

# Regional GDP per head in the EU

13 March 2012

## Introduction

This note provides a brief summary and analysis of the regional GDP per head figures that were published by Eurostat (the statistical office of the EU) on 13 March 2012.<sup>1</sup>

The figures are pertinent to Wales as the category of region (and as a consequence the intensity of funding aid) that West Wales and the Valleys, and East Wales will qualify for under the next round of EU Structural Funds (2014-2020) will be determined on the basis of how their GDP per head relates to the EU average (this is explained further below).

## Headline figures

- GDP per head for **Wales** as a whole in 2009 was 79.8 per cent of the EU27 average and was the lowest of the 12 NUTS-1 areas of the UK.<sup>2</sup>
- GDP per head in **West Wales and the Valleys** in 2009 was 68.4 per cent of the EU27 average and was the lowest of the 37 NUTS-2 areas of the UK.

<sup>1</sup> Eurostat News Release, *Regional GDP*, 13 March 2012.

Further data can be found on the Eurostat web-site [here](#).

<sup>2</sup> The Nomenclature of Units for Territorial Statistics (NUTS) breakdown provides a single uniform breakdown for the production of regional statistics for the European Union. There are three levels of NUTS in the UK. These are:

- NUTS 1: Government Office Regions and Scotland, Wales and Northern Ireland.

- NUTS 2: 37 areas, often referred to as sub-regions.

- NUTS 3: 133 areas, generally groups of unitary authorities or districts, also known as local areas.

- GDP per head in **East Wales** in 2009 was 99.3 per cent of the EU27 average and was the twelfth highest of the 37 NUTS-2 areas of the UK.
- The latest GDP per head figures for Wales, West Wales and the Valleys, and East Wales are the lowest they have been, relative to the EU27 average, in the last ten years.
- In 2009, GDP per head in the EU27's 271 NUTS-2 regions ranged from 27 per cent of the EU27 average in the region of Severozapaden in Bulgaria, to 332 per cent of the average in Inner London in the UK.
- Almost one in four NUTS-2 regions in the EU recorded figures below 75 per cent of the EU27 average.
- A number of NUTS-2 regions of the EU27 showed similar or identical results to West Wales and the Valleys in 2009, including Západoé Slovensko in Slovakia (68.4 per cent), Puglia in Italy (68.9 per cent) and Moravskoslezsko in the Czech Republic (67.6 per cent)
- Note: all figures in this document are expressed in terms of purchasing power standards (PPS) which is an artificial currency that reflects differences in national price levels that are not taken into account by exchange rates. This unit allows meaningful volume comparisons of economic indicators over countries.

## Qualification for Structural Funds

Qualification for the successor to the Convergence programme will be decided using figures for GDP per head as a percentage of the EU27 average for the latest three-year period that is available when the decision is taken.

For the latest three-year period, 2007-2009, GDP per head in West Wales and the Valleys represented 70.1 per cent of the EU27 average – below the eligibility threshold of 75 per cent of the EU27 average.

## Analysis of performance, 2000 - 2009

Table 1 shows GDP per head as a percentage of the EU27 average for the UK, NUTS-1 and NUTS-2 areas of Wales, other former UK 'Objective One' regions and the only other current 'Convergence' area in the UK, Cornwall and the Isles of Scilly.

**Table 1: GDP per head as a percentage of EU27 average** (at purchasing power parity rates of exchange)  
(% of EU27 average)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2007-2009
<b>United Kingdom</b>	119	120	120	122	124	122	120	116	112	110.7	113.1
<b>Merseyside</b>	86	84	89	88	87	86	85	82	79	79.2	80.2
<b>South Yorkshire</b>	88	89	90	91	94	93	92	89	83	82.1	84.5
<b>Cornwall and Isles of Scilly</b>	69	71	77	79	78	75	78	74	73	71.9	73.2
<b>Highlands and Islands</b>	84	84	86	87	92	91	87	85	83	84.4	84.1
<b>Wales</b>	89	89	90	91	92	91	89	85	81	79.8	82.0
<b>West Wales and The Valleys</b>	75	75	76	76	77	78	76	73	69	68.4	70.1
<b>East Wales</b>	112	116	114	117	118	112	111	107	102	99.3	102.7

Source: Eurostat database and press release. (Note: Eurostat has published the 2009 data for the NUTS-1 and NUTS-2 areas to one decimal place. Data for the revised time-series for earlier years have only been published as whole numbers.)

Table 1 shows:

- Over the period 2000 to 2009 GDP per head in Wales as a percentage of the EU27 average peaked at 92 per cent in 2004. Since then it has fallen relative to the EU27 average to 79.8 per cent in 2009. Similarly East Wales has fallen by 18.7 percentage points since 2004.
- Between 2005 and 2009, GDP per head in West Wales and the Valleys as a percentage of the EU27 average has fallen by 9.6 percentage points.
- Whilst the figures for Cornwall and the Isles of Scilly for 2003 to 2009 show a relative decline on the EU27 average, the region has slightly improved its GDP per head relative to the EU27

average over the ten years shown in the table, rising from 69 per cent in 2000 to 71.9 per cent in 2009.

- Over the period 2000 to 2009 GDP per head as a percentage of the EU27 average has declined in Wales, West Wales and the Valleys, and East Wales (By 9.2, 6.6 and 12.7 percentage points respectively).

**Table2: GDP per head as a percentage of the EU27 average – NUTS-2 and NUTS-3 areas of Wales (at purchasing power parity rates of exchange)**

(% of EU27 average)

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b>United Kingdom</b>	119	120	120	122	124	122	120	116	112	111
<b>Wales</b>	89	89	90	91	92	91	89	85	81	80
<b>West Wales and The Valleys</b>	75	75	76	76	77	78	76	73	69	68
Isle of Anglesey	57	65	63	65	68	68	67	65	63	64
Gwynedd	75	77	85	88	84	88	84	80	77	76
Conwy and Denbighshire	76	72	75	75	78	78	73	70	69	66
South West Wales	70	72	65	68	68	76	74	71	65	66
Central Valleys	72	73	79	76	76	74	70	70	65	64
Gwent Valleys	69	66	66	65	70	66	66	61	59	58
Bridgend and Neath Port Talbot	82	79	84	82	78	84	82	82	81	76
Swansea	96	92	97	96	99	96	94	84	81	83
<b>East Wales</b>	112	116	114	117	118	112	111	107	102	99
Monmouthshire and Newport	117	120	110	119	126	122	122	109	108	105
Cardiff and Vale of Glamorgan	124	130	129	133	134	127	123	123	117	112
Flintshire and Wrexham	103	104	104	99	98	97	98	94	87	90
Powys	83	85	89	95	92	80	79	77	70	64

Source: Eurostat database. (Note: Eurostat has published the 2009 data for the NUTS-2 areas to one decimal place. Data for the revised time-series for earlier years have only been published as whole numbers. NUTS-3 data is only available as whole numbers. For consistency only whole numbers are used in this table.)

It should be noted that in some regions the GDP per head figures can be significantly influenced by commuter flows. Net commuter inflows in these regions push up production to a level that could not be achieved by the resident active population on its own. The result is that GDP per head appears to be overestimated in these regions and underestimated in regions with commuter outflows. This 'commuter effect' will have a greater influence at lower geographic levels and should be borne in mind when considering the NUTS 3 level figures.

Over the ten-year period shown in the table all NUTS 3 areas, apart from the Isle of Anglesey and Gwynedd, showed a decline in GDP per head relative to the EU27 average.

## Further information

For further information about **Regional GDP per head in the EU**, please contact **Ben Stokes** ([ben.stokes@Wales.gov.uk](mailto:ben.stokes@Wales.gov.uk)), Research Service.

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