

Productivity differences and productivity growth in regions

In OECD countries the most productive region is, on average, twice as productive as the least productive region.

An essential component of disparities in regional income arises due to variation in regional productivity. Labour productivity, as measured by gross value added (GVA) per worker, differs substantially across and within countries (Figure 1.6). In many countries, such as Austria, Belgium, France, Norway, Sweden, United States etc., the capital region is where the highest regional labour productivity is generated. Overall, labour productivity is particularly high in regions with large service sectors as well as regions that benefit from access to natural resources (e.g. Campeche in Mexico or Antofagasta in Chile).

In most of Northern and Western Europe, average labour productivity in 2016 reached between USD 65 000 and USD 80 000 (in 2010 PPPs). Even in relatively productive countries such as France or Germany, there are regions that clearly lag behind in labour productivity (Figure 1.9). Similarly, countries with low average productivity have some areas that are highly productive. For example, in the Czech Republic, Poland, or Turkey where regional productivity is relatively low, the leading regions report higher labour productivity than the OECD average. Overall, spatial productivity differs widely within OECD countries. The gap in labour productivity between the most and least productive regions is larger than 30% in 26 of the 30 countries considered.

Between 2010 and 2016, most OECD regions recorded moderate annual productivity growth (Figure 1.7). In Turkey, Ireland, and Poland, regional productivity growth was, on average, relatively high with more than 2 percentage points

per year. In contrast, on average, regions in Finland, Greece, Italy, and the United States stagnated or even deteriorated with respect to labour productivity. The largest within-country differences in productivity growth were recorded in Ireland, Mexico, the Netherlands, Turkey, and the United States. The two regions where productivity grew fastest annually were Central Anatolia - West and South (Turkey) and Southern and Eastern (Ireland) with rates of 8.9% and 6.9% in a context of national productivity growth rates of 5.9% and 3.8%, respectively.

Source

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

Reference years and territorial level

TL2 regions. Latest available year if 2016 is not available: Australia, Korea, Norway and United States, 2015; New Zealand and Turkey, 2014; Switzerland, 2013; Japan, 2012.

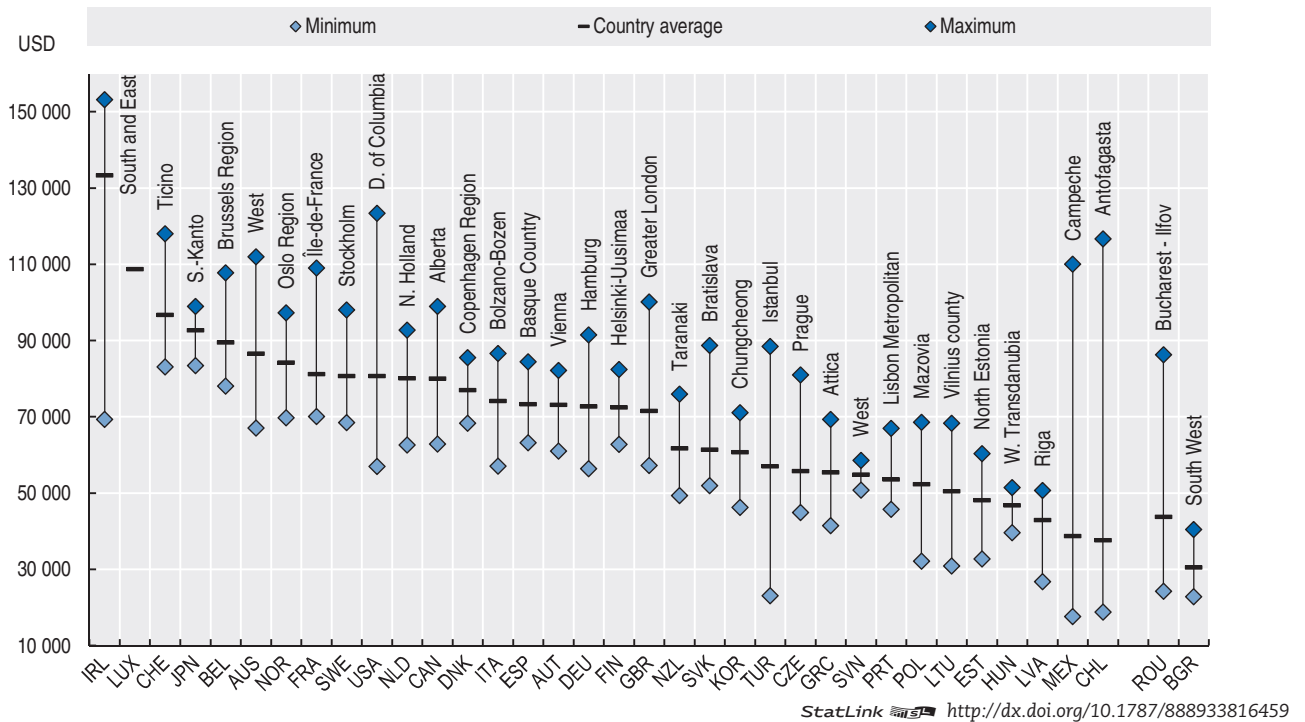
Figure notes

- 1.6, 1.8 and 1.9: labour productivity is measured as GVA per employed worker in constant 2010 USD. Norwegian country average excludes activities produced on the continental shelf.
- 1.7: annual productivity growth calculated by compound annual growth rate.

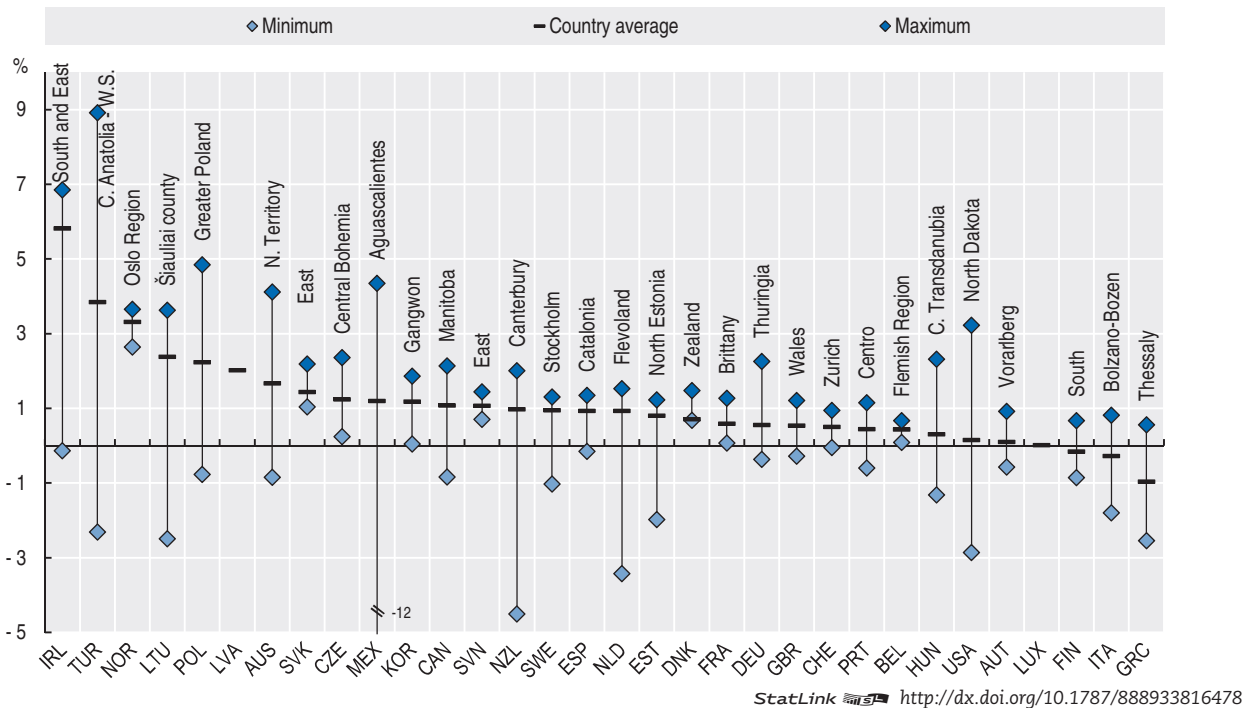
1. REGIONS AS DRIVERS OF NATIONAL COMPETITIVENESS

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1.6. Labour productivity in 2016, TL2 regions



1.7. Annual productivity growth 2010-16, TL2 regions

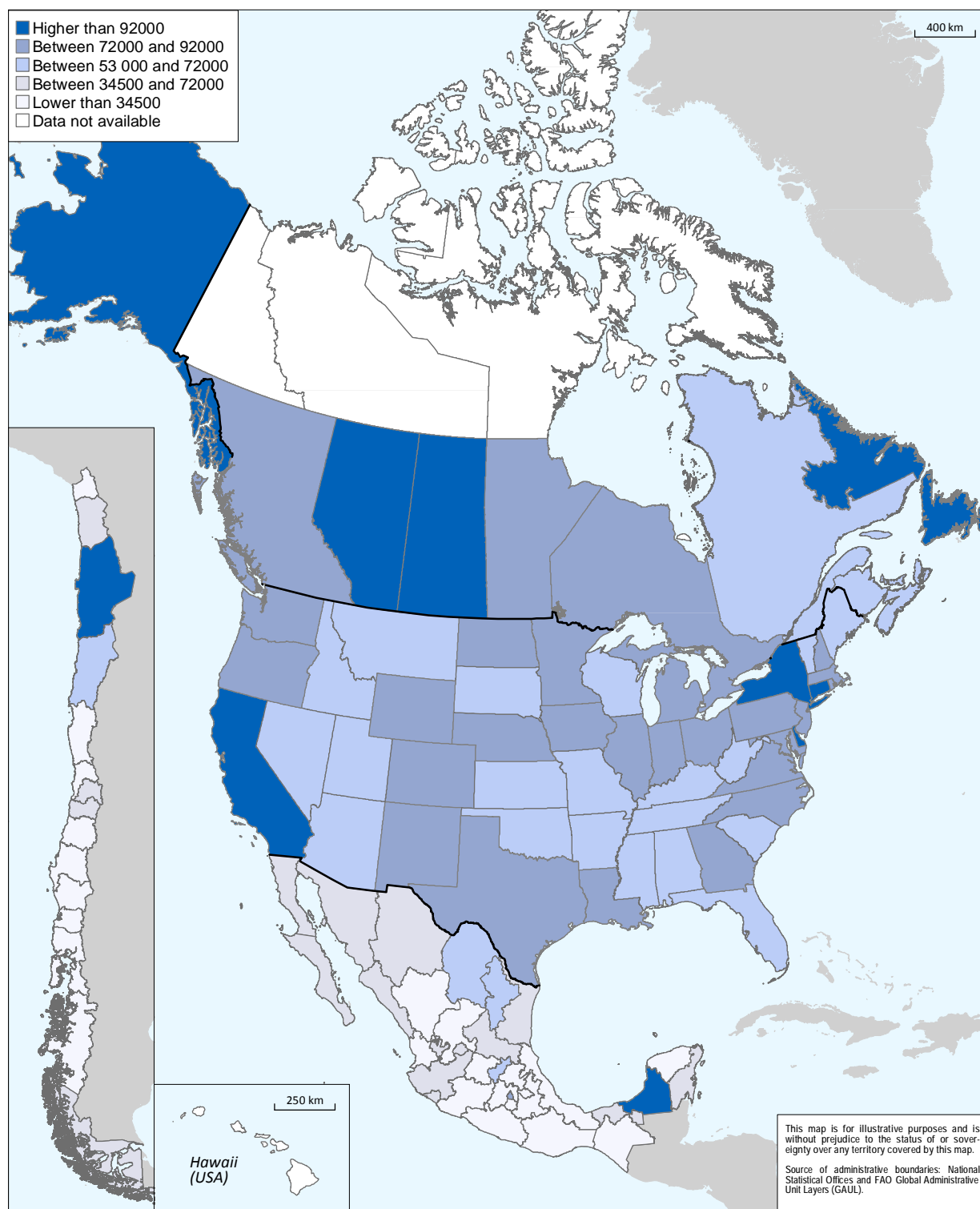


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1.8. Labour productivity across TL2 regions: North America and Chile, 2016

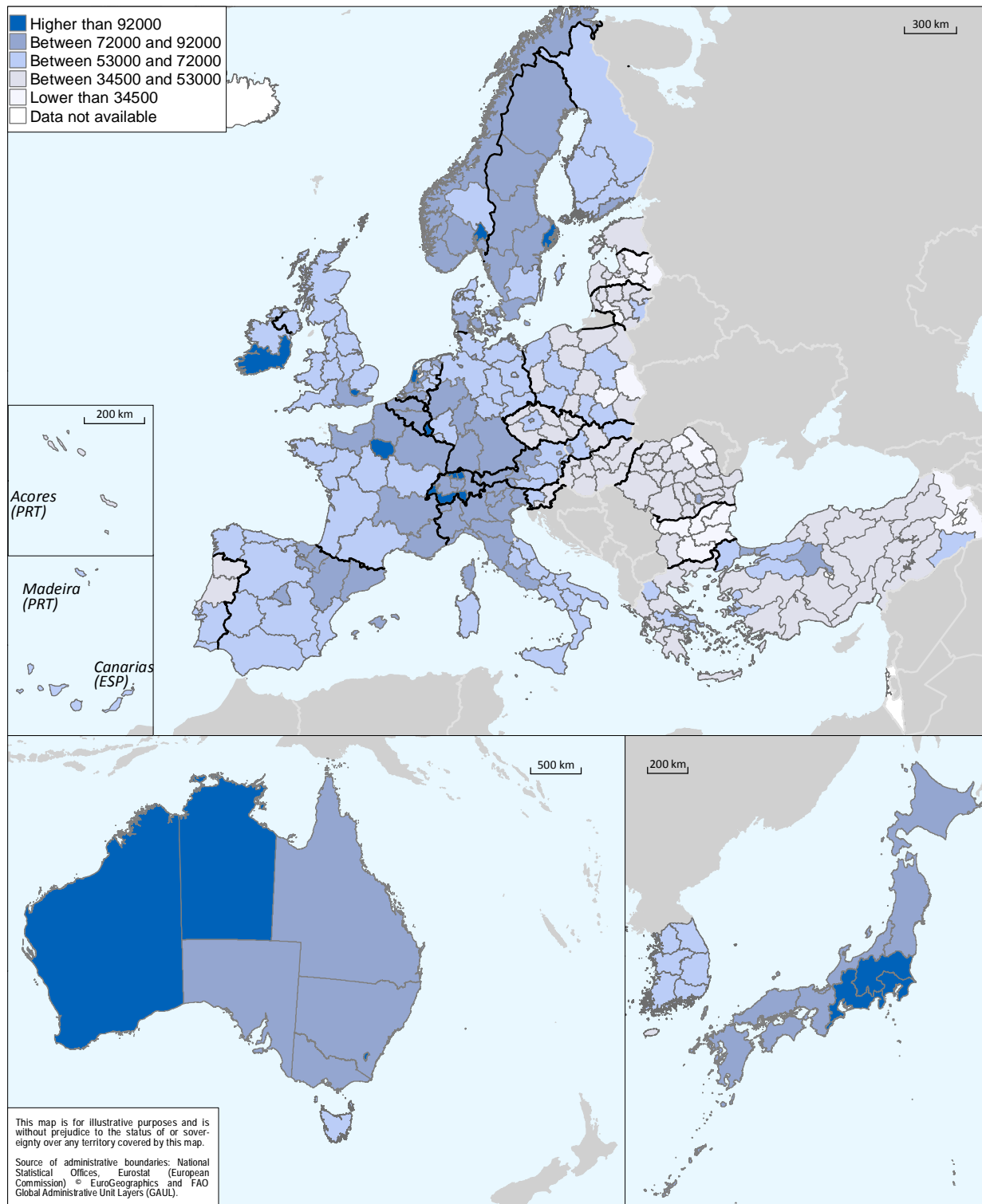
Gross value added per employee (constant 2010 USD PPP)



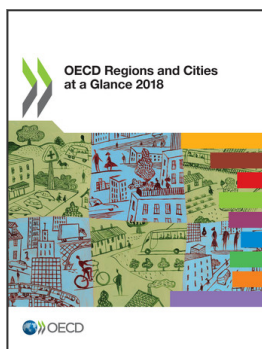
StatLink  <http://dx.doi.org/10.1787/888933816497>

1.9. Labour productivity across TL2 regions: Asia, Europe and Oceania, 2016

Gross value added per employee (constant 2010 USD PPP)



StatLink <http://dx.doi.org/10.1787/888933816516>



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