



Introduction

The EU's regional policy aims to strengthen economic, social and territorial cohesion by reducing disparities in the level of development among regions and Member States. Its three main concerns are:

- convergence, under which the poorest Member States and regions are eligible, accounting for around 82 % of the funds available in the period 2007 to 2013;
- regional competitiveness and employment, accounting for around 16 % of the funds available in the period 2007 to 2013;
- European territorial cooperation, accounting for around 2.5 % of the funds available in the period 2007 to 2013.

The main instruments of regional policy are the structural and cohesion funds.

- The European Regional Development Fund (ERDF) operates in all Member States and co-finances physical investments and, to a limited extent, training for citizens.
- The European Social Fund (ESF) will be implemented in line with the European Employment Strategy.
- The Cohesion Fund co-finances mainly transport and environment projects in Member States whose gross national income per inhabitant is less than 90 % of the EU average.
- The regional development component, as well as the cross-border cooperation component of the new Instrument for Pre-Accession (IPA), helps candidate countries to develop their competitiveness, particularly through the development of transport networks and environmental infrastructure.



The ERDF is concentrated on the poorest regions in terms of gross domestic product (GDP) per inhabitant. It aims to strengthen economic and social cohesion in the EU by correcting imbalances between its regions. The fund can intervene in the three objectives of regional policy. In regions covered by the convergence objective, it focuses its intervention on modernising and diversifying economic structures as well as safeguarding or creating sustainable jobs. Concerning regional competitiveness and employment, the priorities of the ERDF are innovation and the knowledge-based economy, environment and risk prevention, and access to transport and telecommunications services of general economic interest. With respect to European territorial cooperation, the ERDF is concerned with the development of economic and social cross-border activities, the establishment and development of transnational cooperation, and increasing the efficiency of regional policy through interregional promotion and cooperation, as well as the networking and exchange of experiences between regional and local authorities.

The ESF sets out to improve employment and job opportunities in the EU. It intervenes in the framework of the convergence and regional competitiveness and employment objectives. The ESF supports actions in Member States and focuses on four key areas: increasing adaptability of workers and enterprises (lifelong learning schemes, designing and spreading innovative working organisations); enhancing access to employment and participation in the labour market; reinforcing social

inclusion by combating discrimination and facilitating access to the labour market for disadvantaged people; and promoting partnership for reform in the fields of employment and inclusion.

The Cohesion Fund is aimed at Member States whose gross national income (GNI) per inhabitant is less than 90 % of the EU average. It serves to reduce their economic and social shortfall, as well as to stabilise their economy. It supports actions in the framework of the convergence objective. For the 2007-2013 period, the Cohesion Fund concerns Bulgaria, the Czech Republic, Estonia, Greece, Cyprus, Hungary, Latvia, Lithuania, Malta, Poland, Portugal, Romania, Slovenia and Slovakia; Spain is eligible to a phase-out fund only. The Cohesion Fund finances activities under two categories: trans-European transport networks, notably priority projects of European interest; and the environment, also supporting projects related to energy or transport, as long as they clearly present a benefit to the environment.

Definitions and data availability

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. 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.

All statistics at a regional level within the EU are based on the nomenclature of territorial units for statistics (NUTS). The NUTS classification has been used for many decades for regional statistics, but it was only in 2003 that NUTS acquired a legal basis (Regulation (EC) No 1059/2003). As new Member States have joined the EU the NUTS Regulation has been 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 again in 2007 when Bulgaria and Romania became members. A review of the NUTS classification was conducted in 2006 and a revised version (NUTS 2006 – Regulation (EC) No 105/2007) entered into force on 1 January 2008.

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. These administrative regions are generally adopted by statisticians as the most appropriate units for data collection, processing and dissemination. The current NUTS (version 2006) subdivides the territory of the European Union (EU-27) into 97 NUTS level 1 regions, 271 NUTS level 2 regions and 1 303 NUTS level 3 regions.

Since 2004, Eurostat has also collected and published **urban statistics**, measuring the 'quality of life' through a set of some 338 indicators for 321 cities within the EU, Croatia, Turkey, Norway and Switzerland. Data are available for three levels: the core city; larger urban zones;

and for sub-city districts. The main goal of the **Urban Audit** data collection is to provide information to assess the quality of life in European towns and cities, as measured through a broad range of indicators (covering urban living, such as demography, housing, health, crime, the labour market, income disparity, local administration, educational qualifications, the environment, climate, travel patterns, information society and cultural infrastructure), as well as perception surveys conducted among persons living in these cities.

Main findings

The 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 most cases, the capital region of a country is economically better off than the more rural areas.

The richest European regions in 2005, as defined by GDP per inhabitant, were concentrated within the major conurbations of the EU-15 Member States, with inner London topping the list (EUR 67 798 per inhabitant). Among the top 20 regions Praha and Bratislavský kraj stood out as the only regions from the countries that have joined the EU since 2004, ranked in 12th and 18th place respectively of the 271 regions within the EU-27 Member States for which data are presented. The ten poorest regions (using this measure) were all in Bulgaria and Romania, with Polish, Romanian and Hungarian regions making up those regions ranked between 10th and 20th poorest. The region at the top of the ranking was more than twelve times as rich as the one at the bottom.



The widest disparities in the distribution of wealth creation between the regions within a country were recorded in the United Kingdom, France, Belgium and Slovakia. In each of these cases the highest GDP per inhabitant was recorded for the region including the capital city, and the exclusion of this region narrows considerably the distribution. The pattern of the highest GDP per inhabitant being recorded in the region with the capital city was not observed in all of the Member States, as for example, Hamburg was the wealthiest region in Germany, Åland the wealthiest in Finland, while the provinces of Bolzano/Bozen and Lombardia were the wealthiest in Italy. Care should be taken with the interpretation of data on GDP per inhabitant as the ratio is influenced by commuters working in one region but living in another: the very high GDP per inhabitant within Inner London, Luxembourg or Bruxelles-Capitale/Brussels Hoofdstedelijk Gewest (the three regions with the highest GDP per inhabitant) can, at least in part, be explained by a large daily influx of commuters from neighbouring regions or, in the case of Luxembourg, from across neighbouring borders.

In stark contrast to the level of GDP per inhabitant, several regions of Bulgaria and Romania as well as the three Baltic Member States (Estonia, Latvia and Lithuania) recorded strong growth in GDP per inhabitant: an analysis of the period 2001-2005 shows that the top 15 regions within the EU-27 for the growth of GDP per inhabitant included eight from Romania, three from Bulgaria, the three Baltic Member States, as well as one region each from the Czech Republic and Slovakia. The highest growth rate was

11.5 % for Estonia, while four Romanian regions (Vest, Sud – Muntenia, Nord-Vest and Sud-Est) reported growth in excess of 10 %. The slowest growing 20 regions in the EU-27 included 18 regions in Italy, Åland in Finland and French Guyane. Of these, seven of the Italian regions, Åland and Guyane all reported a fall in GDP per inhabitant over the period considered, the largest reduction being an average of 1.1 % per annum in Abruzzo.

There were 19 regions in the EU-27 that had a population density of more than 1 000 inhabitants per square kilometre. Out of these, six were in the United Kingdom (including the most densely populous region of Inner London (9 159 inhabitants per km²)), three were in Germany (including Berlin), alongside the capitals of Belgium, Austria, the Czech Republic, Romania and Greece, while the other regions included Malta, Zuid-Holland (the Netherlands) and the two autonomous regions of Melilla and Ceuta (Spain). Eight out of the ten least populous regions for which data are available were in Finland or Sweden, along with Guyane (France) and Castilla-la Mancha (Spain).

Although Guyane reported the lowest population density, it also reported the highest population growth (3.5 % per annum) between January 2001 and January 2006. Seven of the ten fastest growing populations in the EU-27 were in Spain, principally in the islands, easterly coastal regions and the Comunidad de Madrid. The two other regions among the ten fastest growing in the EU-27 were Flevoland (the Netherlands) and Border, Midlands and Western (Ireland). Just over one quarter (27.8 %) of the 263 regions for which data are available reported a



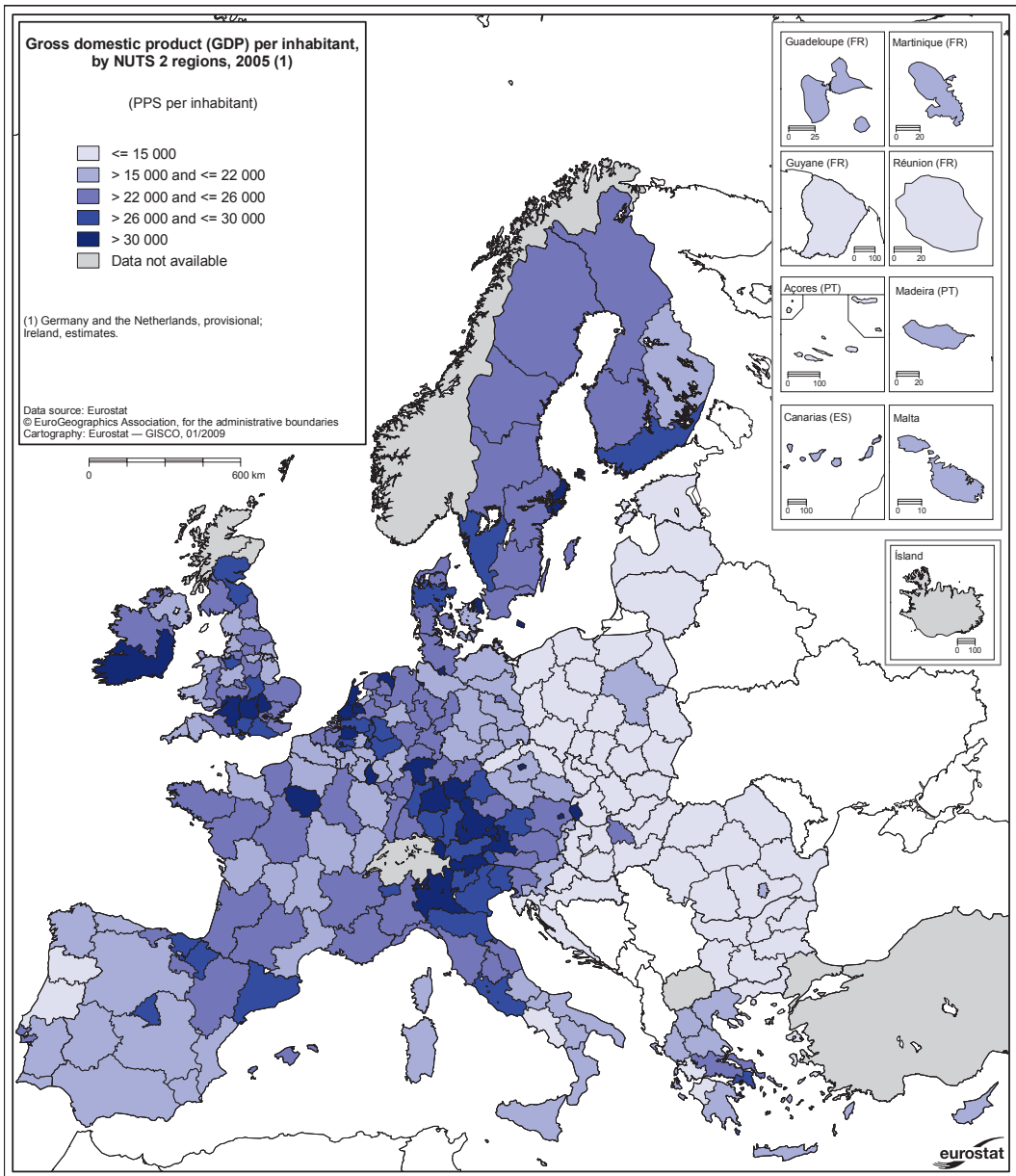
decline in their populations over the period considered. Of these, six regions, two in Germany and four in Bulgaria, recorded annual population reductions in excess of 1 % per annum; with only Severozapaden (Bulgaria) reporting a decline in excess of 2 % per annum.

Some of the highest old-age dependency ratios are found in rural, agricultural areas of Italy, France and Portugal, or eastern regions of Germany (Chemnitz, Dresden, Sachsen-Anhalt or Leipzig).

The highest unemployment rates in 2007 were recorded in the four French departments of Réunion, Guadeloupe, Martinique and Guyane, followed by the two Spanish autonomous regions of Ceuta and Melilla. Out of the next 11 regions, seven were in eastern Germany, two were in Slovakia and the other was Bruxelles-Capitale/Brussels Hoofdstedelijk Gewest. Seven of the 15 regions with the lowest unemployment rates were Dutch, including the region with the lowest rate, Zeeland (2.1 %).



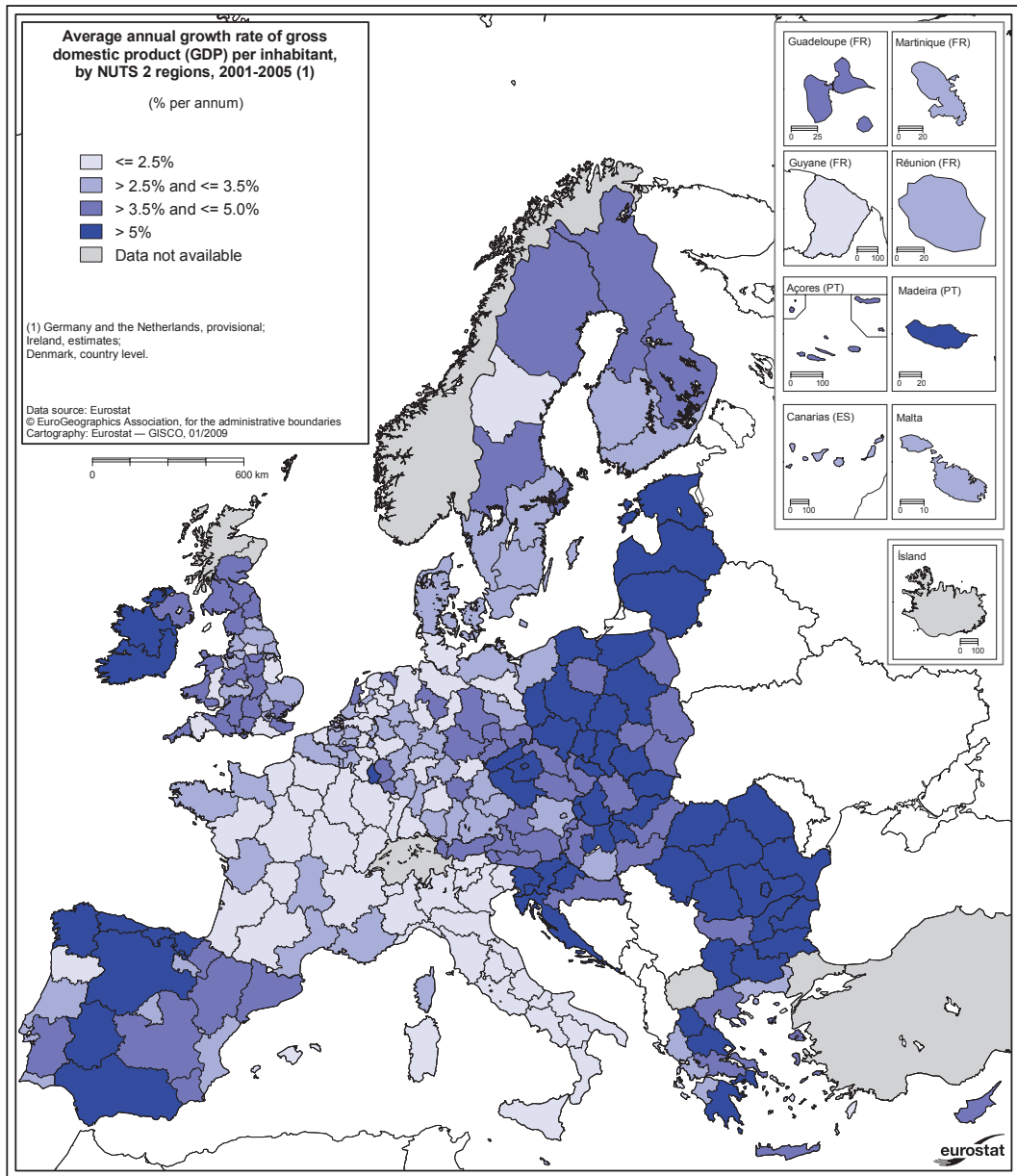
Map 15.1: Gross domestic product (GDP) per inhabitant, by NUTS 2 regions, 2005 (1)
(PPS per inhabitant)



Source: Eurostat (tgs00005)



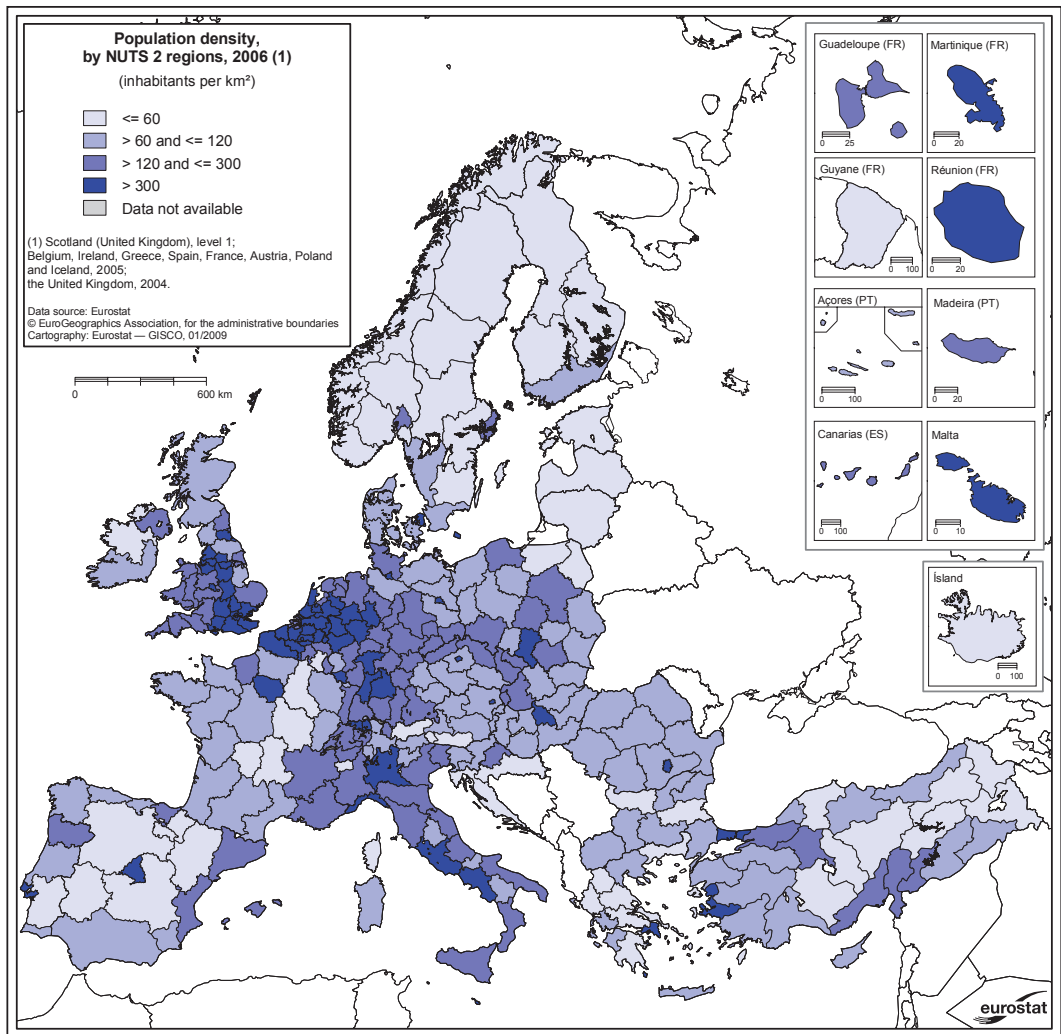
Map 15.2: Average annual growth rate of gross domestic product (GDP) per inhabitant, by NUTS 2 regions, 2001-2005 (1)
(% per annum)



Source: Eurostat (tgs00005)



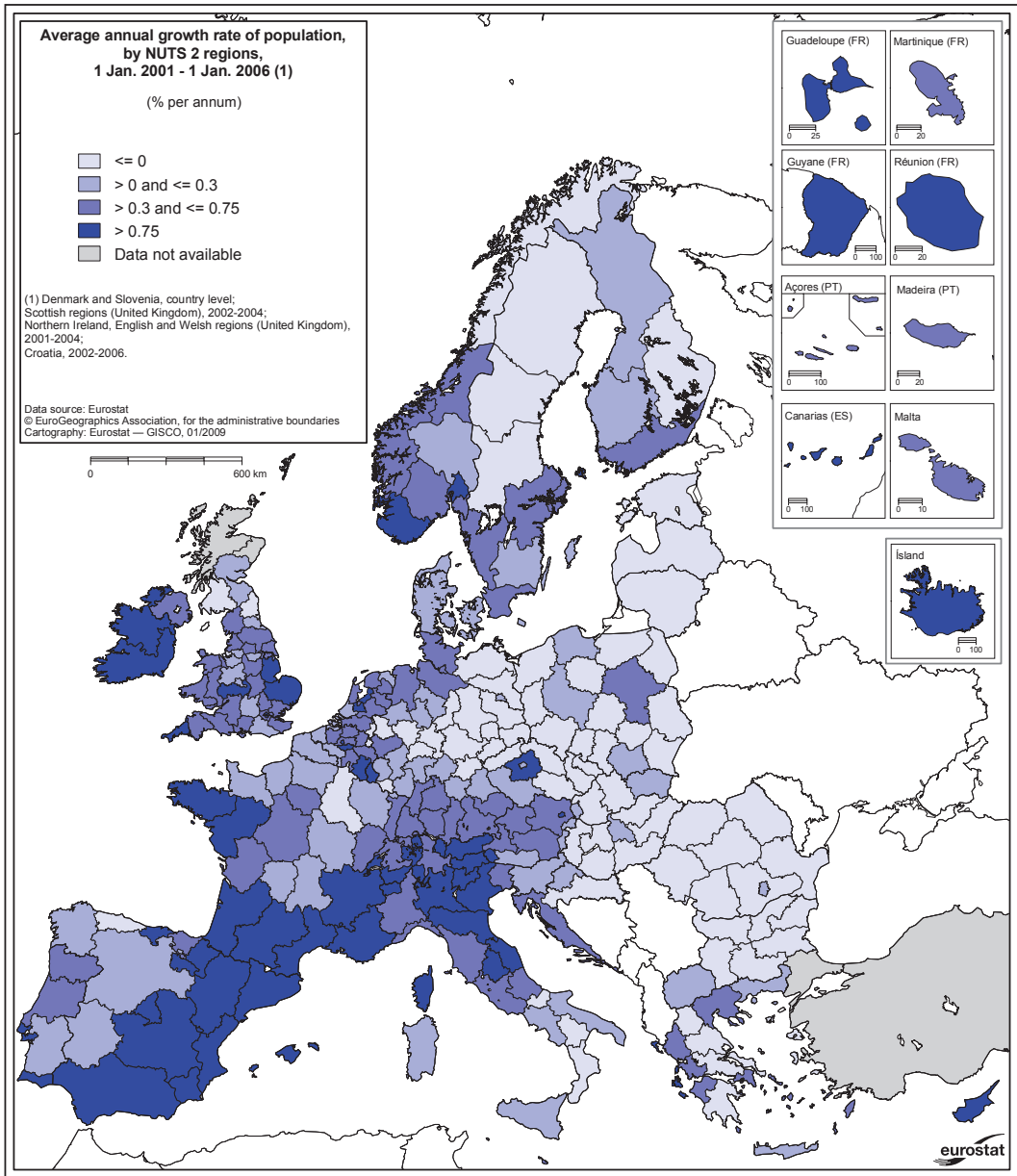
Map 15.3: Population density, by NUTS 2 regions, 2006 (1)
(inhabitants per km²)



Source: Eurostat (tgs00024)



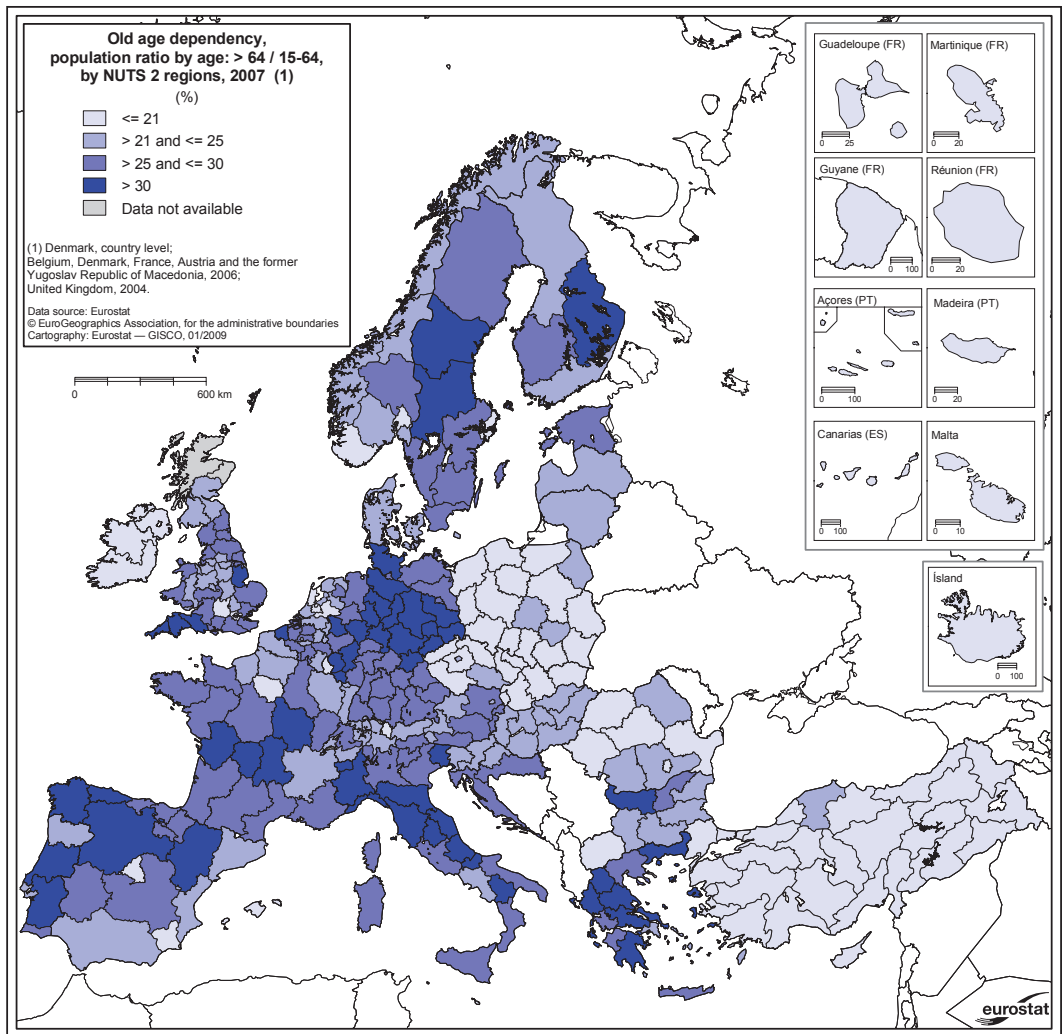
Map 15.4: Average annual growth rate of population, by NUTS 2 regions, 1 Jan. 2001 - 1 Jan. 2006 (1)
(% per annum)



Source: Eurostat (reg_d2jan)



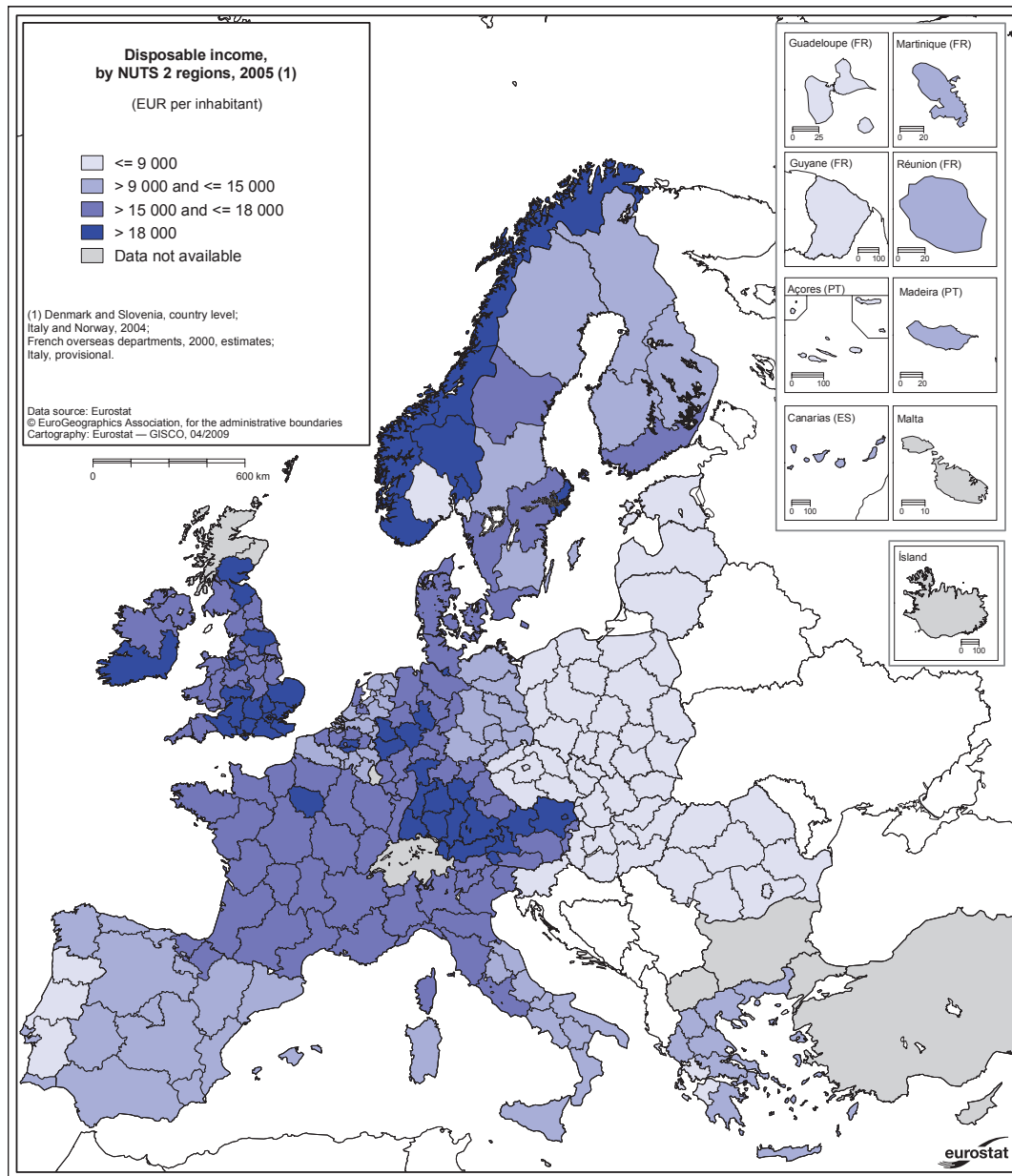
Map 15.5: Old age dependency, population ratio by age: > 64 / 15-64, by NUTS 2 regions, 2007 (1)
(%)



Source: Eurostat (reg_d2jan)



Map 15.6: Disposable income, by NUTS 2 regions, 2005 (1)
(EUR per inhabitant)

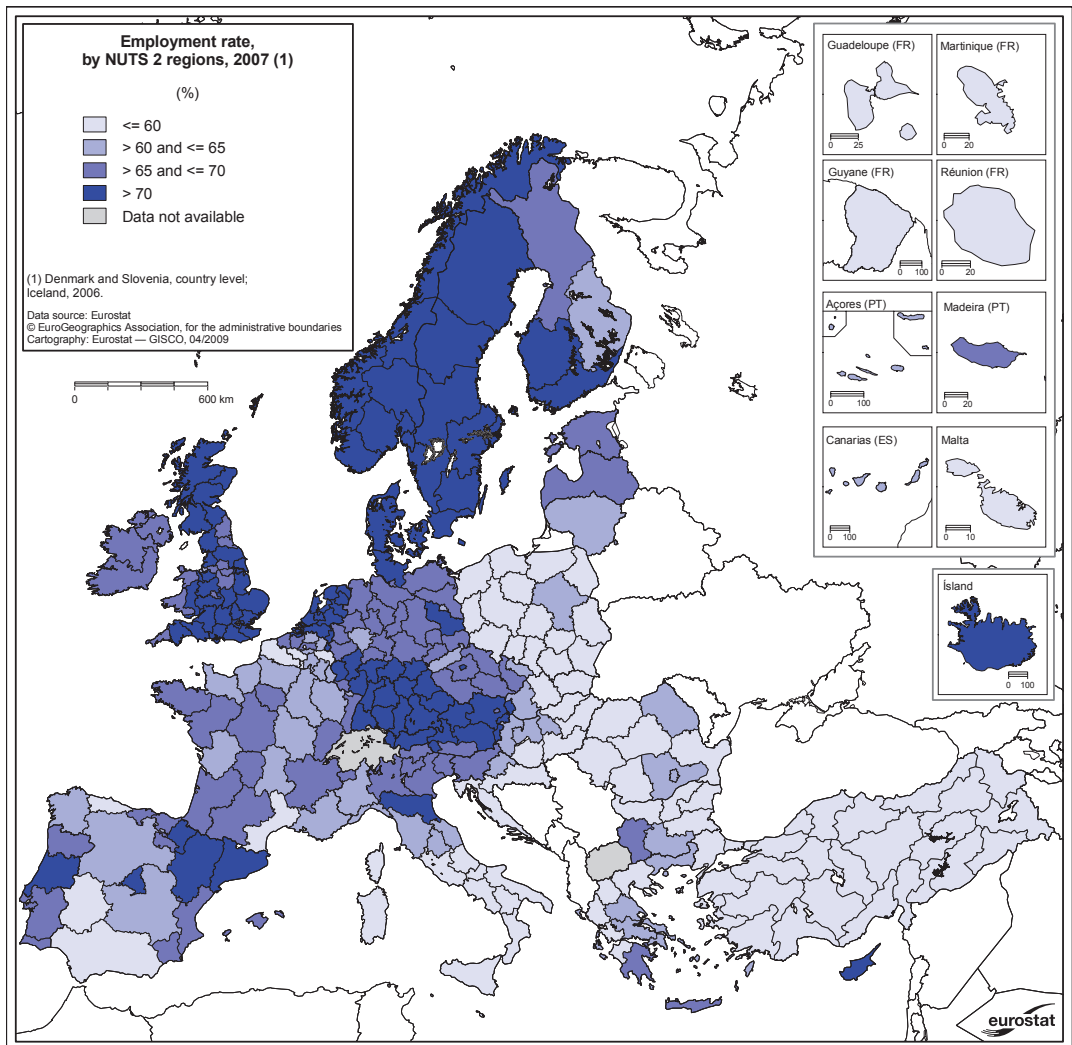


Source: Eurostat (tgs00026)



Map 15.7: Employment rate, by NUTS 2 regions, 2007 (1)

(%)

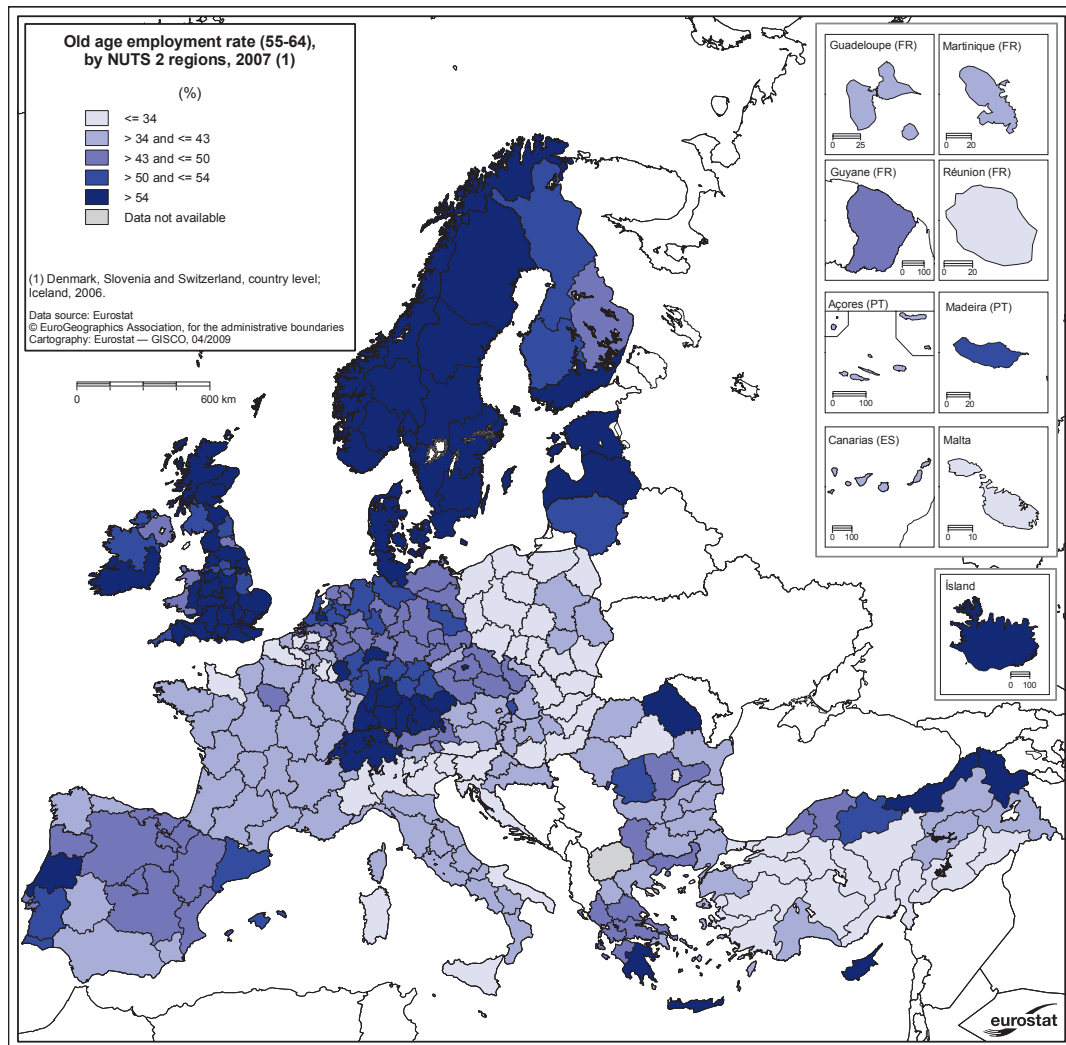


Source: Eurostat (tgs00007)



Map 15.8: Old age employment rate (55-64), by NUTS 2 regions, 2007 (1)

(%)

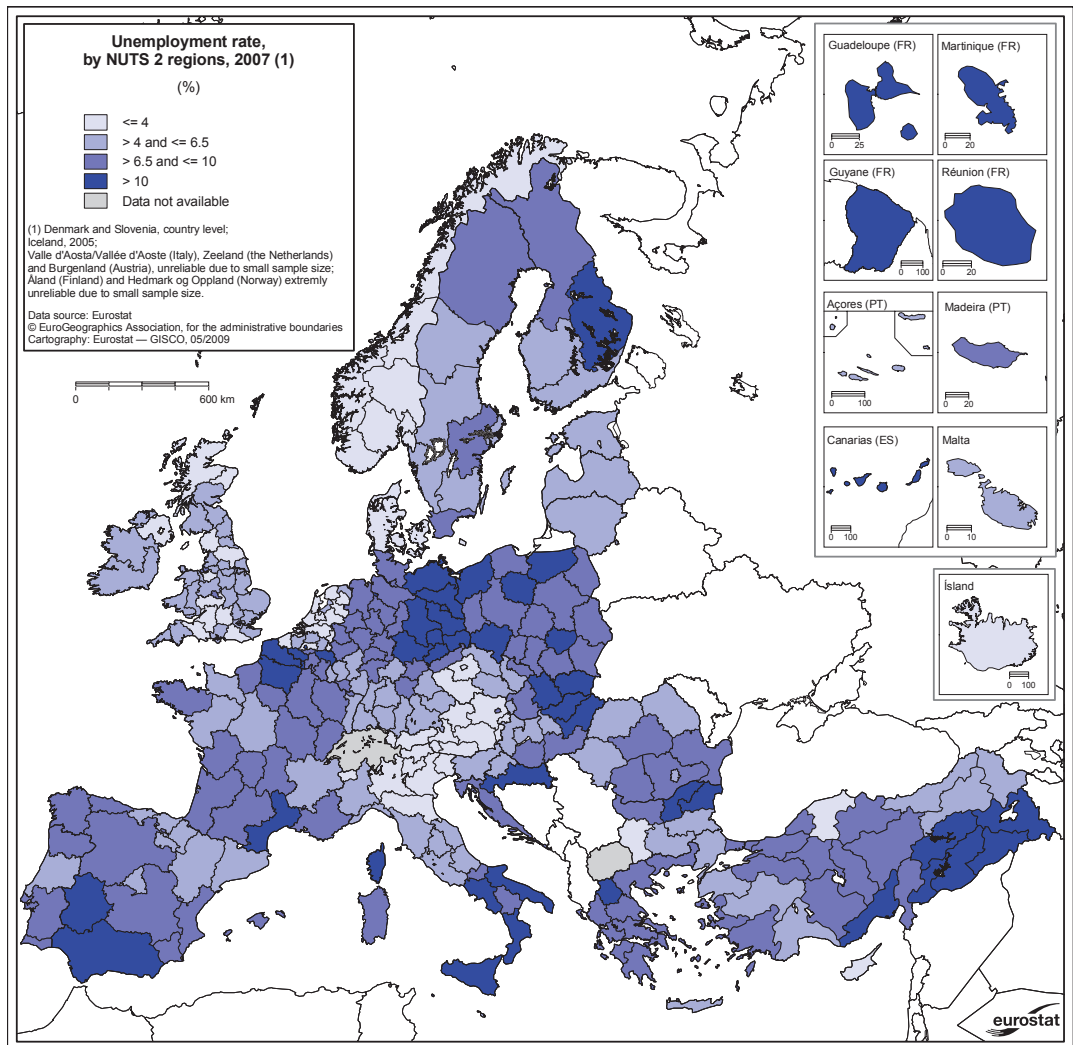


Source: Eurostat (reg_lfe2emprt)



Map 15.9: Unemployment rate, by NUTS 2 regions, 2007 (1)

(%)



Source: Eurostat (tgs00010)

Table 15.1: Dispersion of regional employment rates (1)
(coefficient of variation)

	1999	2000	2001	2002	2003	2004	2005	2006	2007
EU-27	12.9	13.0	13.2	13.2	12.9	12.1	11.9	11.4	11.1
Euro area	13.3	13.0	12.7	12.1	11.5	10.5	10.6	10.6	10.8
Belgium	8.0	7.9	8.0	8.0	7.7	8.7	8.4	8.7	8.6
Bulgaria	:	:	:	:	6.6	6.9	7.2	7.3	7.1
Czech Republic	5.6	5.8	5.7	5.6	5.8	5.6	5.5	5.2	4.6
Denmark	:	:	:	:	:	:	:	:	:
Germany	5.4	5.4	5.8	5.7	5.9	6.0	5.6	5.2	4.8
Estonia	-	-	-	-	-	-	-	-	-
Ireland	-	-	-	-	-	-	-	-	-
Greece	5.2	5.1	4.3	3.8	3.2	4.1	4.3	3.7	3.5
Spain	10.8	10.7	10.0	9.3	9.0	8.7	8.3	7.8	7.5
France	7.1	6.9	8.3	8.0	7.2	7.1	7.2	7.4	6.6
Italy	17.4	17.5	17.1	16.7	17.0	15.6	16.0	16.0	16.3
Cyprus	-	-	-	-	-	-	-	-	-
Latvia	-	-	-	-	-	-	-	-	-
Lithuania	-	-	-	-	-	-	-	-	-
Luxembourg	-	-	-	-	-	-	-	-	-
Hungary	9.1	9.0	8.8	9.4	8.5	9.4	9.9	9.1	9.7
Malta	-	-	-	-	-	-	-	-	-
Netherlands	2.3	2.2	2.3	2.2	2.3	2.3	2.0	2.2	2.2
Austria	2.3	2.5	2.6	2.5	3.0	3.5	4.1	3.4	3.8
Poland	4.8	6.9	7.2	7.3	7.2	6.4	5.6	5.1	4.5
Portugal	3.6	4.3	3.5	3.8	3.9	3.5	3.3	3.1	3.3
Romania	4.2	4.6	5.6	3.2	3.5	4.9	4.5	3.6	4.6
Slovenia	-	-	-	-	-	-	-	-	-
Slovakia	8.1	9.1	8.3	7.3	7.6	9.0	9.8	8.6	8.3
Finland	6.7	6.8	7.0	6.7	6.1	5.5	5.5	5.4	5.6
Sweden	4.8	4.5	4.2	4.6	4.3	4.4	3.0	2.9	2.4
United Kingdom	7.5	7.1	6.8	6.6	6.1	5.9	5.7	5.5	5.4
Croatia	:	:	:	:	:	:	:	:	7.5
Iceland	-	-	-	-	-	-	-	-	-
Liechtenstein	-	-	-	-	-	-	-	-	-
Norway	2.4	2.4	2.2	1.6	1.6	1.7	1.3	2.3	2.5

(1) Variation of employment rates for the age group 15-64 across regions (NUTS 2 level) and within countries.

Source: Eurostat (tsisc050)