

Eurostat regional yearbook 2009



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Preface

Dear Readers,

Five years ago, 2004, was a momentous year, with 10 new Member States joining the European Union on 1 May. This *Eurostat regional yearbook 2009* is eloquent testimony to the economic and social progress made by these regions since then and highlights those areas where redoubled efforts will be needed to reach our goal of greater cohesion.

The 11 chapters of this yearbook investigate interesting aspects of regional differences and similarities in the 27 Member States and in the candidate and EFTA countries. The aim is to encourage readers to track down the regional data available on the Eurostat website and make their own analyses of economic and social developments.

In addition to the fascinating standard chapters on regional population developments, the regional labour market, regional GDP, etc., this year's edition features a new contribution on the regional development of information society data. As in recent years, the description of regional developments is rounded off by a contribution on the latest findings of the Urban Audit, a data collection containing a multitude of statistical data on European towns and cities.

We are constantly updating the range of regional indicators available and hope to include them as topics in future editions, provided the availability and quality of these data are sufficient.

I wish you an enjoyable reading experience!



Walter Radermacher
Director-General, Eurostat



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Introduction





Statistics on regions and cities

Statistical information is essential for understanding our complex and rapidly changing world. Eurostat, the Statistical Office of the European Communities, is responsible for collecting and disseminating data at European level, not only from the 27 Member States of the European Union, but also from the three candidate countries (Croatia, the former Yugoslav Republic of Macedonia and Turkey) and the four EFTA countries (Iceland, Liechtenstein, Norway and Switzerland).

The aim of this publication, the *Eurostat regional yearbook 2009*, is to give you a flavour of some of the statistics on regions and cities that we collect from these countries. Statistics on regions enable us to identify more detailed statistical patterns and trends than national data, but since we have 271 NUTS 2 regions in the EU-27, 30 statistical regions on level 2 in the candidate countries and 16 statistical regions on level 2 in the EFTA countries, the volume of data is so great that one clearly needs some sorting principles to make it understandable and meaningful.

Statistical maps are probably the easiest way for the human mind to sort and 'absorb' large amounts of statistical data at one time. Hence this year's *Eurostat regional yearbook*, as in previous editions, contains a lot of statistical maps where the data is sorted by different statistical classes represented by colour shades on the maps. Some chapters also make use of graphs and tables to present the statistical data, selected and sorted in some way (different top lists, graphs with regional extreme values within the countries or only giving representative examples) to make it easier to understand.

We are proud to present a great variety of subjects tackled in the 11 chapters in this year's edition of the *Eurostat regional yearbook*. The first chapter on **Population** gives us detailed knowledge of different demographic patterns, such as population density, population change and fertility rates in the countries examined. This chapter can be considered the key to all other chapters, since all other statistics depend on the composition of the population. The second chapter focuses on **European cities** and explains in detail the definitions of the various spatial levels used in the Urban Audit data collection, with some interesting examples on how people travel to work in nine European capitals.

The chapter on the **Labour market** mainly describes the differences in weekly working hours

throughout Europe and offers a couple of explanations for why they vary so much from region to region. The three economic chapters on **Gross domestic product**, **Household accounts** and **Structural business statistics** all give us detailed insight into the general economic situation in regions, private households and different sectors of the business economy.

We are particularly proud to present a new and very interesting chapter on the **Information society**, which describes the use of information and communication technologies (ICT) among private persons and households in European regions. This chapter tells us, for example, how many households use the Internet regularly and how many have broadband access. The next two chapters are on **Science, technology and innovation** and **Education**, three areas of statistics that are often seen as key to monitoring achievement of the goals set in the Lisbon strategy to make Europe the most competitive and dynamic knowledge-based economy in the world.

In the next chapter we learn more about regional statistics on **Tourism**, and which tourist destinations are the most popular. The last chapter focuses on **Agriculture**, this time mainly crop statistics, revealing which kind of crop is grown where in Europe.

The NUTS classification

The nomenclature of territorial units for statistics (NUTS) provides a single uniform breakdown of territorial units for the production of regional statistics for the European Union. The NUTS classification has been used for regional statistics for many decades, and has always formed the basis for regional funding policy. It was only in 2003, though, that NUTS acquired a legal basis, when the NUTS regulation was adopted by the Parliament and the Council ⁽¹⁾.

Whenever new Member States join the EU, the NUTS regulation is amended to include the regional classification in those countries. This was the case in 2004, when the EU took in 10 new Member States, and in 2007 when Bulgaria and Romania also joined the European Union.

The NUTS regulation states that amendments of the regional classification, to take account of new administrative divisions or boundary changes in the Member States, may not be carried out more frequently than every three years. In 2006, this review took place for the first time, and the re-

⁽¹⁾ More information on the NUTS classification can be found at http://ec.europa.eu/eurostat/ramon/nuts/splash_regions.html



sults of these changes to the NUTS classification have been valid since 1 January 2008.

Since these NUTS changes were introduced quite recently, the statistical data are still missing in some cases or have been replaced with national values on some statistical maps, as indicated in the footnotes to each map concerned. This applies in particular to Sweden, which introduced NUTS level 1 regions, to Denmark and Slovenia, which introduced new NUTS level 2 regions, and to the two northernmost Scottish regions, North Eastern Scotland (UKM5) and Highlands and Islands (UKM6), where the border between the two regions has changed. The regional data availability for these countries will hopefully soon be improved.

Please also note that some Member States have a relatively small population and are therefore not divided into more than one NUTS 2 region. Thus, for these countries the NUTS 2 value is exactly the same as the national value. Following the latest revision of the NUTS classification, this now applies to six Member States (Estonia, Cyprus, Latvia, Lithuania, Luxembourg and Malta), one candidate country (the former Yugoslav Republic of Macedonia) and two EFTA countries (Iceland and Liechtenstein). In all cases the whole country consists of one single NUTS 2 region.

A folding map on the inside of the cover accompanies this publication and it shows all NUTS level 2 regions in the 27 Member States of the European Union (EU-27) and the corresponding level 2 statistical regions in the candidate and EFTA countries. In the annex you will find the full list of codes and names of these regions. This will help you locate a specific region on the map.

Coverage

The *Eurostat regional yearbook 2009* mainly contains statistics on the 27 Member States of the European Union but, when available, data is also

given on the three candidate countries (Croatia, the former Yugoslav Republic of Macedonia and Turkey) and the four EFTA countries (Iceland, Liechtenstein, Norway and Switzerland).

Regions in the candidate countries and the EFTA countries are called statistical regions and they follow the same rules as the NUTS regions in the European Union, except that there is no legal base. Data from the candidate and EFTA countries are not yet available in the Eurostat database for some of the policy areas, but the availability of data is constantly improving, and we hope to have even more complete coverage from these countries in the near future.

More regional information

In the subject area 'Regions and cities' under the heading 'General and regional statistics' on the Eurostat website you will find tables with statistics on both 'Regions' and the 'Urban Audit', with more detailed time series (some of them going back as far as 1970) and with more detailed statistics than this yearbook contains. You will also find a number of indicators at NUTS level 3 (such as area, demography, gross domestic product and labour market data). This is important since some of the countries covered are not divided into NUTS 2 regions, as mentioned above.

For more detailed information on the content of the regional and urban databases, please consult the Eurostat publication *European regional and urban statistics — Reference guide — 2009 edition*, which you can download free of charge from the Eurostat website. You can also download Excel tables containing the specific data used to produce the maps and other illustrations for each chapter in this publication on the Eurostat website. We do hope you will find this publication both interesting and useful and we welcome your feedback at the following e-mail address: estat-regio@ec.europa.eu

Household accounts

5





Introduction: measuring wealth

One of the primary aims of regional statistics is to measure the wealth of regions. This is of particular relevance as a basis for policy measures which aim to provide support for less well-off regions.

The indicator most frequently used to measure the wealth of a region is regional gross domestic product (GDP). GDP is usually expressed in purchasing power standards (PPS) per inhabitant to make the data comparable between regions of differing size and purchasing power.

GDP is the total value of goods and services produced in a region by the persons employed in that region, minus the necessary inputs. However, owing to a multitude of interregional linkages and state interventions, the GDP generated in a given region does not tally with the income actually available to the inhabitants of the region.

One drawback of regional GDP per inhabitant as an indicator of wealth is that a 'place-of-work' figure (the GDP produced in the region) is divided by a 'place-of-residence' figure (the population living in the region). This inconsistency is of relevance wherever there are net commuter flows — i.e. more or fewer people working in a region than living in it. The most obvious example is the Inner London region of the UK, which has by far the highest GDP per inhabitant in the EU. Yet this by no means translates into a correspondingly high income level for the inhabitants of the same region, as thousands of commuters travel to London every day to work there but live in the neighbouring regions. Hamburg, Wien, Luxembourg, Praha and Bratislava are other examples of this phenomenon.

Apart from commuter flows, other factors can also cause the regional distribution of actual income not to correspond to the distribution of GDP. These include, for example, income from rent, interest or dividends received by the residents of a certain region, but paid by residents of other regions.

This being the case, a more accurate picture of a region's economic situation can be obtained only by adding the figures for net income accruing to private households.

Private household income

In market economies with state redistribution mechanisms, a distinction is made between two stages of income distribution.

The primary distribution of income shows the income of private households generated directly from market transactions, i.e. the purchase and sale of factors of production and goods. These include in particular the compensation of employees, i.e. income from the sale of labour as a factor of production. Private households can also receive income on assets, particularly interest, dividends and rents. Then there is also income from operating surplus and self-employment. Interest and rents payable are recorded as negative items for households in the initial distribution stage. The balance of all these transactions is known as the **primary income** of private households.

Primary income is the point of departure for the secondary distribution of income, which means the state redistribution mechanism. All social benefits and transfers other than in kind (monetary transfers) are now added to primary income. From their income, households have to pay taxes on income and wealth, pay their social contributions and effect transfers. The balance remaining after these transactions have been carried out is called the **disposable income** of private households.

For an analysis of household income, a decision must first be made about the unit in which data are to be expressed if comparisons between regions are to be meaningful.

For the purposes of making comparisons between regions, regional GDP is generally expressed in PPS so that meaningful volume comparisons can be made. The same process should therefore be applied to the income parameters of private households. These are therefore converted with specific purchasing power standards for final consumption expenditure called PPCSs (purchasing power consumption standards).

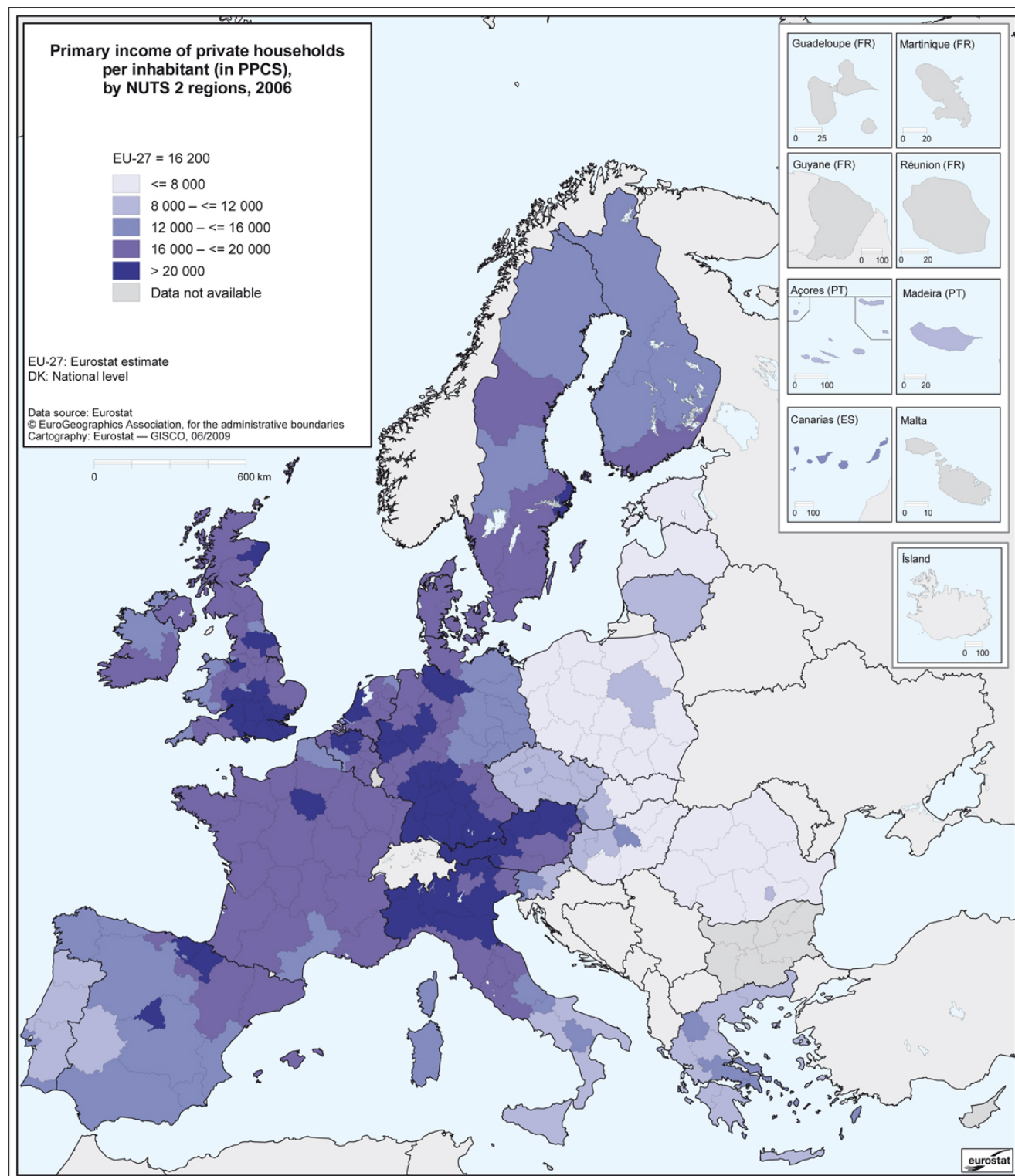
Results for 2006

Primary income

Map 5.1 gives an overview of primary income in the NUTS 2 regions of the 23 countries examined here. Centres of wealth are clearly evident in southern England, Paris, northern Italy, Austria, Madrid and north-east Spain, Flanders, the western Netherlands, Stockholm, Nordrhein-Westfalen, Hessen, Baden-Württemberg and Bayern. Also, there is a clear north-south divide in Italy and a west-east divide in Germany, whereas in France wealth distribution is relatively uniform between regions. The United Kingdom, too, has a north-south divide, although less marked than the divides in Italy and Germany.



Map 5.1: Primary income of private households per inhabitant (in PPCS), by NUTS 2 regions, 2006





In the new Member States, it is mainly the capital regions that have relatively high income levels, particularly Bratislava and Praha, where income levels are close to the EU-27 average. Közép-Magyarország (Budapest), Mazowieckie (Warszawa) and București — Ilfov also have relatively high income levels. The primary income of private households is over half the EU average in all the other Czech regions, in two other Hungarian regions, and in Slovenia and Lithuania, while in all the other regions of the new Member States it is below that level.

The regional values range from 3 197 PPCS per inhabitant in north-east Romania to 35 116 PPCS in the UK region of Inner London. The 10 regions with the highest income per inhabitant include five regions in the UK, three in Germany and one each in France and Belgium. This clear concentration of regions with the highest incomes in the United Kingdom and Germany is also evident when the ranking is extended to the top 30 regions: this group contains 11 German and seven UK regions, along with three each in Italy and Austria, two in Belgium and one each in France, the Netherlands, Spain and Sweden.

It is no surprise that the 30 regions at the tail end of the ranking are all located in the new Member States; the list contains 15 of the 16 Polish regions, seven of the eight Romanian regions, four of the seven Hungarian regions and two of the four Slovakian regions, together with Estonia and Latvia.

In 2006, the highest and lowest primary incomes in the EU regions differed by a factor of 11.0. Five years earlier, in 2001, this factor had been 10.4. There was therefore a slight increase in the gap between the opposite ends of this distribution over the period 2001–06.

Disposable income

A comparison of primary income with disposable income (Map 5.2) shows the levelling influence of state intervention. This particularly increases the relative income level in some regions of Italy and Spain, in the west of the United Kingdom and in parts of eastern Germany and Greece. Similar effects can be observed in the new Member States, particularly in Hungary, Romania, Slovakia and Poland. However, the levelling out of private income levels in the new Member States is generally less pronounced than in the EU-15.

In spite of state redistribution and other transfers, most capital regions maintain their promi-

nent position with the highest disposable income for the country in question.

Of the 10 regions with the highest disposable income per inhabitant, five are in the United Kingdom, four in Germany, and one in France. The region with the highest disposable income in the new Member States is Bratislavský kraj with 12 309 PPCS per inhabitant, followed by Praha with 12 241 PPCS.

A clear concentration of regions is also evident when the ranking is extended to the top 30 regions: this group contains 11 German and nine UK regions, along with four regions in Austria, three in Italy and one each in Belgium, France and Spain.

The tail end of the distribution is very similar to the ranking for primary income. The bottom 30 include 13 Polish and seven Romanian regions, four in Hungary, two in Slovakia and one in Greece, plus the three Baltic States.

The regional values range from 3 610 PPCS per inhabitant in north-east Romania to 25 403 PPCS in the UK region of Inner London. State activity and other transfers significantly reduce the difference between the highest and lowest regional values in the 23 countries dealt with here from a factor of around 11.0 to 7.0.

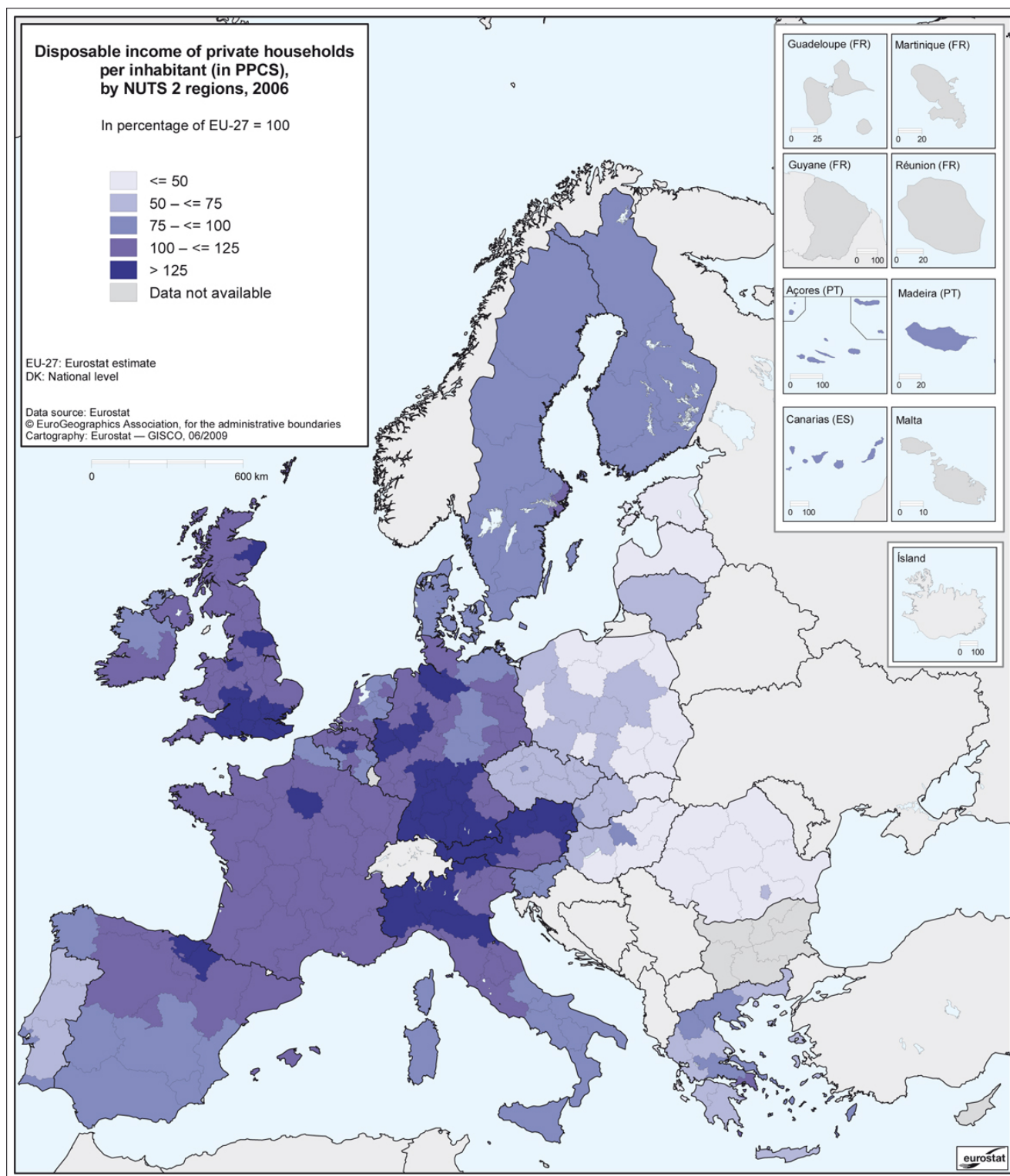
In contrast to primary income, there is a significant trend in disposable income towards a narrowing of the range in regional values: between 2001 and 2006 the difference between the highest and lowest values fell from a factor of 8.5 to 7.0.

It can thus be concluded overall that measurable regional convergence between 2001 and 2006 occurred only with regard to the disposable income affected by state intervention; this was not the case with regard to the primary income generated from market transactions.

The regional spread in disposable income within the individual countries is naturally much lower than for the EU as a whole, but varies considerably from one country to another. Figure 5.1 gives an overview of the range of disposable income per inhabitant between the regions with the highest and the lowest value for each country. It can be seen that, with a factor of over 2, the regional disparities are greatest in Romania and Greece. This means that the disposable income per inhabitant in the region of București — Ilfov is more than twice as high as in north-east Romania. With factors of around 1.8, Slovakia, the United Kingdom, Hungary and Italy also have wide regional



Map 5.2: Disposable income of private households per inhabitant (in PPCS), by NUTS 2 regions, 2006
In percentage of EU-27 = 100



variations. For Spain, Poland and Germany the highest value is about two thirds higher than the respective lowest value. The regional concentration is in general higher in the new Member States than in the EU-15.

Of the new Member States, Slovenia, with 11 %, has the smallest spread between the highest and lowest values and thus comes very close to Austria, which has the lowest regional income disparities. Ireland, Finland, Sweden and the Netherlands also have only moderate regional disparities, with the highest values ranging between 10 % and 28 % greater than the lowest values.

Figure 5.1 additionally shows that the capital cities of 13 of the 18 countries with more than one

NUTS 2 region also have the highest income values. This group includes four of the six largest new Member States.

The economic dominance of the capital regions is also evident when their income values are compared with the national averages. In four countries (the Czech Republic, Romania, Slovakia and the United Kingdom), the capital cities exceed the national values by more than a third. Only in Belgium and Germany are the values lower than the national average.

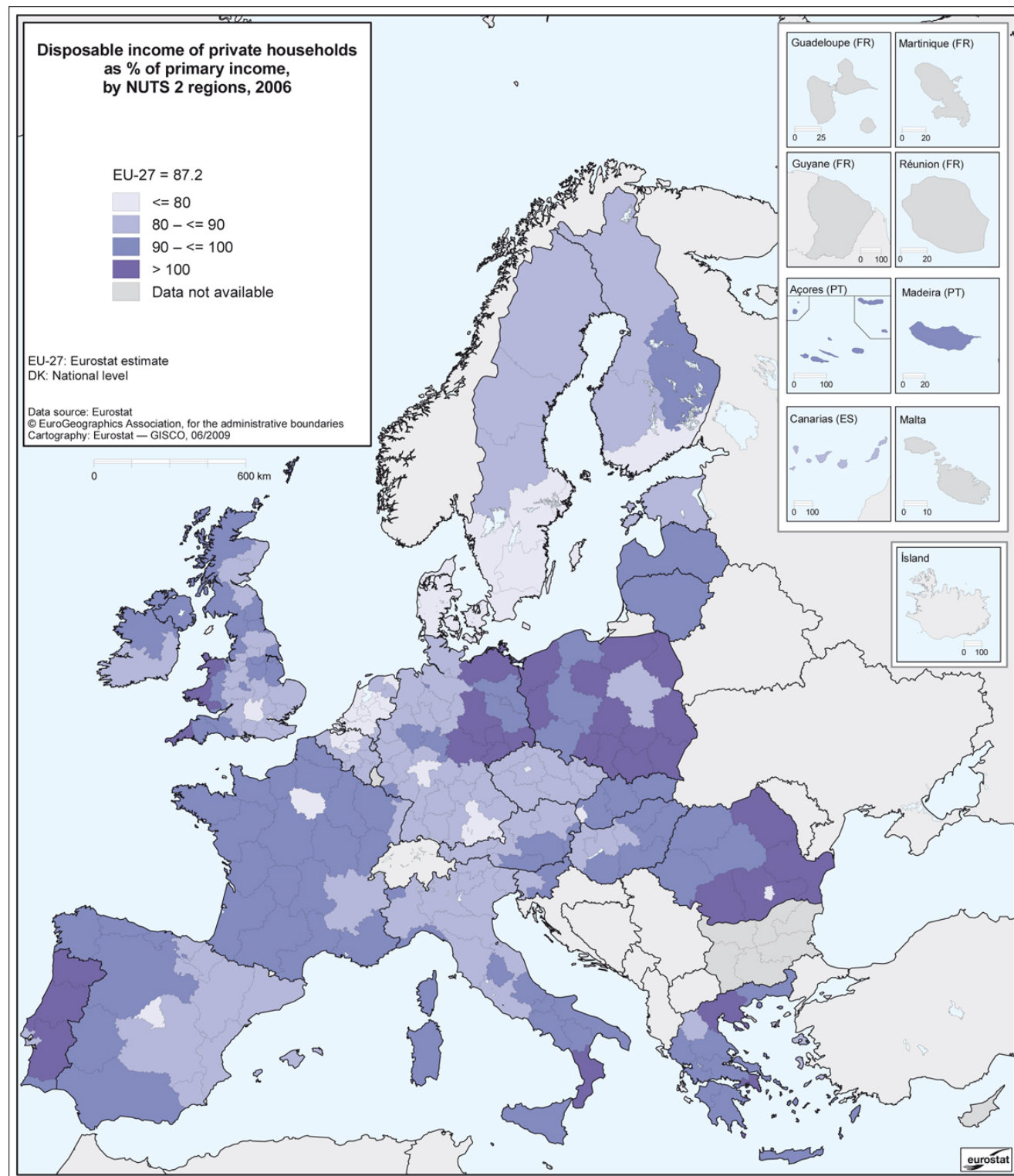
To assess the economic situation in individual regions, it is important to know not just the levels of primary and disposable income but also their relationship to each other. Map 5.3 shows this

Figure 5.1: Disposable income of private households per inhabitant (in PPCS), by NUTS 2 regions, 2006





Map 5.3: Disposable income of private households as % of primary income, by NUTS 2 regions, 2006





quotient, which gives an idea of the effects of state activity and of other transfer payments. On average, disposable income in the EU-27 amounts to 87.2 % of primary income. In 2001 this figure had been 87.0 %, so over this five-year period the scale of state intervention and other transfers hardly changed. In general the EU-15 Member States have somewhat lower values than the new Member States.

On closer inspection, substantial differences can be seen between the regions of the Member States. Disposable income in the capital cities and other prosperous regions of the EU-15 is generally less than 80 % of primary income. Correspondingly higher percentages can be observed in the less affluent areas, in particular on the southern and south-western peripheries of the EU, in the west of the United Kingdom and in eastern Germany.

This is because in regions with relatively high income levels a larger proportion of primary income is transferred to the state in the form of taxes. At the same time, state social benefits amount to less than in regions with relatively low income levels.

The regional redistribution of wealth is generally less significant in the new Member States than in the EU-15. For the capital regions the values are between 80 % and 90 % and are almost without exception at the bottom end of the ranking within each country. This shows that incomes in these regions require much less support through social benefits than elsewhere. The difference between the capital region and the rest of the country is particularly large in Romania and Slovakia, at around 15 percentage points.

In the 23 EU Member States examined here, there is a total of 30 regions in which disposable income exceeds primary income. This applies in particular to 12 of the 16 regions in Poland and four of the eight regions in Romania. In the EU-15, the most noticeable instances are six regions of eastern Germany, three regions in Portugal and two in the United Kingdom.

When interpreting these results, however, it should be borne in mind that it is not just monetary social benefits from the state which may cause disposable income to exceed primary income. Other transfer payments (e.g. transfers

from people temporarily working in other regions) can play a role in some cases.

Dynamic development on the edges of the Union

The focus finally turns to an overview of medium-term trends in the regions compared with the EU-27 average. Map 5.4 uses a five-year comparison to show how disposable income per inhabitant (in PPCS) in the NUTS 2 regions changed between 2001 and 2006 compared to the average for the EU-27.

It shows, first of all, powerful dynamic processes in action on the edges of the Union, particularly in Spain and Ireland, the Czech Republic, Slovakia, Hungary and the Baltic States.

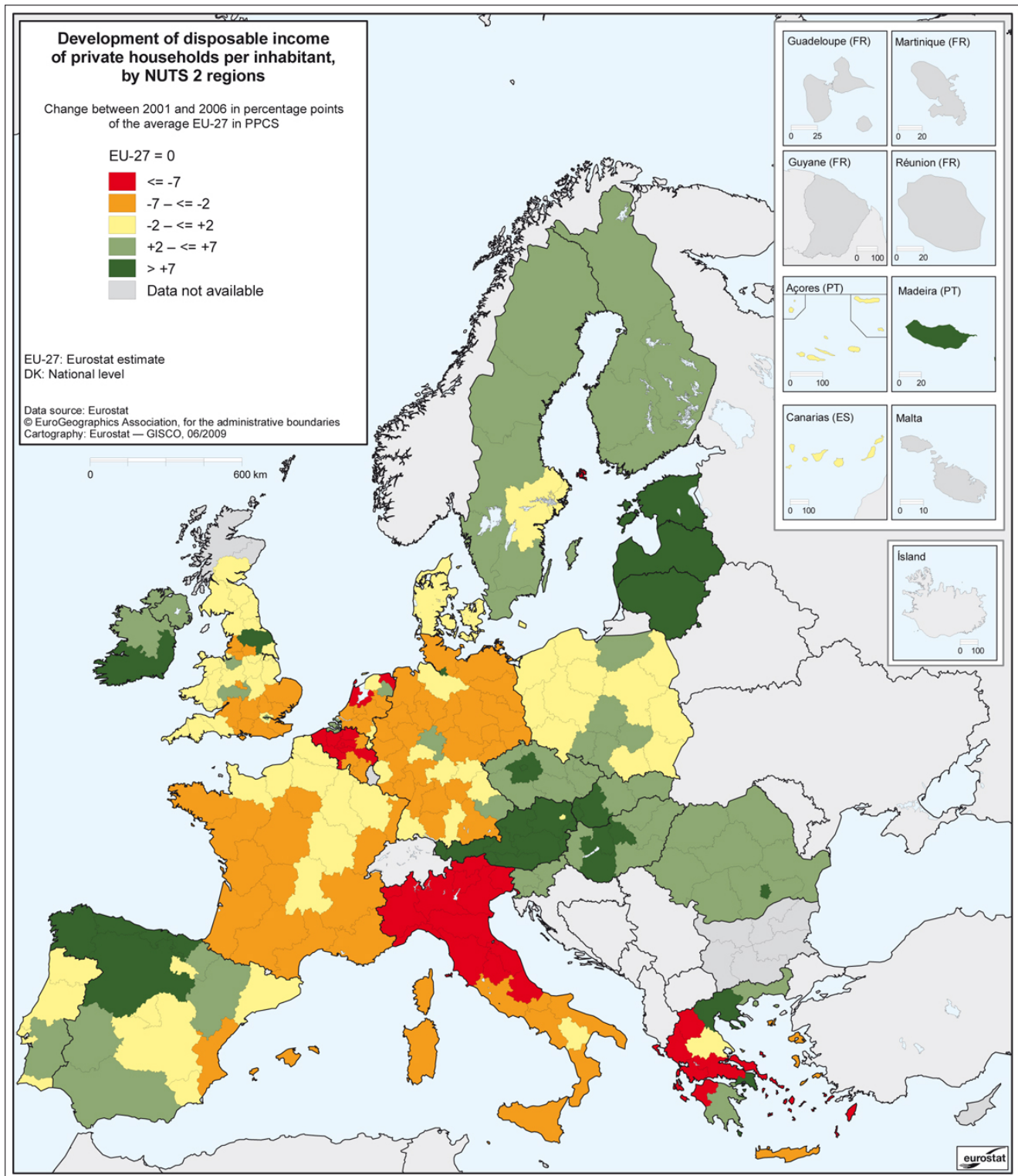
On the other hand, below-average trends in income are apparent in Belgium, Germany, France and especially Italy, where even regions with only average levels of income were affected.

The changes range from +16.4 percentage points for Bucureşti — Ilfov (Romania) to -14.4 percentage points in Liguria (Italy).

Despite overall clear evidence of a catching-up process in the new Member States, the same positive trend is not found everywhere. In seven of Poland's 16 regions incomes increased by only up to 1.5 percentage points compared with the EU average. The figures for Romania, on the other hand, are very encouraging. With an increase of 16.4 percentage points, the Bucureşti — Ilfov region achieved the highest relative improvement of all regions, with even the Nord-Est region (the region with the lowest income in the whole EU) catching up by 4.8 percentage points on average income growth in the EU. The structural problem nevertheless remains that in all the new Member States the wealth gap between the capital city and the less prosperous parts of the country has widened further.

On the whole, the trend between 2001 and 2006 resulted in a slight flattening of the upper edge of the regional income distribution band, caused in particular by substantial relative falls in regions with high levels of income. At the same time, all of the 10 regions at the tail end of the ranking have caught up considerably on the EU average.

Map 5.4: Development of disposable income of private households per inhabitant, by NUTS 2 regions
Change between 2001 and 2006 in percentage points of the average EU-27 in PPCS





Conclusion

The regional distribution of disposable household income differs from that of regional GDP in a large number of NUTS 2 regions, in particular because unlike regional GDP the figures for the income of private households are not affected by commuter flows. In some cases, other transfer payments and flows of other types of income received by private households from outside their region also play a substantial role. In addition, state intervention in the form of monetary social transfers and the levying of direct taxes tends to level out the disparities between regions.

Taken together, state intervention and other influences bring the spread of disposable income between the most prosperous and the economically weakest regions to a factor of about 7.0, whereas the two extreme values of primary income per inhabitant differ by a factor of 11.0. The flattening out of regional income distribution desired by most countries is therefore being achieved.

The income level of private households in the new Member States continues to be far below that in the EU-15; in only a small number of capital re-

gions are income values more than three quarters of the EU average.

An analysis over the five-year period 2001–06 shows that incomes in many regions of the new Member States are catching up only very slowly. This applies in particular to certain regions of Poland. In Romania, on the other hand, a strong catching-up process has taken hold — a development which, happily, extends beyond the capital region of Bucureşti — Ilfov.

For disposable income there is a measurable trend towards a narrowing of the spread in regional values: between 2001 and 2006 the difference between the highest and lowest values fell from a factor of 8.5 to 7.0, while for primary income the differences between regions increased from a factor of 10.4 to 11.0.

With regard to the availability of data concerning income it may be said that the comprehensiveness of the data and the length of the time series have gradually improved. Once a complete data set is available, data on the income of private households could be taken into account alongside GDP statistics when decisions are taken on regional policy measures.



Methodological notes

Eurostat has had regional data on the income categories of private households for a number of years. The data are collected for the purposes of the regional accounts at NUTS level 2.

There are still no data available at NUTS 2 level for the following regions: Bulgaria, Départements d'Outre-Mer (France), Cyprus, Luxembourg and Malta; for Denmark only national data are available.

The text in this chapter therefore relates to only 23 Member States, or 254 NUTS 2 regions. Three of these 23 Member States consist of only one NUTS 2 region, namely Estonia, Latvia and Lithuania. Since the beginning of 2008 Denmark has consisted of five NUTS 2 regions, but is shown here only as a single NUTS 1 region, as no data are yet available for the newly defined NUTS 2 regions.

Because of the limited availability of data, the EU-27 values for the regional household accounts had to be estimated. For this purpose it was assumed that the share of the missing Member States in household income (in PPCS) for EU-27 was the same as for GDP (in PPS). For the reference year 2005 this share was 1.0 %.

Data that reached Eurostat after 28 April 2009 are not taken into account in this chapter of the yearbook.