

# 12.

## EUROPE'S REGIONS







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European regional policy promotes solidarity: it allocates more than one third of the European Union's budget to reduce gaps in development between regions and disparities among citizens in terms of their well-being. The Union seeks to use regional policy to:

- aid lagging regions to catch-up;
- restructure declining industrial regions;
- diversify the economies of rural areas with declining agriculture; and
- revitalise declining neighbourhoods in cities.

As such, regional policy seeks to strengthen economic, social and territorial cohesion <sup>(47)</sup>. These regional initiatives are funded through a variety of different funds, each with their own specific target population. The overwhelming share (94 %) of structural funding for the period 2000-2006 was concentrated on three main objectives.

<sup>(47)</sup> See [http://ec.europa.eu/regional\\_policy/index\\_en.htm](http://ec.europa.eu/regional_policy/index_en.htm) for more information on regional policy.

- Objective 1: helping regions whose development is lagging behind.
- Objective 2: supporting economic and social conversion in industrial, rural, urban or fisheries-dependent areas.
- Objective 3: modernising systems of training and promoting employment.

Objective 1 regions are defined as either having GDP per capita (three-year average) that is less than 75 % the EU-25 average, or as areas with very low population density (fewer than eight inhabitants per square kilometre). Objective 1 regions cover the entire territory of the 10 Member States that joined the European Union in 2004 with the exception of Bratislava, Prague, Budapest and Cyprus, while the second criteria on population density notably covers a number of regions in northern Finland and Sweden, as well as regions on the extreme periphery of the European Union (the French overseas departments, the Canary Islands, the Azores and Madeira).

Eurostat has a wide range of data within this area, including:

- economic accounts — ESA 95;
- demographic statistics;
- regional labour market
- education statistics;
- migration statistics;
- health statistics;
- structural business statistics;
- tourism statistics;
- transport and energy statistics;
- agriculture;
- environment statistics;
- science and technology (research and development, patents);
- urban audit data on the 'quality of life'.

Areas undergoing economic and social restructuring are classified as Objective 2 regions. These are defined according to four specific criteria: changes in key sectors resulting in declining employment within industrial activities and services; economic and social crisis in urban areas; the decline of traditional activities and depopulation of rural areas; or a crisis due to the decline of employment in the fisheries sector.

Objective 3 regions are those where efforts are made to combat unemployment by modernising training systems and helping to create jobs.

Taken together, the disadvantaged regions (Objectives 1 and 2) are home to some 225 million inhabitants, or almost 50 % of the EU-25's population. In addition to these Structural Funds, there is a Cohesion Fund that is used to finance transport infrastructure and environmental projects in those Member States that exhibit GDP per capita that is less than 90 % of the EU-25 average.

While the statistics presented in this chapter provide an *ex post* evaluation of the situation during the funding period 2000-06, cohesion policy for the next funding period (2007-13) has already been agreed<sup>(48)</sup>, with the aim of focusing on three goals:

- Convergence — to support growth-enhancing conditions and job creation in the least developed regions;
- Regional competitiveness and employment — to strengthen the competitiveness of regions and to anticipate and encourage economic and social change;
- European territorial cooperation — to ensure harmonious and balanced development throughout the entire Union.

Funding allocations for the period 2007-13 are EUR 308 000 million, equivalent to 36.5 % of the total EU budget, with 81.5 % of this total being devoted to convergence, 15.9 % to competitiveness and employment, and the remaining 2.5 % to territorial cooperation.

Some key issues with respect to competitiveness include encouraging innovation and the knowledge society, services of general interest, and environmental risk prevention, while cohesion policies in relation to employment should focus on increased adaptability of the workforce, job creation, and greater accessibility to labour markets for vulnerable persons. The focus of territorial cooperation will be on border regions, inter-regional development, trans-national and external cross-border cooperation.

<sup>(48)</sup> See [http://ec.europa.eu/regional\\_policy/sources/docoffic/official/regulation/newregl0713\\_en.htm](http://ec.europa.eu/regional_policy/sources/docoffic/official/regulation/newregl0713_en.htm) for more details.

Comparable regional statistics form an important part of the European statistical system, and have been collected for several decades. Eurostat's regional statistics cover the principal features of economic and social life within the EU, including demography, migration, regional accounts, employment and unemployment, health, tourism, agriculture, research and development, and education. The concepts and definitions used for these regional statistics are as close as possible to those used for the production of statistics at a national level.

In order to produce regional data, a classification of regional territorial units is needed; this classification is known as the Nomenclature of Territorial Units for Statistics (NUTS), which, since 2003, has been based on a regulation<sup>(49)</sup>. NUTS is a hierarchical classification; it subdivides each Member State into a number of regions at NUTS 1 level. Each of these is then subdivided into regions at NUTS 2 level, and these in turn into regions at NUTS 3 level. The NUTS regions are, in general, administrative units, reflecting the remit of local authorities. Administrative regions are generally adopted by statisticians as the most appropriate units for data collection, processing and dissemination. More information on NUTS, the regulation and its application can be found on the Eurostat website<sup>(50)</sup>.

Since 2004, Eurostat has also collected and published urban statistics, measuring the 'quality of life' through a set of over 270 indicators for 256 European cities. Data are available for core cities, larger urban zones and — a reduced data set — for sub-city districts. This project is called the Urban Audit; in 2006 a new Urban Audit data collection started for 300 cities in the EU-25.

The six maps presented here illustrate the diversity of Europe's regions. They show that for many economic and social aspects, quite large variations can also be found within a given country, in particular between eastern and western Germany, northern and southern Italy, northern and southern Spain, and England, Scotland and Wales. In most cases, the capital region of a country is economically better off than the more rural areas.

The richest European regions are concentrated within the major conurbations of the EU-15 Member States, while the poorest regions, as defined by GDP per capita, are in the Member States that joined the European Union in 2004. The regions at the top of the ranking are more than five times as rich as those at the bottom. The widest disparities in the distribution of wealth between the regions within a country were recorded in the United Kingdom, Belgium, France and Slovakia. In each of these cases the highest GDP per capita was recorded for the region including the capital city. This pattern was not observed in each of the Member States, as for example, Hamburg was the wealthiest region in Germany while the province of Bolzano/Bozen was the wealthiest in Italy.

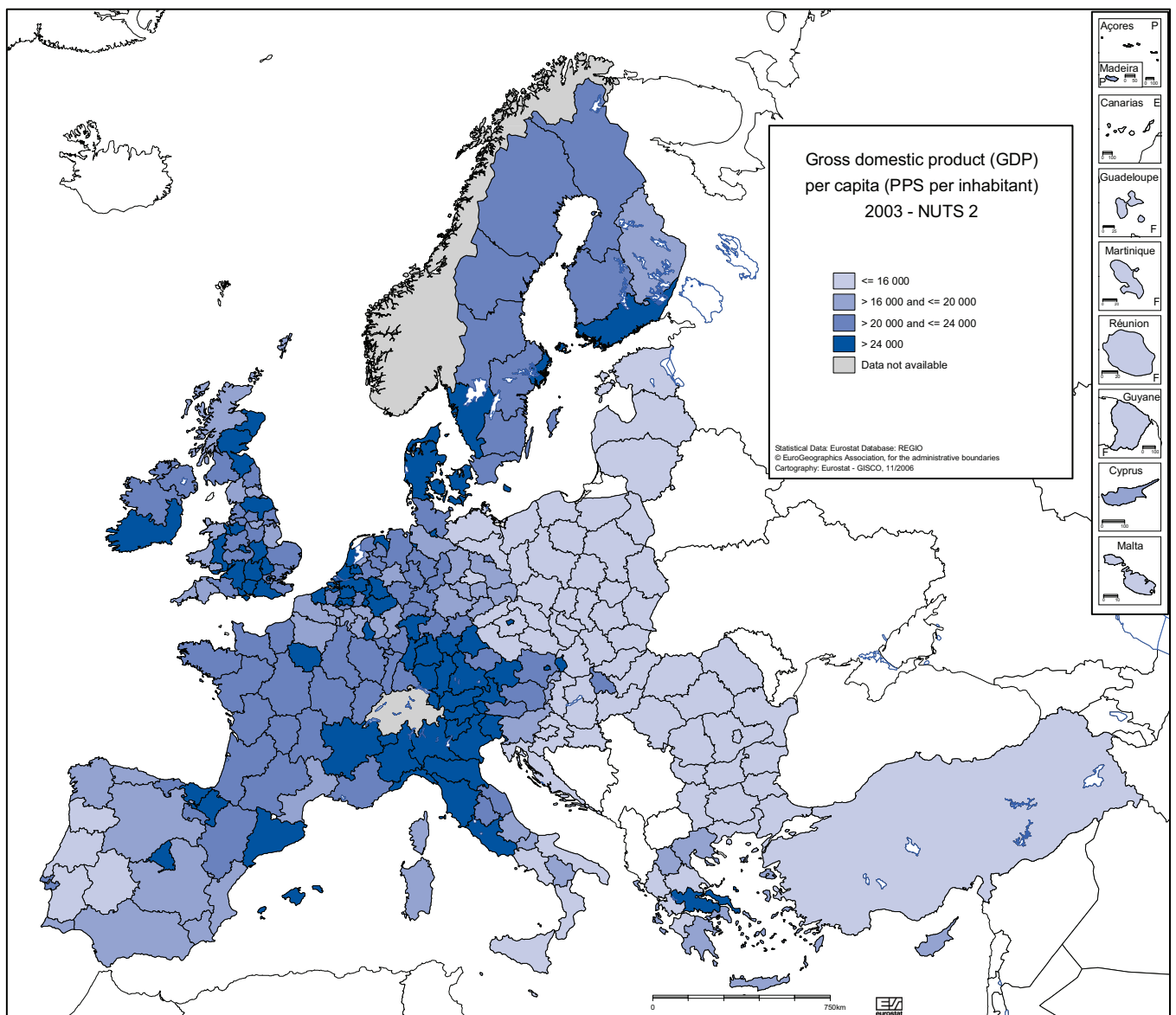
<sup>(49)</sup> Regulation (EC) No 1059/2003 of the European Parliament and of the Council on the establishment of a common classification of territorial units for statistics (NUTS), of 26 May 2003, available at [http://europa.eu/lex/pr/en/oj/dat/2003/l\\_154/l\\_15420030621en00010041.pdf](http://europa.eu/lex/pr/en/oj/dat/2003/l_154/l_15420030621en00010041.pdf).

<sup>(50)</sup> See [http://ec.europa.eu/eurostat/ramon/nuts/splash\\_regions.html](http://ec.europa.eu/eurostat/ramon/nuts/splash_regions.html).



**Map 12.1: Gross domestic product (GDP) per capita, 2003 — NUTS 2**  
(PPS per inhabitant)

TGS00005



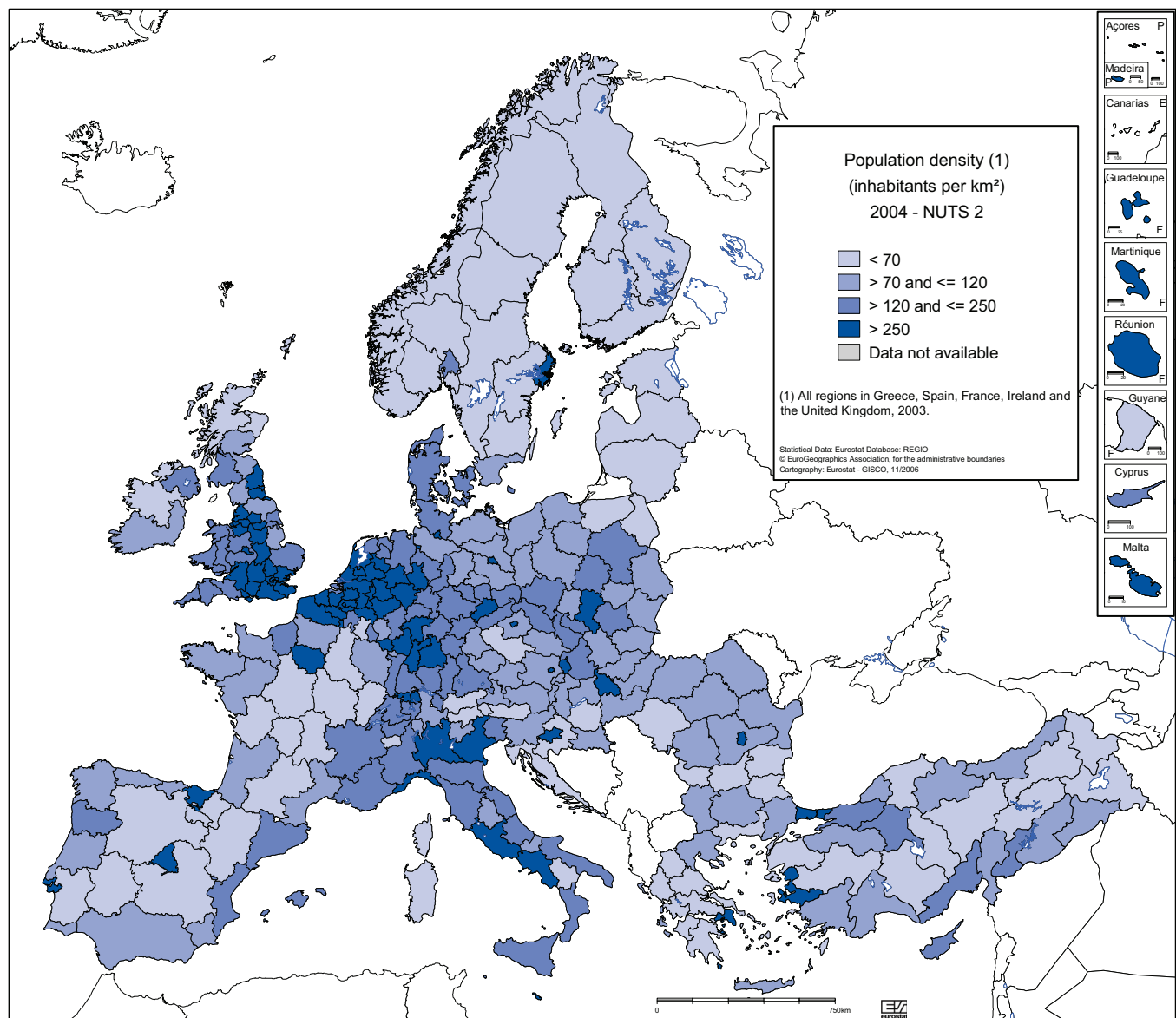
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GDP is an indicator for a nation's economic situation; it reflects the total value of all goods and services produced less the value of goods and services used for intermediate consumption in their production; expressing GDP in PPS (purchasing power standards) eliminates differences in price levels between countries, and calculations on a per head basis allows for the comparison of economies significantly different in absolute size.

## Map 12.2: Population density, 2004 — NUTS 2

(inhabitants per km<sup>2</sup>)

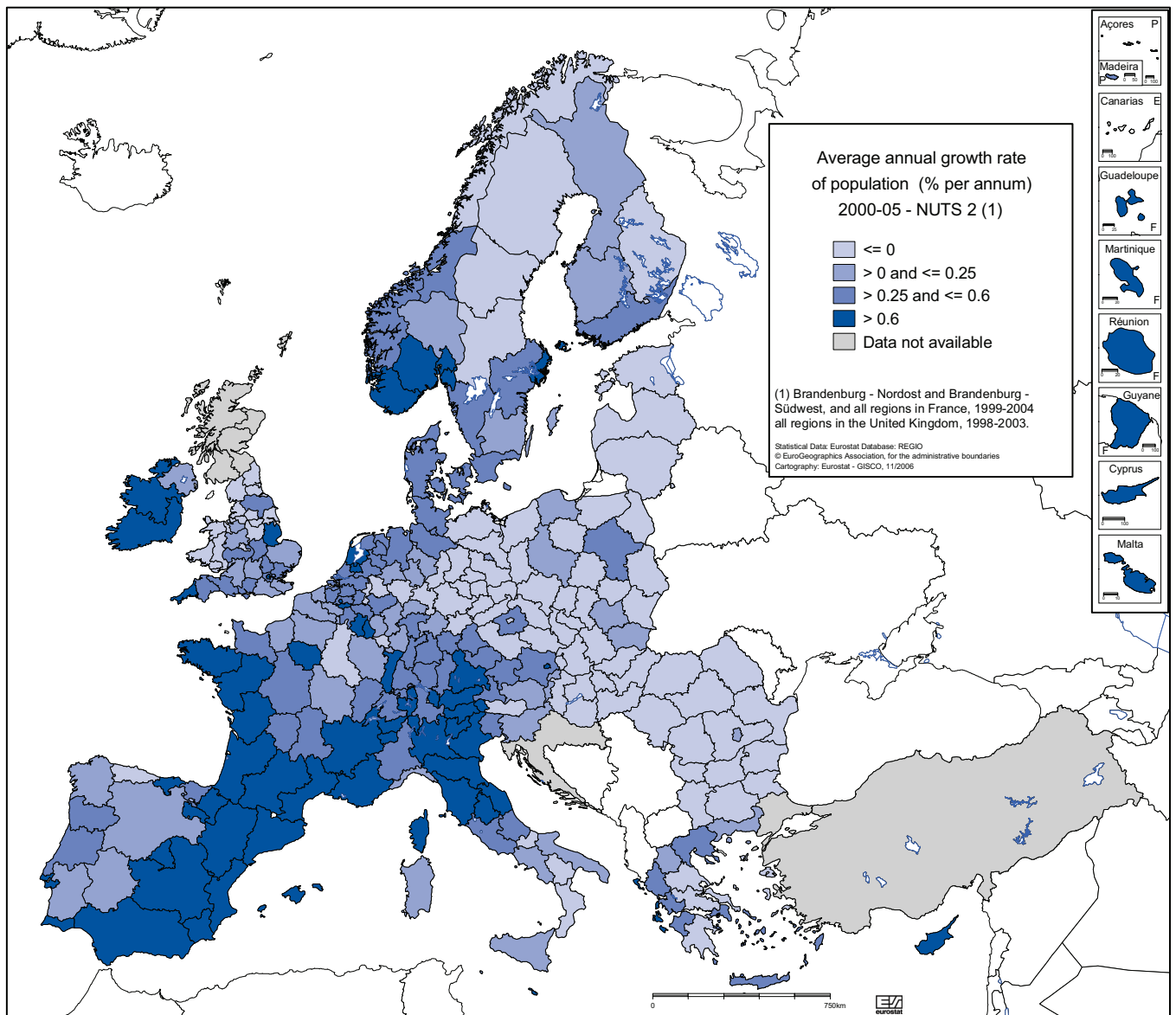
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The ratio of the mid-year population of a territory on a given date to the size of the territory.



**Map 12.3: Average annual growth rate of population, 2000-05 — NUTS 2**  
(% per annum)

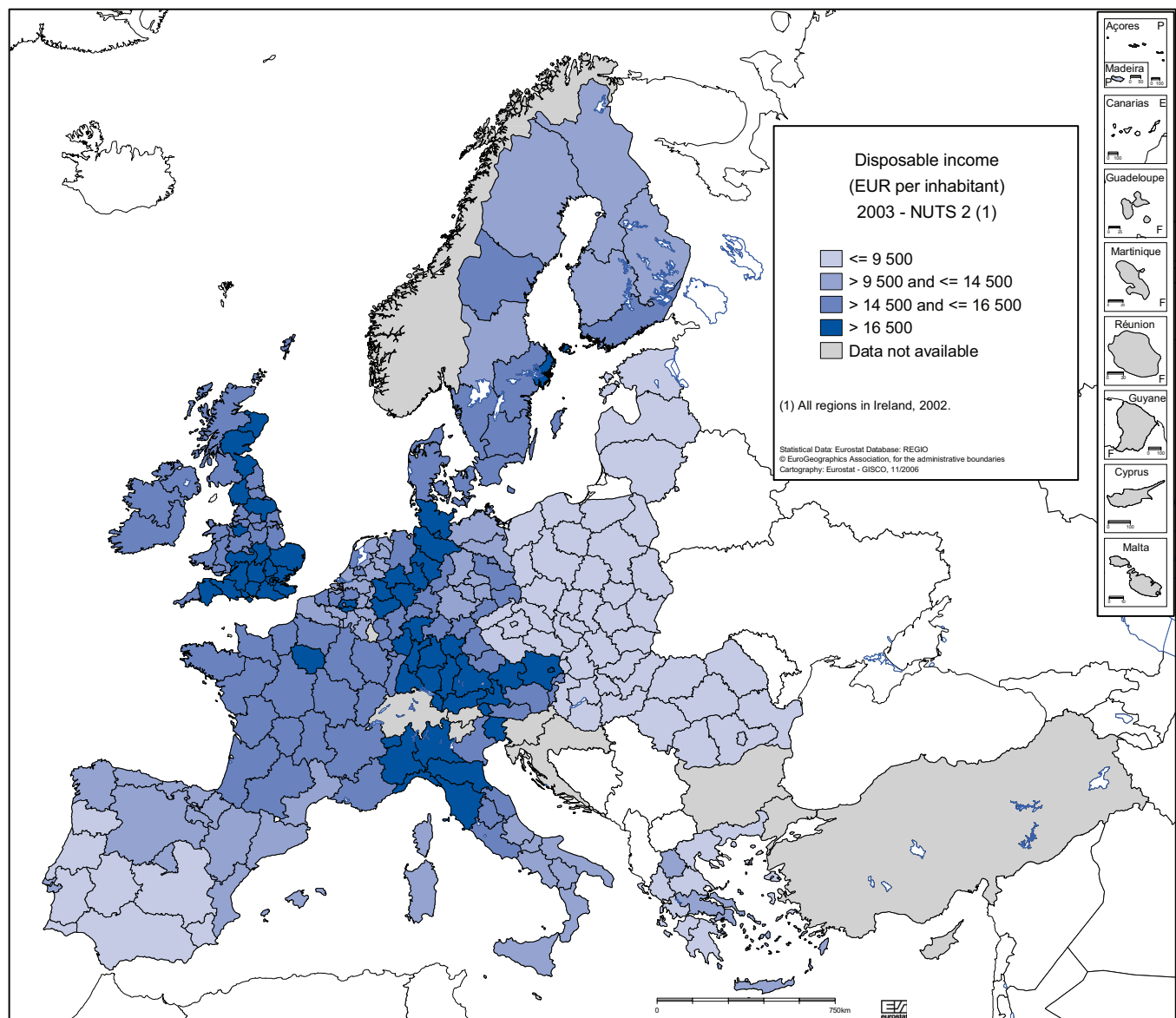


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Average annual growth rate of the number of inhabitants of a given area between 1 January 2000 and 1 January 2005 (or, in some cases, on 31 December of the previous year); the population is based on data from the most recent census adjusted by the components of population change produced since the last census, or based on population registers.

**Map 12.4: Disposable income, 2003 — NUTS 2**  
(EUR per inhabitant)

TGS00026



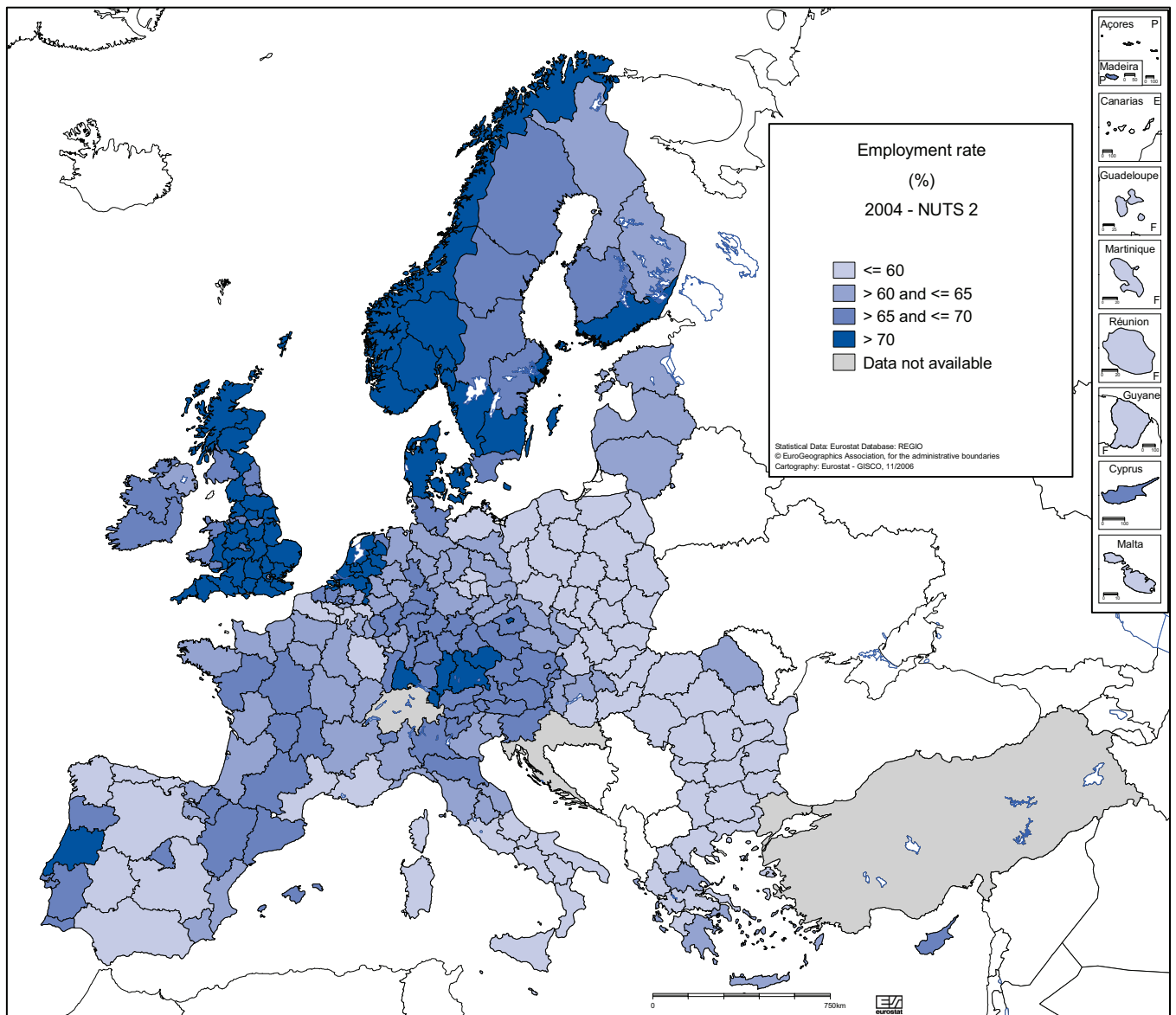
Regional disposable income (uses) is the balancing item of the secondary distribution of income account; it reflects current transactions and excludes capital transfers, real holding gains and losses and the consequences of events such as natural disasters in a specific region.





**Map 12.5: Employment rate, 2004 — NUTS 2**  
(%)

TGS00007



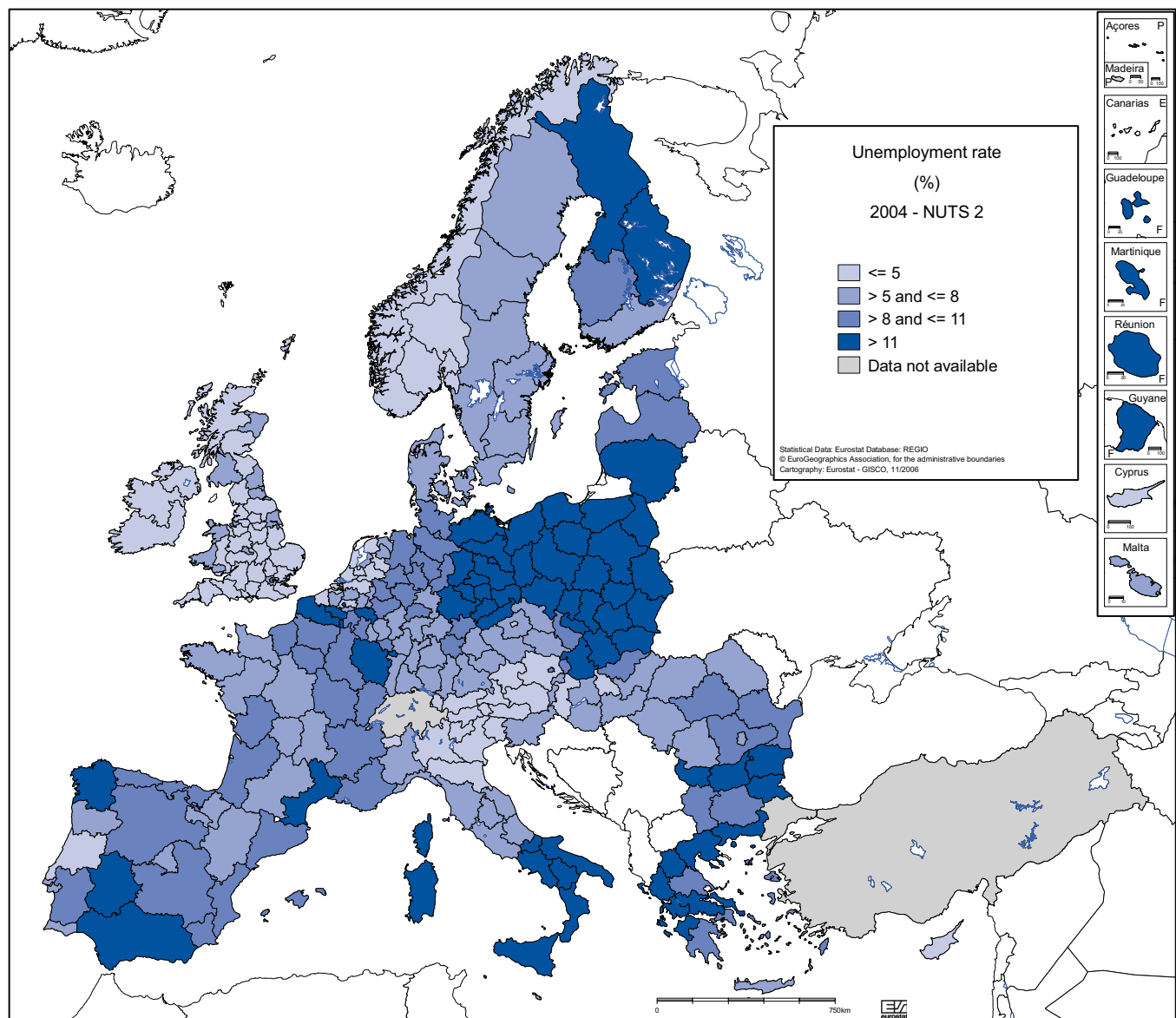
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The employment rate is calculated by dividing the number of persons aged 15 to 64 in employment by the total population of the same age group; the employed population consists of those persons who during the reference week did any work for pay or profit for at least one hour, or were not working but had jobs from which they were temporarily absent.

Map 12.6: Unemployment rate, 2004 — NUTS 2

(%)

TGS00010



Unemployment rates represent unemployed persons as a percentage of the labour force; the labour force is the total number of people employed and unemployed; unemployed persons comprise persons aged 15 or more, who were: (a) without work during the reference week; (b) currently available for work, i.e. were available for paid employment or self-employment before the end of the two weeks following the reference week; (c) actively seeking work, i.e. had taken specific steps in the four-week period ending with the reference week to seek paid employment or self-employment or who found a job to start later, i.e. within a period of, at most, three months.