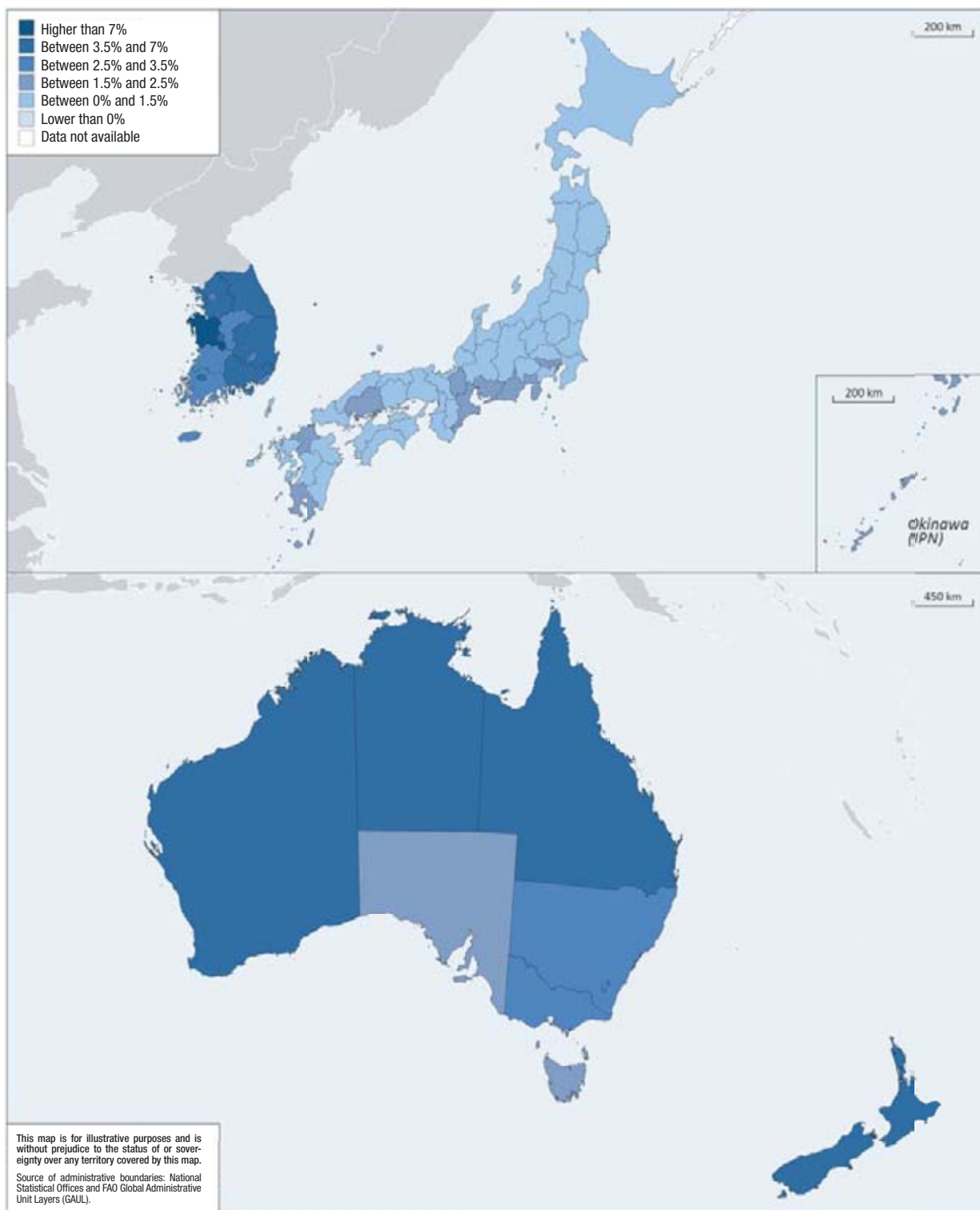



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3. REGIONAL CONTRIBUTION TO GDP GROWTH

3.5. Regional GDP growth: Asia and Oceania, 1995-2007

Average annual growth rate (constant 2000 USD PPP), TL3 regions

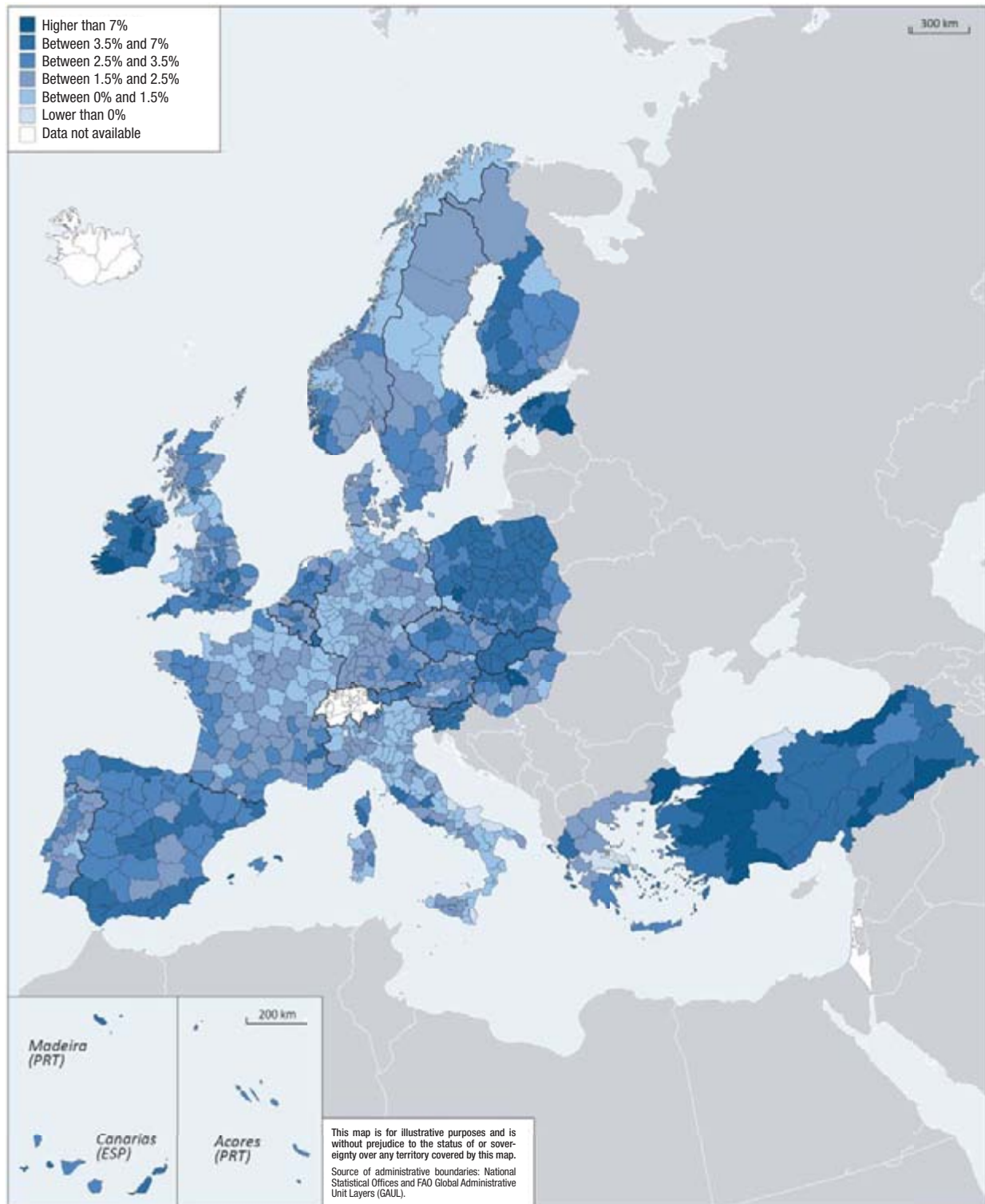


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3.6. Regional GDP growth: Europe, 1995-2007

Average annual growth rate (constant 2000 USD PPP), TL3 regions

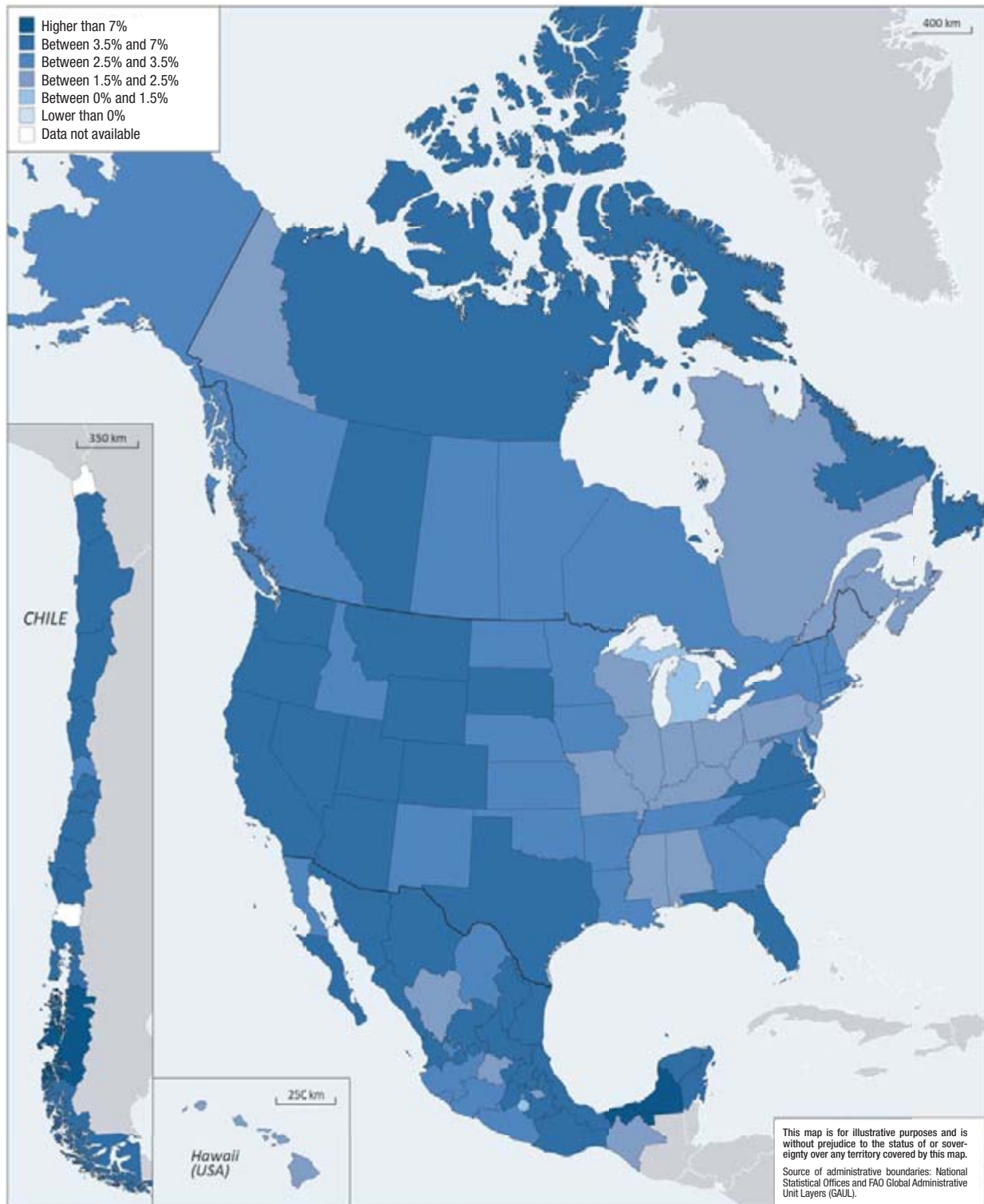


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3.7. Regional GDP growth: Americas, 1995-2007

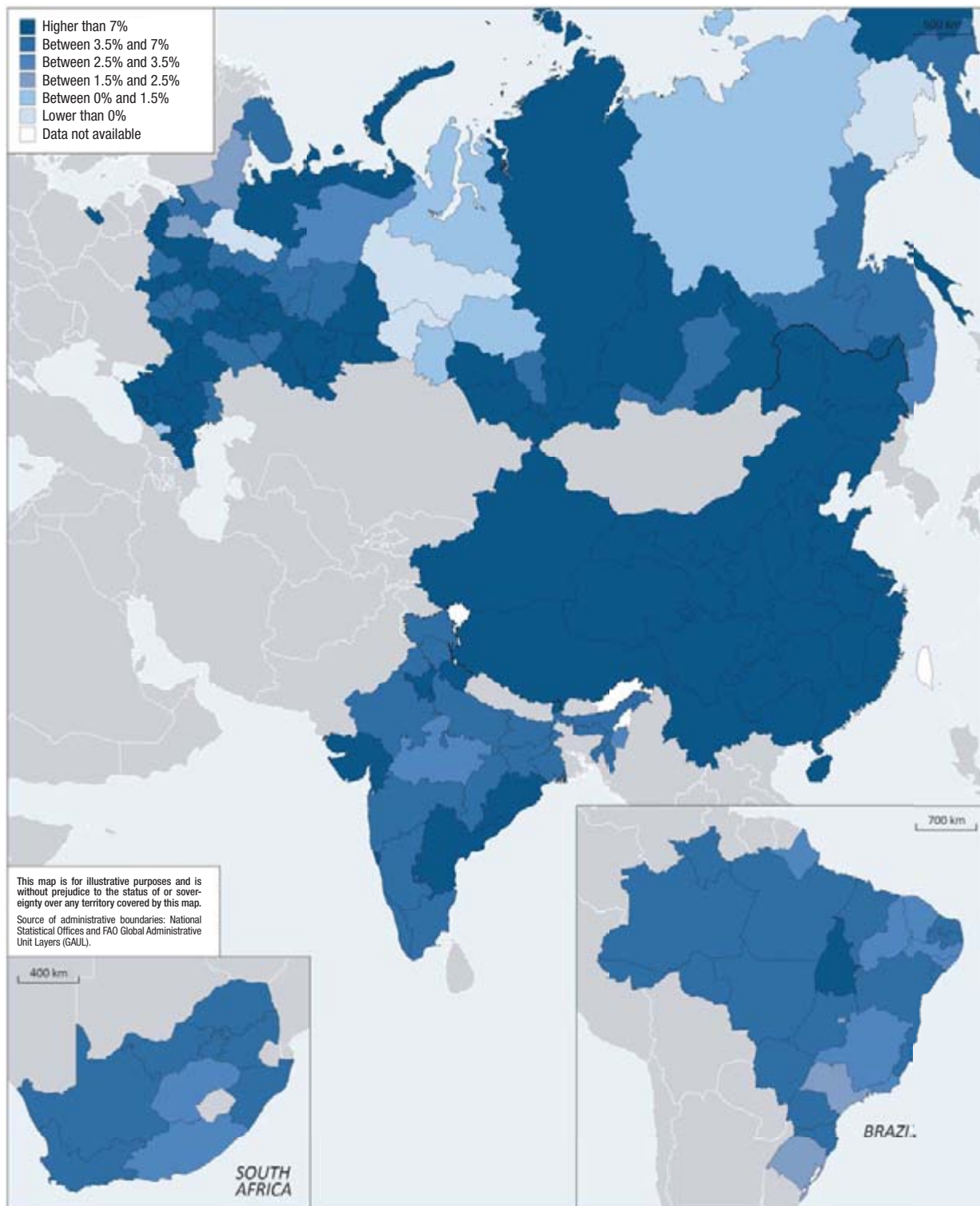
Average annual growth rate (constant 2000 USD PPP), TL2 regions



StatLink <http://dx.doi.org/10.1787/888932440052>

3.8. Regional GDP growth: Emerging economies, 1995-2007

Average annual growth rate (constant 2000 USD PPP), TL2 regions



StatLink <http://dx.doi.org/10.1787/888932440052>



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