

Regional economic disparities and regional convergence

Since 2011, regional differences in GDP per capita have increased in several European countries, such as in Ireland, United Kingdom and Czech Republic, while convergence occurred more strongly outside of Europe.

In most OECD countries, regional differences in gross domestic product (GDP) per capita remain significant. In 2016, the top 10% of regions in a country recorded on average a GDP per capita level that was more than twice as high as that of the bottom 10% of regions in the same country.

The interregional range of GDP per capita levels reveals large discrepancies (Figure 1.3). The greatest disparity in GDP per capita in 2016 is displayed in the United Kingdom, Germany, the United States, France and Switzerland. On average, GDP per capita was more than four times higher in the top region than in the bottom region in the same country (Figure 1.4). In the United Kingdom, the City of London had a per capita GDP that was 23 times higher than the Isle of Anglesey. In Germany, GDP per capita was more than eight times higher in Ingolstadt than in Südwestpfalz.

Regional convergence in GDP per capita, measured by the annual growth rates in the bottom and top 10% of regions, only occurred in half of OECD countries between 2011 and 2016. In 15 out of 30 countries considered, the bottom 10% recorded larger annual GDP per capita growth than the top 10% of regions (Figure 1.5). In Chile, Greece, Australia, and Canada, the bottom 10% of regions outpaced the respective top 10% by around 2 percentage points or more. However, regional convergence in GDP per capita was not universal. In 15 OECD countries regional disparities in GDP per capita increased between 2011 and 2016. Divergence was particularly pronounced in Ireland, Latvia, Estonia, and Poland, where annual growth in per capita GDP was more than 3 percentage points higher in the top 10% of regions.

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 2008). To make comparisons over time and across countries, it is expressed at constant prices (year 2010), 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.

The GDP per capita of the top (bottom) 10% regions are defined as those with the highest (lowest) GDP per capita until the equivalent of 10% of national population is reached.

Source

OECD (2018), OECD Regional Statistics (database), <http://dx.doi.org/10.1787/region-data-en>.

Reference years and territorial level

TL3 regions in 1.3 and 1.4; TL2 regions in 1.5.

Figure notes

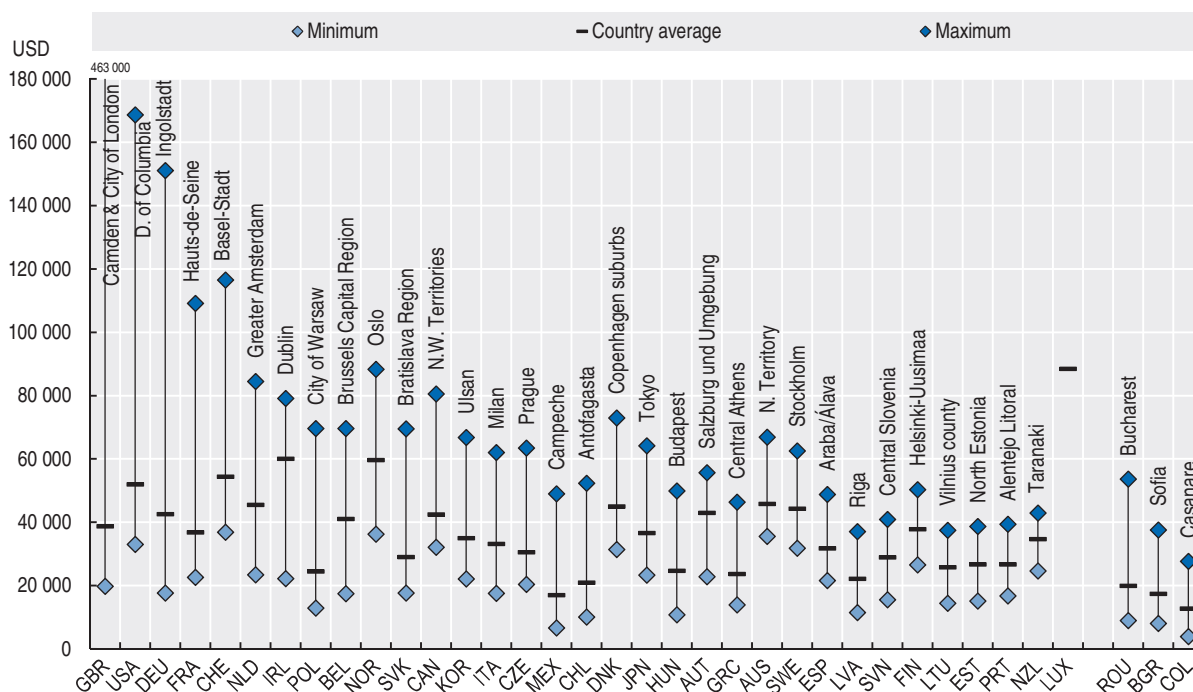
1.3 and 1.4: 2016 or latest available year; Korea, New Zealand, Norway and Switzerland 2015; Japan 2014. TL3 regions; Australia, Canada, Chile, Mexico and United States, TL2 regions.

1.5: GDP per capita 2011-16 annualised growth rate. Switzerland, Korea, New Zealand and Norway 2010-15; Japan 2009-14. TL2 regions; Estonia and Latvia, TL3.

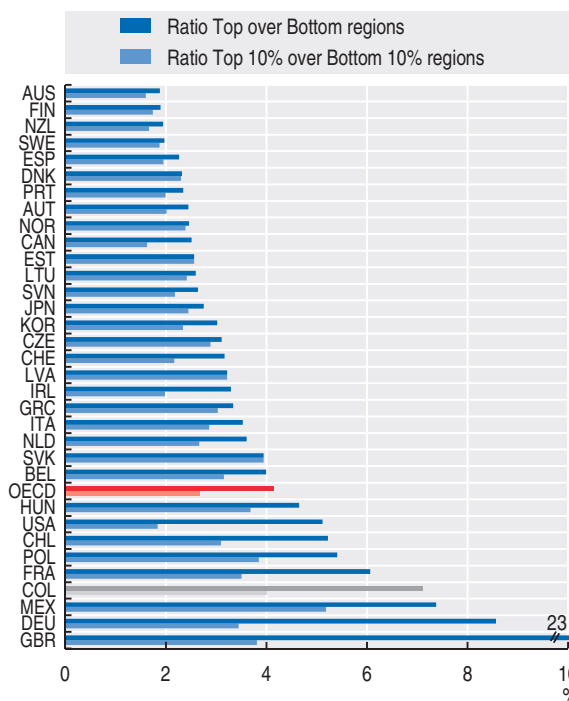
1. REGIONS AS DRIVERS OF NATIONAL COMPETITIVENESS

Regional economic disparities and regional convergence

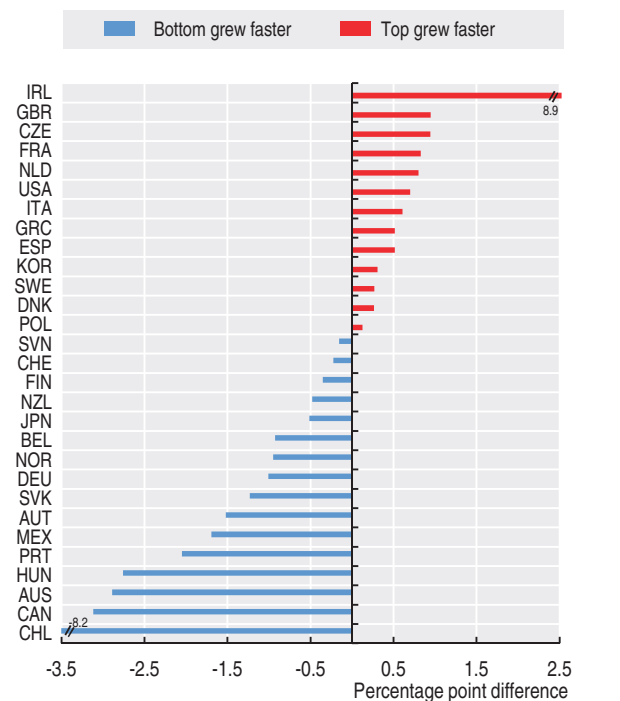
1.3. Regional disparities in GDP per capita, 2016, TL3 regions

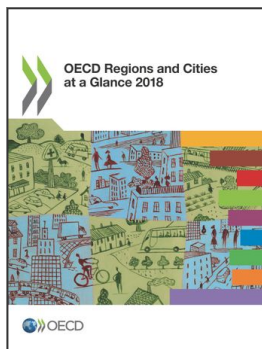


1.4. GDP per capita – ratio of top and bottom regions, 2016 (TL3)



1.5. Annual GDP per capita growth, difference between top and bottom 10% regions, 2011-16 (TL2)





From:

OECD Regions and Cities at a Glance 2018

Access the complete publication at:

https://doi.org/10.1787/reg_cit_glance-2018-en

Please cite this chapter as:

OECD (2018), "Regional economic disparities and regional convergence", in *OECD Regions and Cities at a Glance 2018*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/reg_cit_glance-2018-6-en

This document, as well as any data and map included herein, are without prejudice to the status of or sovereignty over any territory, to the delimitation of international frontiers and boundaries and to the name of any territory, city or area. Extracts from publications may be subject to additional disclaimers, which are set out in the complete version of the publication, available at the link provided.

The use of this work, whether digital or print, is governed by the Terms and Conditions to be found at <http://www.oecd.org/termsandconditions>.