



National Assembly for **Wales**
Cynulliad Cenedlaethol **Cymru**

GDP per head in European Regions

This paper gives details of the latest regional per capita GDP data (published on 18 May 2006) for Wales compared with the average for the European Union as a whole.

Per capita GDP as a proportion of the European average is the key indicator used to identify regions eligible for European structural funding support.

June 2006



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GDP per head in European Regions

Eurostat released statistics on regional per capita Gross Domestic Product (GDP) on 18 May 2006¹.

The data show that:

- ◆ per capita GDP in West Wales and the Valleys represented 75.8% of the average for EU25 as a whole in 2003. The equivalent figures for East Wales and Wales as a whole were 119.1% and 91.6% respectively.
- ◆ on 16 December 2005, the European Council reached agreement on the European Union budget for 2007–13. As a consequence, West Wales and the Valleys will qualify for the next round of Objective 1 (now Convergence) funding. The decision was taken on the basis of data released by Eurostat on 26 January 2005². This data showed that, over the three years 2000–02³, per capita GDP in West Wales and the Valleys represented 73.8% of the EU25 average - below the eligibility threshold of 75% of EU25 average.
- ◆ if agreement on EU funding had slipped to 2006, qualification for Convergence funding would have been decided on the basis of the 2001–2003 data released on 18 May 2006. Over the three years 2001–2003, per capita GDP in West Wales and Valleys represented 75.6% of the average for EU25, meaning that the region would not have continued to qualify for full Convergence funding support post 2006.
- ◆ average per capita GDP across the Union has declined with the accession of new Member States. To avoid regions in receipt of Objective 1 funding for the 2000–06 round losing eligibility for the 2007–13 round purely for this reason (termed, 'the statistical effect'), transitional funding has been arranged. Eligibility for such funding is calculated on the basis of per capita GDP relative to the average for EU15, rather than EU25.
- ◆ on the basis of 2001–03 figures, published this year, West Wales and the Valleys would have been classified as a "statistical effect" region and eligible for transitional funding post 2006, as it's average GDP is now above 75% of EU25 but below 75% of EU15.
- ◆ per capita GDP in West Wales and the Valleys over the 3 years 2001–2003 represented 69.1% of the average for EU15, well below the threshold for statistical effect funding.

¹ Eurostat News Release, Regional GDP per capita in the EU25, 18 May 2006:
<http://europa.eu/rapid/pressReleasesAction.do?reference=STAT/06/63&format=HTML&aged=0&language=EN&guiLanguage=en>

Further data can be found on the Eurostat web-site at:
http://epp.eurostat.ec.eu.int/portal/page?_pageid=0_1136162_0_45572076&_dad=portal&_schema=PORTAL

² Eurostat News Release, Regional GDP per capita in the EU25, 25 January 2005:
<http://www.europa.eu.int/rapid/pressReleasesAction.do?reference=STAT/05/13&format=HTML&aged=0&language=EN&guiLanguage=en>

³ Data for 2000–02 have subsequently been revised by Eurostat.



Table 1 shows GDP per capita⁴ as a percentage of the EU25 average, for the UK, NUTS 1 and 2 areas of Wales⁵, and other Objective 1 regions of the UK for the period 1995 to 2003.

Table 1: GDP per head as a percentage of EU25 average
(at purchasing power parity rates of exchange) (% of EU25 average)

Area	1995	1996	1997	1998	1999	2000	2001	2002	2003
West Wales and The Valleys	80.1	81.3	80.1	76.6	74.2	74.1	73.9	77.0	75.8
East Wales	109.9	107.8	110.7	111.0	111.7	112.4	116.4	116.3	119.1
Wales	90.7	90.8	91.1	89.1	87.9	87.9	89.3	91.3	91.6
United Kingdom	108.5	109.9	112.2	112.1	111.7	112.3	113.2	116.0	116.2
Merseyside	77.5	76.1	78.0	80.4	78.3	81.4	80.5	85.0	85.3
South Yorkshire	81.3	82.0	83.0	86.1	82.7	83.6	85.5	88.7	89.4
Cornwall and Isles of Scilly	68.1	70.4	69.6	68.2	67.6	68.6	71.1	75.4	75.8

Source: Eurostat

Table 2 shows similar data expressed as a percentage of the EU15 average.

Table 2: GDP per head as a percentage of EU15 average
(at purchasing power parity rates of exchange) (% of EU15 average)

Area	1995	1996	1997	1998	1999	2000	2001	2002	2003
West Wales & Valleys	72.3	73.5	72.7	69.6	67.4	67.5	67.4	70.4	69.5
East Wales	99.2	97.6	100.4	100.8	101.6	102.3	106.1	106.3	109.2
Wales	81.9	82.1	82.7	80.9	79.9	80.1	81.4	83.4	83.9
United Kingdom	97.9	99.5	101.8	101.8	101.5	102.2	103.2	106.1	106.5
Merseyside	69.9	68.9	70.7	73.0	71.2	74.1	73.4	77.7	78.2
South Yorkshire	73.3	74.2	75.3	78.2	75.1	76.2	78.0	81.1	81.9
Cornwall & Isles of Scilly	61.4	63.7	63.1	62.0	61.5	62.4	64.8	69.0	69.5

Source: Eurostat

⁴ These estimates use the PPS (purchasing power standard) 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.

⁵ 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.