

Regional GDP per head in the EU

26 March 2013

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 21 March 2013.¹

Headline figures

- GDP per head for **Wales** as a whole in 2010 was 81 per cent of the EU27 average and was the lowest of the 12 NUTS-1 areas of the UK.²
- GDP per head in **West Wales and the Valleys** in 2010 was 70 per cent of the EU27 average and was the lowest of the 37 NUTS-2 areas of the UK.
- GDP per head in **East Wales** in 2010 was 100 per cent of the EU27 average and was the joint eleventh highest of the 37 NUTS-2 areas of the UK.
- In 2009 the GDP per head figures for Wales, West Wales and the Valleys, and East Wales were the

¹ Eurostat News Release, *Regional GDP*, 21 March 2013. Further data can be found on the Eurostat web-site [here](#).

² 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.

lowest they had been, relative to the EU27 average, at any time during the period 2000 to 2009. The 2010 GDP per head figures for Wales, West Wales and the Valleys, and East Wales each represent an improvement of one percentage point on 2009.

- A number of NUTS-2 regions of the EU27 showed identical results to West Wales and the Valleys in 2010, including Dolnośląskie in Poland, Voreio Aigaio in Greece, and Střední Čechy in the Czech Republic.
- 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

Regional GDP data is used (based on a three-year average) to determine the 'category of support' that regions qualify for under the EU Structural Funds and the regional aid maps for state aids. However, the figures for 2010 are not likely to be significant for this, as the reference period used for the 2014-2020 funding round is expected to be 2007-2009 regional data, following the agreement on the Multi-annual Financial Framework 2014-2020 that was reached in European Council on 8 February 2013 (before the release of the 2010 data).

Analysis of performance, 2000 - 2010

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	2010
United Kingdom	119	119	120	121	123	123	121	117	113	111	111
Merseyside	89	88	92	91	91	90	88	85	82	82	81
South Yorkshire	87	88	90	90	93	92	91	88	82	81	81
Cornwall and Isles of Scilly	70	71	78	80	79	76	79	75	74	72	72
Highlands and Islands	86	86	88	90	94	94	89	88	86	86	87
Wales	89	89	90	91	92	91	89	85	81	80	81
West Wales and the Valleys	75	74	76	76	77	78	76	73	70	69	70
East Wales	113	116	114	117	118	113	111	107	102	99	100

Source: Eurostat

Table 1 shows:

- Over the period 2000 to 2010 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 81 per cent in 2010. Similarly, East Wales has fallen by 18 percentage points since 2004.
- Between 2005 and 2010, GDP per head in West Wales and the Valleys as a percentage of the EU27 average has fallen by 8 percentage points.
- Over the period 2000 to 2010 GDP per head as a percentage of the EU27 average has declined in Wales, West Wales and the Valleys, and East Wales (by 8, 5 and 13 percentage points respectively).
- Whilst the figures for Cornwall and the Isles of Scilly for 2004 to 2010 show a relative decline on the EU27 average, the region has slightly improved its GDP per head relative to the EU27 average over the 11 years shown in the table, rising from 70 per cent in 2000 to 72 per cent in 2010.

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	2010
United Kingdom	119	119	120	121	123	123	121	117	113	111	111
Wales	89	89	90	91	92	91	89	85	81	80	81
West Wales and The Valleys	75	74	76	76	77	78	76	73	70	69	70
Isle of Anglesey	57	65	62	64	67	68	66	64	63	64	62
Gwynedd	75	77	85	88	84	88	85	80	78	77	72
Conwy and Denbighshire	76	73	75	75	78	78	73	70	69	67	67
South West Wales	71	72	65	68	69	76	75	72	65	67	67
Central Valleys	72	72	79	76	76	73	70	69	65	64	69
Gwent Valleys	68	65	66	64	69	66	66	61	59	59	61
Bridgend and Neath Port Talbot	82	78	84	82	78	84	82	82	81	77	81
Swansea	95	92	97	95	98	95	94	84	81	82	83
East Wales	113	116	114	117	118	113	111	107	102	99	100
Monmouthshire and Newport	117	120	110	119	126	123	122	109	107	105	105
Cardiff and Vale of Glamorgan	124	130	128	133	133	126	122	122	117	112	112
Flintshire and Wrexham	104	105	106	101	99	98	100	96	87	90	92
Powys	84	86	91	96	92	81	80	78	70	65	67

Source: Eurostat

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

In 2010 the Gwent Valleys had the second lowest GDP per head as a percentage of the EU average of all the NUTS-3 regions in the UK, only the Wirral was lower, on 57 per cent.

Further information

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

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