The information in this document was supplied by delegates of the Working Party on Territorial Indicators.
Inside Perspective: The economic crisis and recovery in OECD regions and cities

These short notes describe the impact of the economic crisis and the recovery of regions and cities, as well as other key challenges for regional development policy. They have been prepared by the Countries’ Delegates to the OECD Working Party on Territorial Indicators to better understand challenges and opportunities for territorial development policy in the next years.

The notes are available for the following countries:

- CANADA
- CHILE
- DENMARK
- ESTONIA
- FRANCE
- GERMANY
- GREECE
- ITALY
- JAPAN
- LUXEMBOURG
- MEXICO
- NORWAY
- POLAND
- PORTUGAL
- SPAIN
- SWEDEN
- SWITZERLAND
- UNITED KINGDOM
Business statistics to monitor territorial performances: insights from Canada

Business demographics are key indicators of economic well-being and performance, but the use of these statistics at the local and regional level remains constrained by confidentiality concerns and the technical challenges which are inherent to the use of business microdata. As a result, relatively few business statistics have a territorial dimension.

At Statistics Canada, the Centre for Special Business Projects (CSBP) has been working with various departments and agencies in order to find ways to address these challenges and expand the use of business microdata at the regional level, while preserving confidentiality and data quality. One of the main outcomes has been the creation of custom tabulations of business performance indicators, which have the potential to be used to track and report on regional programs in a uniform manner across Canada.

This approach was recently used in a project designed to monitor the performances of businesses that benefited from federal support programs in major macro-regions of Canada: Atlantic, Quebec, Southern Ontario, Northern Ontario, and Western Canada. In this project, the departments which operate in each region provided Statistics Canada with a list of businesses that had benefited from their programs over a given time frame. CSBP used this information as a basis to link to the business numbers of supported enterprises with a variety of administrative databases such as those containing taxfilers data and those containing employment records.

Using this method, it was possible to compare the performance of the supported businesses with the performance of the rest of the business population in that region using a set of custom indicators such as sales, gross profits, operating profits, gross margins, and wages and salaries expenses. Comparisons of this nature can be done for businesses in the same geographic areas, same industry sector, and with similar employment sizes. In addition, business entry, exits and survival rates can also be used as performance indicators in each region.

The use of microdata also permits analysts to create more specific comparison groups within a region. In this case, a matching algorithm can be used to generate a comparison group with similar profile of the beneficiary groups in any given base year, using a set of key attributes such as industry sector, revenues, sales, employment and geographic location. In this way the performances of the comparison group and beneficiary groups, in each region, can be tracked over time and following any specific program delivery.

For some of this analysis, CSBP used a recently established business microdata linkage environment, called the Linkable File Environment (LFE), which allows the creation of powerful analytical databases which can include both administrative and survey data.

Most of the tabulations done rely on administrative databases which are updated annually, hence the tabulations can be produced on an annual basis to enable the regional departments to effectively track and manage the performance of the indicator over time. This ensures that there is sufficient performance data available to effectively evaluate and manage a program.

The developments so far suggest that there is a substantial and still largely unexplored potential for using business microdata in order to develop regional indicators of economic performance.

This note was prepared by Statistics Canada
The economic crisis in Chile

The economic contraction of the period 2008 – 2009 had a heterogeneous distribution among regions. Roughly speaking, most regions of the north, IX and X regions suffered an economic contraction of larger magnitude than the average national average.

In the period 2009 – 2010 most regions had positives growth rates. There were only two exemptions: I region, which is a copper mining intensive area; and VIII region, where some of the areas mostly affected by the earthquake and tsunami of 2010 are located.

Finally, data showed that the recovery was most difficult for those regions with an economy based in copper mining. Indeed, I and II regions had negative economic growth rate in the time period 2010 – 2011.

### Annual regional GDP growth rate

<table>
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<tr>
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<tr>
<td>XII</td>
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<tr>
<td>Total</td>
<td>-1.0%</td>
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<td>5.9%</td>
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Source: Banco Central de Chile.
Chile does not have national accounts at a city level. In order to estimate GDP at city level we followed the OECD methodology. It is worth to say that it is impossible to construct a yearly time series for city GDP; and that we only considered the main city in each region and cities with more than 150 thousand inhabitants.

At an annual basis, we calculated differences among GDP growth rate of the cities and the national GDP growth rate for each period. On the one hand, cities for which the value of this indicator was over 1% are shown with green arrows. On the other hand, cities for which the value of this indicator was below -1% are shown with red arrows. The cities with arrows in yellow have an indicator from -0.5% to 0.5%.

This exercise shows that the effects of the crisis and recovery were heterogeneous within regions. See, for example, the cities of VIII region. It seems that Temuco had a lower impact of the crisis than the region to which it belongs; or that the recovery in Rancagua was less dynamic than the one it took place in the VI region.

<table>
<thead>
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<tr>
<td>XIII</td>
<td>Punta Arenas</td>
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</tbody>
</table>


This note was prepared by the Commission of Housing and Urban Studies of the Ministry of Housing and Urban Development in Chile.

For further information, please contact Felipe Zamorano fzamorano@minvu.cl
The economic crisis and recovery in Denmark

Danish national GDP per capita declined 1.3 percent from 2007 to 2008 and 6.1 percent from 2008 to 2009. The following years have been characterized by a slow recovery, and as of 2011 the Danish national level GDP per capita was still more than five percent below the level in 2007.

Recovery of regional GDP per capita, GDP per capita 2011 in relation to GDP per capita 2007 (index 2007=100)

Different degrees of economic recovery in regions

There has been a somewhat large dispersion in regional recovery, but most provinces (OECD TL3 regions) are still significantly below the GDP per capita level in 2007.

The provinces located in and around the capital area are back at, or close to, the GDP per capita level of 2007; on the other hand, the provinces of Bornholm and Vest- og Sydsjælland (which are located more peripherally) are still more than 10 percent below the level of 2007. The remaining provinces are approximately 6 percent below the GDP per capita peak of 2007.

The provinces with the fastest recovery are also the provinces with the highest initial level of GDP per capita, resulting in an increasing dispersion in regional wealth.

All Danish provinces experienced declining GDP per capita in 2009. The growth pattern across the provinces in the period 2007 to 2008, and the years after 2009 are characterized by considerable diversity. Some areas experienced an increase in GDP per capita both before 2009 and the period after 2009 (e.g. the provinces located near and in the capital), while other areas have experienced a much more wide spread decline.
Regional employment

The aggregate employment fell by approximately 5 percent from 2008 (where the employment peaked) to 2011.

Recovery of regional employment, 2011 employment in relation to 2008 employment (index 2008=100)

![Graph showing regional employment recovery](image)

Source: Statistics Denmark, National Account

The regional diversion is significant, but less pronounced than the variations in GDP per capita growth.

As of 2011 all Danish provinces are below the employment level of 2007 and additionally, all but one province (Byen København) has experienced an ongoing decline in employment from 2008 to 2011. The most recent employment data for the aggregate Danish employment indicate a minor increase in the employment from the second quarter 2011 to second quarter 2012.

Peripheral areas in Denmark, both urban and rural, have experienced a higher decline in employment compared to more centrally located areas.¹

¹ LAU2 (parish) based typology categorizing by distance to major city-areas and urbanization. Source: Regional- og Landdistriktpolitisisk Redegørelse 2013 – Regeringens redegørelse til Folketinget.

The unemployment level has increased significantly in continuation of the economic crisis and the employment decline. Compared with other OECD countries, the Danish unemployment rate is still below the OECD-average.²

The regional dispersion in the unemployment rate does not reflect the decrease in employment as pictured above. The province (Byen København/City of Copenhagen) has the highest unemployment rate, while Vestjylland is among the provinces with the lowest unemployment rate in 2013. This is to some degree reflecting the baseline level of the unemployment in 2008. The provinces with the highest unemployment today did also have a proportionally higher unemployment in 2008.

² Source: OECD (2013), Economic Outlook No. 93, Annex Table 22.

This note was prepared by the Danish Business Agency, the Danish Ministry of Housing, Urban and Rural Affairs together with Statistics Denmark.

www.evm.dk    www.regionalt.dk    www.mbbl.dk    www.dst.dk
Regional socio-economic disparities can be large in Estonia

Given the small geographic size of Estonia, quite remarkable regional social-economic disparities can be seen across different parts of the country. Regional disparities especially come forward at GDP, productivity, internal migration, unemployment and average incomes.

During the economic crisis these regional imbalances have not increased. The crisis has even slightly incurred territorially more balanced social-economic situation across different areas of Estonia.

Economic crisis impacts on economic growth

Estonia experienced considerable economic growth after joining the EU. During 2004-2008 national GDP at current prizes accounted for an increase of 67.6 per cent. But since 2008 it turned to a decline and was accounted for a total decrease of 11.8 per cent in 2010 compared to the pre-crisis level.

GDP at sub-national level decreased at the same time by 5.9 to 20.7% across different LAU1 regions. Also decreasing productivity can be clearly visible during the years of crisis, when the GDP growth per employee accounted for a decrease from 52.1% (2004-2008) to 1.4% (2008-2010).

Compared with the entire Europe the decline was more evident in Estonia. In 2008 the GDP at national level (TL2) extended to 40% of the EU27 average (21-76% across different LAU1 regions) and in 2010 it amounted only to 36% (20-70% across LAU1 regions).

Impacts on labour market functioning

The economic crisis reduced employment in all areas of Estonia. During 2004-2010, the employment rate at national level increased from 57% to 63% and by 2010 it decreased to 55%. After 2010 there has been a recovery to 61% again by 2012. Across LAU1 regions the increase of employment rate varied between 1.2 to 9.6% during 2004-2008 and then turned to decrease of 0.6 to 21.4% during 2008-2010, except a South-Eastern county of Võru that experienced 0.8% employment growth.

Also the unemployment rate has increased from 2-6% to 8-19% across different LAU1 regions during 2008-2010. The unemployment has increased proportionally more in more dynamic labour-market areas, where unemployment had been lower during the pre-crisis times. Although, the former regional pattern of labour market development in Estonia has sustained also during the crisis – the higher unemployment is converged mostly to the North-Eastern and South-Eastern areas and peripheries of labour market areas.
Impacts on social welfare and incomes

The economic crisis has also significant influence on peoples’ social welfare and quality of life. Drastic changes come forward when looking merely at the dynamics of net income per household member. Before the crisis, during 2004-2008, many households benefited from the 98.5% increase (84-130% at LAU1 level) of average income per household member, but since 2008 they had to manage with a decrease of average income of 9% at TL2 level (extending until 18% at LAU1 level) during 2008-2010. Since 2010, incomes have started to increase again in all areas of Estonia.

Although in general higher wage rate has rather concentrically converged towards larger urban areas in Estonia, then the changes of incomes during 2004-2010 have still not reinforced this spatial pattern. Thus it can be seen that the regional disparities of the level of incomes have slightly decreased during the last decade, and no particular changes have occurred in this trend during the crisis as well.

Similar trends have also being reflected by dynamics of income tax accrual across local municipalities (LAU2 units) of Estonia - slightly more considerable decrease can be still seen in central area of Estonia, where income tax accrual has decreased from 20% to 36% in majority of municipalities during 2008-2010.

The economic crisis has still not had significant impact on basic migration trends of Estonia. When looking merely the migration balance, the population convergence towards larger urban areas has continued also during the years of crisis and the areas in Central-, Southern- and counties’ peripheries have most suffered the depopulation. Some irregularities can still be seen by positive migration balance of some rural municipalities in North-Eastern, Western- and South-Eastern Estonia during 2008-2010.

As a conclusion, the fact that larger urban areas which in long term have experienced more dynamic development due to advantages of their higher critical mass of people and institutional density have suffered often relatively further degradation during the years of crisis reflects that positive effects of preceding economic boom had mostly accumulated also to those areas of Estonia. As Estonia is a small country with open economy and its previous economic growth based largely on intense flows of expedient loans from foreign ownership banks, the international financial crisis also inflicted relatively more extensive anomalies in relation to previous socio-economic development trends of Estonia.

This note was prepared by the Estonian Ministry of the Interior.

Eurostat, Estonian Statistics Board and Labour Market Board databases were used as primary data sources for conducting this survey.
La crise de 2008 en France : un choc majeur qui accroît les inégalités entre territoires

Entre fin 2007 et fin 2012, la France a perdu environ 400 000 emplois (-1,5 %). Cette variation, relativement modeste comparée à d’autres Etats de la zone euro, a néanmoins eu des effets importants en termes de progression du taux de chômage dans un pays où la population active continue d’augmenter et où certaines régions connaissent une croissance démographique souvent plus rapide que celle de l’emploi. En outre, la crise a frappé inégalement les secteurs d’activité avec un fort impact sur l’emploi industriel, renforçant sensiblement les écarts entre territoires. Les zones ayant le mieux résisté se caractérisent par une surreprésentation des emplois de cadres et correspondent pour la plupart aux espaces métropolitains.

EMPLOI : Des disparités structurelles qui s’aggravent avec la crise

Un renforcement des disparités territoriales en termes de taux de chômage

Sur la durée (2007 à 2012), le chômage s’est aggravé dans les zones d’emploi où il était déjà important. Pour 49 zones d’emploi de métropole qui présentaient un taux de chômage compris entre 9 % et 13,9 % au 4e trimestre 2007, le taux enregistré fin 2012 est compris entre 12,3 % et 18 %. Globalement, le classement reste inchangé. La crise a donc renforcé les disparités préexistantes. Ainsi, parmi la soixantaine de zones d’emploi où la progression du taux de chômage a été la plus forte entre 2007 et 2012, 44 affichaient déjà des taux supérieurs à la moyenne métropolitaine fin 2007. De plus, l’écart à la moyenne nationale a augmenté de 20 %.

Un choc asymétrique sur l’emploi

Cette hausse du taux de chômage traduit en fait trois phénomènes concomitants :

- Le choc sur l’emploi industriel qui aggrave significativement la situation du quart nord-est du pays et du grand bassin parisien (hors Ile-de-France). Ces territoires avaient déjà un taux de chômage élevé et voient leur situation se dégrader sensiblement.
- Des pertes d’emploi qui se poursuivent dans la « diagonale aride » qui relie la Lorraine à l’Aquitaine ; ces pertes d’emploi ne conduisent toutefois pas à des taux de chômage très élevé compte tenu de la faible densité de population, du poids des retraités et de la part importante des emplois publics existants. Ces territoires continuent de perdre leur substance en termes d’économie marchande mais ils ne connaissent pas pour autant des situations comparables à celles des anciens espaces industriels.
- Des créations d’emplois insuffisantes pour faire face à une demande qui augmente rapidement pour des raisons démographiques (mobilités et solde naturel); c’est typiquement le cas du Languedoc-Roussillon.

Par contre les activités de conception, concentrées pour la plupart dans les espaces métropolitains ont connu un ralentissement ou un léger repli suivi d’une rapide reprise. Cet effet est particulièrement net dans la zone centrale de l’Ile-de-France, en forte opposition par rapport à ce qui avait été observé par rapport à la crise de 2013.

La crise a donc eu un double effet: conjoncturel sur l’ensemble des secteurs mais aussi structurel en renforçant des évolutions préexistantes tant au plan sectoriel que territorial, ces deux réalités étant étroitement mêlées.
Donc au final, les territoires qui ont le plus souffert en matière d’emploi (dans un premier sur la période 2007-2009) temps, sont les territoires industriels mais avec une économie résidentielle faible (espaces éloignés des grandes villes et/ou à faible attractivité démographique). Ces territoires ne disposent pas d’une capacité de rebond post-crise, un emploi industriel perdu l’étant définitivement et n’étant pas compensé par un emploi résidentiel, y compris lors d’une situation de retour de la croissance.

Source : Insee, (taux de chômage localisé, 2012)
Fonds cartographique IGN-Datar ©

PIB : un impact initialement contenu mais durable loin des grandes villes

Entre 2008 et 2009, le PIB français a baissé de 2,5% (en valeur) avant de progresser de 2,7% entre 2009 et 2010. Cette évolution d’ensemble masque toutefois des disparités importantes entre les régions françaises.

1 Les données pour l’année 2011 sont encore provisoires et susceptibles d’être modifiées de façon significative.
Evolution du PIB en volume entre 2008 - 2009 et 2009-2010

Seules quatre régions (l’Île-de-France, PACA, Aquitaine et Corse) voient leur PIB croître durant cette période, dépassant ainsi leur niveau de 2007. L’Île-de-France se caractérise toutefois par un choc significatif en début de période suivi d’un rebond entre 2009 et 2010. Ce schéma s’observe également en Haute-Normandie, Rhône Alpes et Franche-Comté, les seules régions industrielles qui paraissent en capacité de rebondir, au prix néanmoins d’une baisse significative de l’emploi sur la période de référence.

Aquitaine et PACA connaissent pour leur part une évolution plus lisse tout en connaissant un léger gain en emplois sur la période considérée.


L’arc atlantique est globalement moins affecté, à l’exception de la Bretagne qui se caractérise par une stabilité de l’emploi global mais un recul significatif du PIB (et donc du PIB par emploi). Il s’agit donc d’une région fragilisée par la crise avec des disparités territoriales croissantes en termes de dynamisme économique.

La note a été préparée par la DATAR
The economic crisis and recovery in German regions

Looking merely at GDP, the economic crisis in Germany accounted for a decrease from 2008 to 2009 by EUR 100 billion, but from 2009 to 2010, the German economy expanded again by EUR 121 billion. This could be interpreted as a complete recovery. But it would be wrong to conclude that only one year of economic growth was lost.

For example, the percentage of public debts according to the Maastricht criteria rose from 66.8 % (2008) to 74.5 % (2009) and climbed again to 82.4 % in 2010. Thus, the implications are visible in other fields of action.

**Reaction to the crisis – a fragmented regional pattern.**

As the look on only one indicator does not tell the whole story, the regional perspective – here the level of the counties and cities – is equally important, because aggregated data cannot explain everything either.

The glance on data for small spatial units reveals a picture of Germany which does not provide typical maps with East-West, North-South or urban-rural disparities. On the contrary, it is a patchwork with only a few familiar observations, such as the positive situation in large parts of Bavaria.

**Different degrees of economic recovery in regions**

- On the one hand, some 12 % of Germany’s counties and cities (i.e. the NUTS 3-level according to EU criteria) did not see at all any negative development between 2008 and 2009 as well as between 2009 and 2010. The group is quite heterogeneous, as it includes rather peripheral areas, Berlin or attractive smaller cities like Bonn or Freiburg. Landkreis München, i.e. the suburban county of the city of Munich, with a sound economic structure and a GDP of EUR 110 000 per employee in 2008, but also Eisenach with a much weaker performance (merely a GDP per employee of EUR 36 000 in the same year) belong to this group.

- On the other hand, 6 % of the counties and cities face a continuous fall of GDP in all the three years. Also in this class, no connecting criteria can be detected, for instance that only peripheral administrative units or counties and cities of East Germany belong to this group. E.g. Starnberg, one of the counties with the highest income per capita in Germany and also Mecklenburgische Seenplatte with one of the highest unemployment rates belong to this
In between these two extremes, there are many counties and cities with different degrees of economic recovery. This can be measured by comparing GDP in 2010 with the value in 2008 to see to which extent the decrease in GDP between 2008 and 2009 was compensated in the following year. This compensation ranges from some 90 % in Börde in Saxony-Anhalt and the city of Münster in Northrhine Westfalia, again two structurally completely different areas, up to 133 % in Pfaffenhofen an der Ilm in Bavaria.

Automotive regions again strong

As the financial crisis was a global phenomenon, it can be hypothesized that the export quota of industry might affect the regional economic performance during the crisis – but there is no correlation between the decrease of GDP from 2008 to 2009 and the export quota in industry.

However, places with large automotive plants seem to be fast recovering. By considering the seven counties with the best relation of GDP 2010 to GDP 2008, five of them have a high importance in automotive industries. Apart from global demand for German cars, the introduced car premium for old vehicles as an incentive to buy a new car seems to have contributed to this development. This incentive was designed in a federal program and was part of the economic stimulus package in 2009 with an overall budget of EUR 50 billion to overcome the financial crisis.
The regional impact of the crisis in Greece

Debt crisis and the fiscal policy program have serious consequences for the Greek economy and society. The Greek economy is in recession for six consecutive years and the country's GDP has contracted cumulatively by about 25% with a tremendous impact on the economic prosperity and living standards of the country and its regions. The decrease is due to the reduction of consumption and investment.

Regional GDP and Unemployment rate: a similar regional pattern of the crisis

One of the main effects of the current Great Recession is the high and persistent unemployment rates. Regional unemployment impacts on the under-utilization of regional workforce and the social exclusion of unemployed.

In 2012, the level of unemployment in Greece reached 24.2% of the workforce (27.3% Sept 2013) whereas youth unemployment exceeded 60% in the second quarter of 2013. The unemployment rates in Greece are 2.5 times higher than the EU27 average with a steady increase throughout the study period. Regional unemployment follows the national trend. However, there are differences in unemployment trends across regions.

Dytiki Makedonia has been the region with the highest unemployment rate (29.9%) followed by Sterea Ellada (27.8%), Kentriki Makedonia (26.0%), Dytiki Ellada (25.5%) and Attiki (25.3%) with rates above the country average. Islands Regions show the lowest unemployment rates mainly due to tourism activity - Ionian Islands (14.7%), Notio Aigaio (15.1%) and Voreio Aigaio (21.2%).

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Source: Eurostat

The prolonged recession of the Greek economy, for more than five consecutive years, concerns all regions. Cumulatively, Greece has lost 20.8% of its GDP per capita during the years 2008-2012 (-4% forecast 2013). Examining regional data before 2010, because of unavailable recent data, the most vulnerable regions during the period 2008-2010 were Ionia Nisia with a loss in GDP of -14.8%, Thessalia (-11.8%), Voreio Aigaio (-11.2%) and Kentriki Makedonia (-10.9%).

Composite indicator: a comprehensive picture of the impact of the economic crisis on Greek regions

The composite indicator could provide a more comprehensive picture than merely portraying the impact of economic crisis on the Greek regions through GDP and unemployment rate.¹

At NUTS II geographical level, the most affected by the crisis are the regions of Attiki, Dytiki Makedonia and Anatoliki Makedonia and Thraki. The most resilient regions are Notio Aigaio, Ipeiros, Dytiki Ellada and Kriti.

¹ This indicator includes variables that reflect the socio-economic, demographic and welfare changes in the Greek regions before and after the economic crisis. Variables that are included in the analysis are population density, employment rate, exports per capita, non-residential energy consumption per capita, volume of new constructions per capita, nights spend for foreign tourists per capita, nights spent for domestic tourism per capita, per capita savings, per capita residential energy consumption, per capita new car sales. Estimations yield significant results for the Greek regions (NUTS II) and Nomoi (NUTS III) geographical areas in the country.
Results indicate that the impact of the economic crisis on the Greek regions is asymmetrical. Continental regions are more vulnerable to recessionary shocks (metropolitan areas Athens, Thessaloniki and Continental Greece). Certain islands are more resistant to the crisis (Cyclades and South Aegean Islands, Crete). Northern and Central Greece seem to be more vulnerable to crisis. North-Western, Western Greece and certain islands seem more resilient. These results could be considered as preliminary with more and recent data needed to strengthen the analysis of the crisis’ impact.

This note was prepared by the Ministry of Development and Competitiveness based on a Study Commissioned to Panteion University, Athens, Greece,

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The impact of the economic crisis in Italy

In Italy the recession has been longer and deeper than in most other EU countries and has affected regions and territories in different and long-lasting ways. Last year’s output was almost 7 percentage points less than in 2007. On an average, over 2007-2012, Italy's GDP in real terms decreased by 1.4% versus the slight 0.2% contraction recorded for EU27. The crisis resulted in a contraction of domestic demand, particularly strong for gross fixed capital formation. The main positive contribution to growth instead stemmed from net foreign demand.

Italy and EU27 by main economic and social variables – 2007-2012 average annual variation (%)

Source: DPS on Eurostat data

Public Investment in General Government expenditure

Source: DPS UVAL - Regional Public Accounts database
Over the same period, also due to increasingly critical labour market perspectives, the number of poor persons rose, with an average 3.7 percent annual increase in Italy’s at-risk-of-poverty or social exclusion rate, against 0.8 per cent in EU.\(^1\) Signs are now that the contraction is drawing to a close.

\(^1\) Persons at risk of poverty or social exclusion (Europe 2020 indicator) are those persons living in households at risk of poverty after transfers, experiencing severe material deprivation or living in households with very low work intensity.

**Differentiated impact of the economic crisis on Italy’s territories**

Over 2007-2012, Italy’s employment rate decreased by overall 1.9 percentage points, whilst the national unemployment rate increased by 4.6 percentage points. The phenomenon turned out to be more critical in consideration of the youth unemployment rate (15-24 years), which increased by 15 percentage points over five years, passing from 20.3 per cent to 35.3 per cent.

\(^2\) Between 2008 and 2012 Italy’s number of total employed decreased by 506 thousand units (of which 301 thousand units in lagging-behind Mezzogiorno Regions).

Over 2007-2012, enterprises’ growth rate showed a decrease dynamic across the country (with the exception of the 2010 slight recovery).\(^3\) As a matter of fact, in 2012 the national rate was 0.31 percent, versus 0.82 percent in 2011 and 1.19 percent in 2010. In spite of the insufficient domestic demand, over such difficult years several enterprises – notably export-oriented medium-sized enterprises – nevertheless managed to improve and strengthen their position.

\(^3\) Source: Unioncamere. The growth rate results from the ratio between the registrations and cancellations identified in the related period and the stock of enterprises registered at the beginning of such period. The Register of Enterprises may also include registered enterprises which are not operational yet and/or failed enterprises which have not been removed/deleted yet. As such, the registrations/cancellations do not coincide with data on business demography, but should instead be considered as a proxy thereof.

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Exports

Exported goods, in current values, have supported Italy’s economy through the economic crisis. The increasingly weaker domestic demand was offset by slightly lively foreign demand, which, in spite of the international crisis, recorded a significant fall throughout the country only in 2009. Over 2007-2012, the export trend was rather dynamic, yet not homogeneous across territories.

In particular, Central Italy recorded a rather lively dynamic, and good performances were attained by some Tyrrhenian Provinces. Conversely, inland and main Adriatic Provinces experienced export decline, with the exception of nearly all of Apulia Provinces. The rest of the Country recorded a more heterogeneous trend. Conversely, the trend of Italy’s two main islands was notably affected by the sale of refined oil products.

Provinces’ export net of oil products: 2007-2012 average annual variation (percentages)

Source: DPS on Coeweb - Istat data

This note was prepared by the Department for Development and Economic Cohesion of the Ministry of Economic Development, in collaboration with the National Statistical Office (ISTAT)

www.dps.tesoro.it    www.istat.it
Japan: Low fertility and long term demographic trends in regions

Fertility rates are low in metropolitan areas compared to non-metropolitan area

Low fertility is a central issue of territorial development policy in the next years in Japan. Demographic trends in Japan are characterised by the extremely low fertility rate of 1.41 in 2012 (Tokyo metropolitan area: 1.25, Nagoya metropolitan area: 1.46, Osaka metropolitan area: 1.32, Non-metropolitan areas: 1.50), as well as a large share of elderly population: 23% in 2010.

During 1965-2000 the fertility rate (TFR) was decreasing in all regions, while slightly increasing since 2005. The fertility rate of Tokyo metropolitan area and of Osaka metropolitan area, which are composed only of the prefectures classified as predominantly urban regions, are lower than the national average, while those of the Nagoya metropolitan area and of non-metropolitan areas exceed national average.

Fertility rates of the three metropolitan areas and non-metropolitan area

![Chart showing fertility rates](image)

Source: MLIT based on “Vital statistics” by Ministry of Health, labour and welfare

The case of Tokyo prefecture: fertility rates

![Graph showing fertility rates](image)

Source: Tokyo prefecture

In Japan, 418 islands within the archipelago are inhabited and 13 belong to Tokyo prefecture. TFR of those islands is significantly higher than those of 23 wards located in the mainland. Amongst the 23 wards, TFR of the centrally located three wards are rising slightly as well.

Vacant houses are increasing

In 2008, amongst all the housings of 58 million, unused housings amount to 7.5 million, equivalent to 13.1%.

The number of vacant housings has been increasing since the 1960s and the share reached more than 10% in all the prefectures, from 20.3% in Yamanashi prefecture (predominantly rural) to 10.3% in Okinawa prefecture (Intermediate).
Population increases are limited to Tokyo and Nagoya

In 2050 compared to 2005, less than 2% of the 180 thousands 1km grid of population, will see growth of population, most of which are located in Tokyo metropolitan area or Nagoya metropolitan area. In more than 60% of the inhabited grid squares, population will decrease by half or more.

Ageing in metropolitan areas and non-metropolitan areas

All regions have been experiencing decrease of young and working age generations and increase of aged population. Aged population is however projected to peak first in non- metropolitan area at around 2030, 2040 in Osaka and Nagoya metropolitan areas and 2050 in Tokyo metropolitan area.

Population projection by age group

Female workforce participation

The total fertility rate remains relatively high in non-metropolitan areas and low in metropolitan area. The share of female workforce population is low in Tokyo and Osaka metropolitan areas, and high in non-metropolitan, predominantly rural (PR) and intermediate (IN) regions, many of which overlap the non-metropolitan prefectures of relatively high fertility rates. Relatively shorter commuting time in PR and IN prefectures may partly explain the higher workforce participation among women, compared to urban regions.

Total fertility rate

Share of workforce population: Female 15-64 years old

Commuting time and female participation in the workforce


Note: Definition of metropolitan areas:
Tokyo Metropolitan area: Tokyo (PU), Saitama (PU), Kanagawa (PU) and Chiba (PU)
Nagoya Metropolitan area: Gifu (IN), Aichi (PU) and Mie (IN)
Osaka Metropolitan area: Kyoto (PU), Osaka (PU), Hyogo (PU) and Nara (PU)
Non-Metropolitan areas: prefectures outside the above-mentioned metropolitan areas.

This note was prepared for an expert group meeting launched in October 28th 2013, to discuss a Territorial Grand Design toward 2050 by the Ministry of Land, Infrastructure, Transport and tourism, MLIT
The economic crisis in Luxembourg

**Preliminary remark:** Given the small size of the country, an analysis of the impact of the economic crises at the local or regional level is not indicated for Luxembourg.

**Total employment and unemployment rate, 2005-2012**

<table>
<thead>
<tr>
<th></th>
<th>2005</th>
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<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic employment</td>
<td>307.8</td>
<td>318.8</td>
<td>333.0</td>
<td>348.8</td>
<td>352.2</td>
<td>359.7</td>
<td>370.1</td>
<td>378.6</td>
</tr>
<tr>
<td>Unemployment rate</td>
<td>4.1</td>
<td>4.2</td>
<td>4.2</td>
<td>4.2</td>
<td>5.4</td>
<td>5.8</td>
<td>5.6</td>
<td>6.1</td>
</tr>
</tbody>
</table>

Since November 2008, the economic crisis had an impact on the labour market of Luxembourg. From that moment on the domestic employment started to slow down after a long period of high economic growth.

**Population and GDP growth**

Despite this fact, the population growth continues to be very high. The graph below shows that the population growth is more related to the increased economic difference in the absolute growth of GDP between the immigrants’ countries of origin and Luxembourg. Even with the declining of the GDP and the impact of the crises, in Luxembourg the situation is still relatively better than in other European countries and particularly better than in the southern countries.

**Total population and GDP growth, 2002-2012**

The number of immigrants in Luxembourg continues to grow since 2008.

<table>
<thead>
<tr>
<th>Years</th>
<th>2005</th>
<th>2006</th>
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<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Immigrants</td>
<td>14,397</td>
<td>14,352</td>
<td>16,675</td>
<td>17,758</td>
<td>15,751</td>
<td>16,962</td>
<td>20,268</td>
<td>20,478</td>
</tr>
</tbody>
</table>
Local labour markets

Between 2006 and 2011 the unemployment level at national level was significantly increasing from 5.09% of the active population to 7.02%, which means a nearly 2 percentage point higher unemployment. In absolute terms this represents 5,862 unemployed persons, for an active population that increased during the same period of 27,861 individuals (Statec, 2012).

At local level, there is concern that the crisis has as consequence for an increase of regional disparities regarding employment (see map below). Those municipalities that were most affected by unemployment in 2006 are the same, where the unemployment was increasing most over the five last years. In general terms the southern part of Luxembourg and the urban areas are the most affected by this development.

In times of economic crisis and rising unemployment the tolerance between local population and foreigners is sometimes under pressure, especially when jobs are disappearing and social policies are threatened by the burdens they place on the state budget and, consequently on the taxpayers. For several decades the in other countries positively considered integration of foreign populations in Luxembourg is relying on a strong economic performance. This growth has largely contributed to facilitate cohabitation by providing good living conditions for everybody in the country. But if the country's economic growth, which has largely slowed down since the global financial crisis of 2008, is not able gain new momentum and the labor market does not change to the benefit of the employees, social tensions could return as this has happened in previous times.
Measuring the 2008 global crisis in Mexico

The indicators give us a frame of reference as to where we are and the path is set to follow in relation to the goals and objectives, likewise we help evaluate and measure impact of what was done during a period. In this sense, we show two indicators: labour productivity and remittances, which can help us understand the impact of the global crisis on the economy of Mexico regions.

Labour productivity contracted sharply in 2009 but recovered in 2011

The effects of the global economic crisis in 2008 in Mexico may be identifiable in different economic indicators, one of these and that is of importance is labor productivity, since in its calculation incorporates two traditional sources of economic growth: capital and labour.

Note that in OECD countries the contraction of the economy was 6.6% in 2009 and 4.7% in Mexico. In this context, the Labor Productivity indicator reflected the global economic and Mexico downturn, contracting 6.3% in the first quarter of 2009, while the rate of GDP fell by 5.3% and the Working Hours in one percent, all in the same period.

The economic downturn in the United States, who accounted for 80.5% of exports in 2009 hit this indicator, contracting 21% in this period, which in turn into production, and to a lesser extent in hours worked, as referred above.

The measurement of labour productivity is a major area of opportunity to improve our economy by focusing actions to improve productivity in the different sectors.

In this context, the Federal Government set up in 2013 the National Productivity Committee, which seeks to improve the capacity of Mexican finance growth with the help of workers, academia, trade unions and employers.

![Labour productivity index](image.png)
The decline in remittances to Mexico affected negatively the school attendance in rural regions

The decline in remittances to Mexico, as a result of the economic crisis of 2008, had as one of its effects in the short term the increase in child labour and the decrease of school attendance in (TL3) many regions. This effect is significantly higher in predominantly rural regions than in urban regions.

In this case, socio-demographic statistics represents better the impact of the recession, recovery and growth in TL3 regions and predominantly rural regions than financial or economic statistics.

This estimation focuses only on short-term direct effects of remittances on the decisions of households and not the longer-term overall effect that migration could have on this election.

Public policies that address the above effects must be generated, since 36% of the population is located in predominantly rural regions.

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This note was prepared by the Instituto Nacional de Estadística y Geografía (INEGI)

www.inegi.org.mx
Regional labour markets and industrial dynamics in Norway

Compared to previous periods of economic slowdown during the last quarter of a century the current economic slowdown so far had only moderate impacts on Norwegian economy and labour market.

Regional impacts also seem much less distinct than for instance during the deeper downturn of the first half of the 1990s. Contrary to the general European experience there have been no austerity policies. The Government countered the emerging slowdown by increased public sector consumption particularly from 2008 to 2009, matching a slight fall in private household consumption. A moderately expansive financial policy also characterized the years after 2009.

The labour market

Employment growth seems to continue throughout the downturn but the labour force grows even more, implying a slower fall or even a moderate growth in unemployment rates.

Labour market recovery from 2005 (the peak year of the former economic slowdown) until 2012 was most marked in the three northernmost counties, in the two mid-Norway counties, the north-western county of Møre og Romsdal, and the two western counties, all predominantly rural or intermediate regions. But even the region of the capital city of Oslo saw a marked positive change. There seem to be no clear urban-rural pattern according to the OECD typology.

The moderate unemployment growth in the period 2008 – 2012 seems to have affected more the predominantly rural and intermediate regions of the south-eastern counties of Østfold, Vestfold and Telemark, together with the two southernmost counties.

The maps indicate, respectively, the employment rate in 2012 and the annual change in employment from 2007 to 2012 for the 20-24 years old, the age group most affected by the current economic situation. Dark blue indicates the lowest employment rate and the largest decline. The northernmost county of Finnmark (rural with very low population density and small urban settlements) is among the counties with the highest level of employment and the least decline in employment rates in this age group.

There was a very slight fall in employment rates during the on-going slowdown for the age group 25-39, and a more pronounced fall for the youngest age group (20-24) – to below the level of the peak year of the previous slowdown. Regional variation in employment rates increased moderately after 2008, and again most pronounced for the youngest. The decline in employment rates is partly due to exceptionally high population growth in the period, affecting all counties although to different degrees.
Net domestic migration

The centre-periphery dimension of net domestic migration is sensitive to business cycle change; periods of slowdown (like the first half of the 1990s, the period from around 2000 to 2004/2005, and for a couple of years following the commencement of the current downturn from around 2008) display a somewhat less centralized net migration pattern than the long-term trend when measured at municipality level, the municipalities classified according to their degree of centrality.

The impact of the present downturn seems far less pronounced than it was the case in the first half of the 1990s, and less enduring than in the last downturn.

At county level (OECD TL3 regions) the picture is less clear. Regional disparities in domestic net migration rates are most pronounced for the age group 20-29, those who are entering the labour market, but disparities seem to be narrowing in the period following the peak of the former economic downturn and levelling out again from the start of the current downturn. After 2010 the disparities seem again to increase slowly. Regional disparities increased for the age-group 16-19 during the first two years of the current downturn (2008-2010), but soon fall back to their former level.

Net domestic migration (per 1 000 people) for the age group
20-29 in the 19 Norwegian counties, 2004-2012

In the period 2004-2012, the capital county of Oslo, as well as the other three counties containing large cities, displayed a high net in-migration for the age group 20-29. However, the neighbouring county of Akershus (containing a large share of the Oslo urban settlement) and the nearby county of Vestfold lose population in this age-group. All predominantly rural counties display negative net migration rates in this age-group, particularly the North-Western counties and other counties with a relatively rural and small-scale settlement pattern. This regional net-migration pattern seems more pronounced after 2010 following a couple of years with a somewhat less centralizing path. The exceptions are the two northernmost counties (PR) and the counties of Østfold and Buskerud (PR), which are neighboring to the capital county.

The age-groups 16-19 and 30-39 are marked by lower regional disparities in domestic net migration rates, the youngest however displaying a similar regional pattern to the age-group 20-29, with high in-migration rates to Oslo (PR) and Sør-Trøndelag (IN), both counties with nationally important higher educational institutions. This age-group even seems to experience an immediate migration push during the years 2008-2010. The oldest age-group (30-39) deviates from the other age groups, by displaying a net migration flow towards Oslo’s neighbouring county Akershus (IN), a pattern which increases steadily from 2004 with a peak in 2012.

Acknowledging the “normal” cyclical regional pattern of net-migration over the last three decades, the observed changes in net-migration rates at TL3 level during the last 5 years cannot be directly attributed to national and regional economic situation following the financial crisis.
Industrial dynamics

In periods of business-cycle slowdown several industrial dynamic changes are expected to take place, for instance a reduced number of new firm establishments and/or an increased number of firm closures. In Norway all counties (OECD TL3 regions) experienced a marked fall in the net growth-rates of firms only in the very early phase of the downturn, from 2006 to 2007, most pronounced in the capital region and its neighbouring county of Akershus (IN). Also three other IN-counties were among the six counties with the fastest falling net growth-rates of firms. The sixth county, Vest-Agder (PR), includes the city of Kristiansand and is the neighbour of Rogaland (IN), the latter including the larger city of Stavanger.

All the six counties with the largest decline in net firm growth-rates in the period are including or located close to one of the four largest cities. They were also – together with Rogaland - the counties with the highest net firm growth-rates in 2006. Except Rogaland, the “petroleum capital” of Norway, all counties displayed negative net firm growth-rates in 2007 and low or zero/negative (Oslo and four PR-counties) rates even in 2008 (with the exception of Vest-Agder).

However, the net firm growth-rates resumed an increasing trend and in 2010 most counties had reached growth-rates equal to or higher than those displayed in 2006 (with the northernmost county of Finnmark as the most prominent of the three exceptions). Regional variation in net firm growth-rates were significantly lower in the years 2007-2009 than in the years 2006 and 2010 (measured as standard deviation), reflecting a more level (less centralizing) urban-rural pattern of net firm change rates during the economic slow-down years.

Per cent of firms established in 2004, 2007 and 2010 still existing three years later, by county

With a few exceptions, 3-years survival rates of firms seem to be higher for firms “born” in 2007 (the year with generally negative net firm growth-rates) than in 2005 (the peak year of the former slow-down). The exceptions seem to be the three most sparsely populated counties. Firms “born” in 2010 display higher or almost equal average survival rates compared to firms “born” in 2007, with only few exceptions. Regional variation in survival rates (coefficient of variation) is significantly lower for firms “born” in 2007 than for firms “born” in 2005, but increasing slightly from the “birth-year” 2007 to the “birth-year” 2009.
The territorial impact of the economic crisis in Poland

In the period 2004-2008, until the surfacing of the global economic crisis, Poland, like most of the new EU member states, experienced high economic growth, with the average annual GDP growth amounting to 5.4% (as against 2.4 % in the EU). In 2009, Poland was the only EU country to avoid recession (with the GDP growth of 1.6 %, while in the economy of the EU-27 contracted by 4.5%). However, the adverse external conditions affected the Polish economy, leading to significant slowdown in the rate of growth – which was particularly evident in 2012, with the GDP growth amounting to 1.9%. Therefore, average annual rate of GDP growth in the period 2009-2012 slowed down to 2.9% (while the EU as a whole was in recession with the average annual GDP growth amounting to -0.3%).

As a result of these divergent growth paths in Poland on one hand and in the EU on the other, there has been an acceleration of the convergence process towards the EU average in terms GDP per capita. In 2012 the GDP per capita in Poland reached 66% of the EU-27 average, indicating an improvement by 14 percentage points compared to the year 2007 and signifying the most pronounced progress in this field among the new member states of the EU.

However, due to severe economic turbulences in Europe and in the world, the macroeconomic situation in Poland was in a number of dimensions worse the in the pre-crisis year 2007, as evidenced by the data on: GDP growth, unemployment rate, inflation, and general government balance. In 2012 the number of employed in the national economy increased mere 0.2 % per year (while in 2011 it grew by 0.6%). Total unemployment rate remained lower than the EU average, but the youth unemployment (15-24 years) increased to 26.5%, and remained significantly higher that the EU average. Investment rate fell from 21 % the of GDP in the years 2007-2009 to 19.4 % in 2012. Economic forecasts point out that in the coming years Poland will not return on the path of high growth observed in the period 2006-2008 .

In all regions, investment has decreased

At the level of (OECD TL2) regions, the process of real convergence towards the EU average was observed in all voivodeships, though it was slow in the less developed regions of a country. Five provinces of Eastern Poland remained in the group of 20 NUTS 2 regions with the lowest GDP per capita in the EU –with the GDP per capita ranging from 42% of the EU average in Lubelskie voivodeship to 47 % in świętokrzyskie voivodeship.

It should be underlined that adverse effects of the economic crisis were felt in all regions, particularly from the year 2010, leading to declining investment activity, low supply of new job openings, decrease in own revenues of territorial self-government units, higher number of companies going bankrupt (especially small firms and construction companies), as well as growing delays in payment of wages and salaries. This was particularly evident in regions characterized by lower investment attractiveness. In 2010 investment rates in large and economically strong regions (śląskie, mazowieckie, dolnosląskie and wielkopolskie voivodeships) were not only lower than the national average, but also below those recorded in 2007. Quite the opposite situation was observed in case of smaller regions (including those in Eastern Poland).

These developments may reflect growing problems of metropolitan areas with financing their development needs. Long-term unemployment (over one year) was the most widespread in the regions of Eastern Poland. A number of voivodeships singled out the growth in unemployment rate (including long-term and youth unemployment) as the most serious problem of socio-economic development in the region. They also pointed out to sizeable intraregional differentiation in this regard. High unemployment constitutes the most common cause of poverty – in general in poviats (equivalent to NUTS 4 level) with high and persistent unemployment high proportion of people relies on social assistance.
In the years 2005-2010 the highest growth in the GDP per capita was observed in NUTS 3 units characterized by high level of economic development, including major cities and their metropolitan areas (Warsaw, Wroclaw, Lodz) and in highly industrialized sub-regions (Legnica-Glogów in dolnoslaskie, Tychy and Gliwice in the slaskie voivodeship and plocko-ciechanowski in mazowieckie voivodeship), as presented on the map. It should be noted, however, that in the crisis years of 2009 and 2010, only a very limited number of NUTS 3 units (subregions) witnessed the decrease in their GDP.

Compared to the situation in the European Union, Poland is not characterized by strong regional differentiations. The indicator which measures differentiation in GDP per capita at the OECD TL2 regional level, though slightly increasing, is significantly lower than its average value for the EU -27. At the sub-regional level (NUTS 3) the coefficient of dispersion is above the EU average and is also slightly growing - as in the majority of the EU countries. It should be underlined that the diversification has been mitigated by the beneficial impact of the EU Cohesion Policy’s instruments.

In 2010 the GDP per capita at the NUTS 3 level ranged from 53.2% of the national average in the Przemysł subregion (podkarpackie voivodeship) to 301.1 % in Warsaw; indicating the differentiation of 1:6. There are also significant intra-regional differentiations observed in voivodeships in which large urban centers are located – most of all in mazowieckie (1:4 relationship between Radom subregion and Warsaw subregion), mazowieckie (1:2.5 ratio between Pila and Poznan subregions) as well as in dolnośląskie voivodeship (1:2.5 ratio between the Wałbrzych and Legnica-Glogów subregions). The differences have widened due to lower rate of growth in less developed regions, however it should be noted that EU Cohesion Policy slows down the process.
Urban areas and large cities are better off in terms of income, education and health

The study carried out in Poland by UNDP on the level of socio-economic development of voivodeships (NUTS 2) and powiats (equivalent to NUTS 4 level) based on the methodology used to calculate the Human Development Index (HDI), which took into account essential elements of human existence such as health, knowledge and level of wealth, revealed that the highest level of human development was observed in large cities, metropolises and their metropolitan areas, while the lowest one was identified in the districts with a dominant share of the rural population and with a large share of agricultural employment. However, significant improvement in the values of the HDI was observed in the period 2007-2010 also in the peripheral areas of territorial units of the economically less developed regions (podkarpackie and podlaskie in Eastern Poland, malopolskie in the south as well as lubuskie in the west of the country).

This note was prepared by the Department of Structural Policy Coordination of the Ministry of Regional Development
Two long-lasting faces of economic crisis in Portugal: (under)investment and (un)employment

Why is this crisis different?
Among the macroeconomic indicators there are two that present a severe evolution, notably facing the previous crisis:

- Investment (Gross Fixed Capital Formation) with a significant (and persistent) negative contribution to GDP;
- Unemployment, with a significant and persistent increase.

Investment Shortage

- Across all institutional sectors (public administration, firms and households).
- After 2008 a relevant decrease in investment in equipment that accumulates with the negative contribution from investment in construction that started in 2002.
- Constraints the immediate growth but, in particular, the ability to grow in the future (not improving the production capacities).
- With a complex set of foundations, from uncertainty in the global markets (very low levels of national and international confidence) to the funding problems (credit market for private investment and fiscal framework for public investment).

Investment rate (as GDP share) in Portuguese regions, 2005-07 and 2009-10 and evolution of Investment rate in Portugal, OECD and EU27, 2005-2012

- Across all regions, but with greater accuracy in Algarve and Madeira (construction and real estate effect). Alentejo is an exception due to significant major private (FDI) and public (major networks) investments;
- Affected 21 out of the 30 regions NUTS III considering the business investment rate. The NUTS III of Norte and Centro regions presented the worst performances in the investment rate variation;
- Around half of Portuguese public investment is undertaken by subnational governments (below OECD average). The decrease of investment by the municipalities affected the majority of NUTS III regions and it is higher than the national decrease in Lisboa and Algarve – these two regions concentrate 18% of national acquisition of capital goods by the municipalities in 2009-11.
Underutilization of human capital

- Substantial unemployment increase in all regions, with relevant structural consequences: social exclusion and poverty; out-migration and decline in birth rate; downgrading of human capital and loss of competences.
- But regions ranking positions changed significantly: Alentejo had the highest unemployment rate in 2008 but in 2012 the tourist region of Algarve occupies the first position together with Lisbon. These changes are closely related to regional specialization of economic activities.

Unemployment rate in Portuguese regions, 2008-2012

- Building and manufacturing sectors are responsible for half of the jobs lost. Together with wholesale and retail trade and hotels and restaurants it accounts for 80% of job losses.
- Long term unemployment rate has been rising accordingly (especially among older workers (68% of aged 55+ workers are long term unemployed, OECD 44%) particularly in the Norte and Island regions).
- Not only male unemployment rate exceeded the female rate but also the number of male unemployed outweigh the female, for the first time. Two thirds of the jobs lost between 2008 and 2012 were occupied by men.

Registered unemployment in Portuguese regions, 2008-2012

- Young adults (unemployment rate: PT 37,7% vs. OECD 16,2%, in 2012) and older workers are the most affected groups. In youth unemployment Açores and Madeira regions changed their ranking position from below to above average.
- Young people aged 15-24 not in employment and not in any education and training (NEET) rates rose significantly across all regions (Algarve excluded).
The reply from structural policy (related guidelines for the application of the EU 2014-2020 funds in Portugal):

- **Strengthening the support to private investment** that contributes to change the Portuguese economy profile towards: tradable sectors; high-tech and knowledge intensive sectors; and more innovative products (including in “traditional” sectors). The regional smart specialization strategies play a decisive role to concentrate the resources within a collective approach and to fully exploit the potential growth of the Portuguese regions.

- **Continue to promote the integration of local public investment under intermunicipal strategic plans.**

- **Strengthening the support to active labour market policies, with a major focus on youth unemployment** (under the EU Youth Employment Initiative).

- **The exploitation of territorial approaches as a decisive contribution to more effective public policies** (territory as a cross-cutting issue in programming 2014-2020 EU funds, across four thematic domains: competitiveness and internationalization; social inclusion and employment; human capital; and sustainability and resource efficiency).

This note was developed by the Portuguese delegation to the Working Party on Territorial Indicators to be presented at the 2013 ministerial meeting of the OECD Territorial Development Policy Committee

www.observatorio.pt  www.ine.pt
The economic crisis in Spain

A regional approach

The assessment of the impact of the economic crisis on Spain should be taken into account, first of all the GDP series since 2008, both at National level and its breakdown into the 17 Autonomous Communities (ACs) in which Spain is territorially divided. Most national real GDP decline occurred in 2009 (-3.8% annual change) and dropped in all ACs (percentages between -2.4% and -6.0%).

However, it should be noted that in previous years there had been a significant increase of the national GDP (in 2008 the national real GDP was +12.6 % higher than in 2004).

Between 2008 and 2012 GDP dropped in all 17 ACs being -1.28% the average decline. It was reduced more than -2% in Castilla-la Mancha, Asturias and Valencia, and less than -1% in Baleares, Castilla Leon, Pais Vasco, Madrid, Navarra and Canarias while the other ACs experienced GDP reductions in between.

In 2010 and 2011 the national real GDP remained almost stable with a slight decline in 2010 and a slight increase in 2011. Looking to the regional GDP figures, ACs 2010 GDP rose in 4 ACs while it fell in 10 ACs while it remained stable in 3 (percentages between +1.2% and -1.6%) while in 2011 the regional GDP figures rose in 10 ACs and diminished in 5 while it remained stable in 2 (percentages between -0.9% and 1.7%).

Finally, in 2012 there was a decrease of -1.6% in national real GDP compared to 2011 and all the ACs GDP dropped (percentages between -0.3% and -3.0%). However, it should be noted that despite this decline, recent figures advanced by the NSI for the third quarter of 2013 indicate that recession has left after nine quarters of a technical recession.

Regarding the impact of the economic crisis on regional GDP figures, despite some differences, in general terms there is a common trend and most of the ACs are similarly affected.

<table>
<thead>
<tr>
<th>GDP PER CAPITA (EUROS)</th>
<th>Var € 2008-2012</th>
<th>Var% 2008-2012</th>
<th>% of national GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAÍS VASCO</td>
<td>30.947</td>
<td>-118</td>
<td>-0,4</td>
</tr>
<tr>
<td>CÁCERES</td>
<td>21.538</td>
<td>-249</td>
<td>-1,1</td>
</tr>
<tr>
<td>CATALUNYA</td>
<td>27.620</td>
<td>-372</td>
<td>-1,3</td>
</tr>
<tr>
<td>GALICIA</td>
<td>21.121</td>
<td>-398</td>
<td>-1,9</td>
</tr>
<tr>
<td>NAVARRA</td>
<td>29.917</td>
<td>-846</td>
<td>-2,8</td>
</tr>
<tr>
<td>LA RIOJA</td>
<td>26.372</td>
<td>-864</td>
<td>-3,3</td>
</tr>
<tr>
<td>CANTABRIA</td>
<td>23.114</td>
<td>-773</td>
<td>-3,3</td>
</tr>
<tr>
<td>ARAGÓN</td>
<td>26.536</td>
<td>-996</td>
<td>-3,8</td>
</tr>
<tr>
<td>CANARIAS</td>
<td>20.464</td>
<td>-896</td>
<td>-4,4</td>
</tr>
<tr>
<td>Total Nacional</td>
<td>23.858</td>
<td>-1.086</td>
<td>-4,6</td>
</tr>
<tr>
<td>ISLAS BALEARES</td>
<td>25.634</td>
<td>-1.241</td>
<td>-4,8</td>
</tr>
<tr>
<td>MADRID</td>
<td>30.944</td>
<td>-1.559</td>
<td>-5,0</td>
</tr>
<tr>
<td>EXTREMADURA</td>
<td>16.327</td>
<td>-933</td>
<td>-5,7</td>
</tr>
<tr>
<td>ASTURIAS</td>
<td>22.350</td>
<td>-1.315</td>
<td>-5,9</td>
</tr>
<tr>
<td>ANDALUCIA</td>
<td>18.365</td>
<td>-1.405</td>
<td>-7,7</td>
</tr>
<tr>
<td>CEUTA</td>
<td>20.989</td>
<td>-1.654</td>
<td>-7,9</td>
</tr>
<tr>
<td>C. VALENCIANA</td>
<td>21.701</td>
<td>-1.737</td>
<td>-8,0</td>
</tr>
<tr>
<td>R. DE MURCIA</td>
<td>20.340</td>
<td>-1.820</td>
<td>-8,9</td>
</tr>
<tr>
<td>CASTILLA - LA MANCHA</td>
<td>19.495</td>
<td>-1.797</td>
<td>-9,2</td>
</tr>
<tr>
<td>MELILLA</td>
<td>19.479</td>
<td>-2.498</td>
<td>-12,8</td>
</tr>
</tbody>
</table>

Organic Law 2/2012 on Budgetary Stability and Financial Sustainability

One of the consequences of the economic crisis has been the increase in the deficit and public indebtedness. In September 2011 the amendment of article 135 of the Spanish Constitution provides a
balanced budget provision and a strict limit on the indebtedness that all levels of government may incur. This has been implemented by Organic Law 2/2012 on Budgetary Stability and Financial Sustainability (BSOL) that entered in force as of May 1st 2012.

This Law is an improvement on previously existing fiscal rules as it regulates the budget stability and debt targets for all levels of government, their implementation and the consequences of non-compliance, providing for preventive, corrective and enforcement mechanisms. It creates additional funding mechanisms (Regional Liquidity Fund and Suppliers Payment Mechanism) to inject liquidity to the ACs and Local Governments. These mechanisms have improved payments at the due date. This new regulation and the fiscal effort carried out at all Government levels are allowing significant positive results in fiscal consolidation. Thus, the deficit (in percentage of GDP) in the Autonomous Communities was reduced by 46% from 2011 to 2012 and the deviation from the budget stability target was reduced from 2.1 pp of GDP in 2011 to 0.34 pp of GDP in 2012.

As an example of the saving effort carried out, it can be noted the data from the autonomous community of Castilla-La Mancha, with a deficit of 8.11 % in 2011 and a deficit of 1.57% in 2012 (a decrease of over 80 %).

**Local Governments**

The economic crisis had an effect on the local governments own resources and difficulties in access to borrowing, as well as on the increase in commercial debt with suppliers.

Taking national accounts data from 2007 (before the crisis) to 2012 (last published) revenues decreased by 3.6%, mainly due to the decline in capital revenues (-44.8%).

On the expenditure side, there was an 11% decline mainly due to the restrictive fiscal policy in the field of investments, with capital expenditure decreasing by 58%:

As a consequence of this situation the central government designed instruments that have enabled greater own resources (increase in the real estate tax), the design of a mechanism of payments to suppliers that has involved the conversion of commercial debt in financial debt, which has favorably influenced the real economy, and that has required approval by the local authorities of adjustment plans. This has enabled in terms of national accounts, a surplus of local governments in 2012, compared to deficit in previous years:

<table>
<thead>
<tr>
<th>% GDP</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012(P)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lending(+)</td>
<td>-0.32</td>
<td>-0.50</td>
<td>-0.56</td>
<td>-0.68</td>
<td>-0.79</td>
<td>0.22</td>
</tr>
<tr>
<td>Borrowing requirement (-)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Intervención General de la Administración del Estado

**Conclusion**

To sum up, despite the strong impact of the economic crisis on Spain, the economic figures start to show that Spain is leaving this phase of recession. It should be also emphasized that this gradual improvement of the economic situation is being done in a context of fiscal consolidation and public expenditure restriction.
Regional GDP trends in Sweden during the economic crisis

During the economic crisis in Sweden, GDP showed a decrease from 2008 to 2009 and an increase from 2009 to 2010. The increase between 2009 and 2010 was larger than the decrease between the previous years. That could have been interpreted as a complete recovery. However, when the GDP development trend is calculated for the period 2000 to 2008, it shows that the development during that period was relatively steady around a positive increase (R²=0.99). When that trend is projected for 2008 to 2010, it indicates that despite a recovery that was bigger than the decrease, Sweden is still lagging behind the development it had before the economic crisis. This is exemplified in Figure 1.

![GDP development in Sweden between 2000 to 2010 (current prices)](image)

Source: Growth Analysis (Raps) and SCB

Since GDP doesn’t tell the whole truth it is important to remember that this picture is only valid from a GDP perspective. For example, it should be mentioned that between 2008 and 2009 the public expenditure rose 49.7 % to 53% 2009 as share of GDP.

Regional GDP recovery between 2008 and 2010 in Swedish NUTS 3 regions

When looking at data for the 21 Swedish NUTS 3 regions, it shows that there are only two regions that did not have any decline in GDP at all during the period from 2008 to 2010. When looking at GDP per employee there was four regions that did not experienced any decline at all. There were also three regions that have not reached back to its 2008 level in 2010. 18 NUTS 3 regions that 2010 had passed their respective GDP level for 2008. Among these 18 regions, there were only four who also matched or passed their estimated GDP level. Estimated GDP levels for 2010 is based on their respectively GDP development between 2000 and 2008.

Among the regions that had the best development based on GDP during the period between 2008 and 2010, there were mainly three regions that excelled in different ways from the others.

- Norrbotten County is a region where the industry has clear linkage to raw materials. In relative terms this region had the strongest recovery rate 2010 compared to 2008. The region had also the biggest decline 2009. Despite this decline Norrbotten also was the region that had the strongest recovery compared to the estimated development trend. This fact also applies to GDP per employee. Norrbotten was also one of two regions that 2010 not only reached the estimated regional GDP level but passed it with about 5 percentages.

- The other two regions is Stockholm County, which is the metropolitan region in Sweden and Östergötland County, which houses Sweden's fourth largest urban population. These two regions where the only ones who did not have any decline in regional GDP during the period between 2008 and 2010 at all. The only effect that is visible in Stockholm when looking at regional GDP is
that the GDP development slows down significant to 2.3 percentages between 2008 and 2009 from a yearly average at approximately 5 percentages during 2000 to 2008. Östergötland experienced a little more pronounced affect thus that the increase in regional GDP almost stopped between 2008 and 2009 (0.2 percentage).

**GDP recovery between 2008 and 2010**

![GDP recovery between 2008 and 2010](image)

Source: Growth Analysis (Raps) and SCB

**Pattern in regional GDP recovery between 2008 and 2010**

There is no clear pattern in which regions that have managed to pass the worst effects by the economic crisis best in short-term. For example, looking at the ten counties with the best ratio between regional GDP value for 2010 and 2008, it does show that there are counties with high population density areas and with a big industry diversification as well as counties with a small and scattered population with a relatively large raw material industry dependency.

On the other hand, it should be noted that the geographical units used are quite large and this may affect the results shown above. For example, the second largest urban area in Sweden (Gothenburg) is in a region which covers high population density areas as well as rural areas that have lower population densities.

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*This note was prepared by the Swedish Agency for Growth Policy Analysis*

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Socioeconomic developments during the economic crisis in Switzerland

This note shows the variation of three indicators in relation to the economy and society, covering the period of the crisis: gross domestic product (GDP), net migration rate and unemployment rate.

Regional disparities in GDP

Between 2008 and 2009 a decrease of the GDP by -1.9% (in constant prices) is observed for Switzerland. At regional level (OECD TL3 regions = cantons) the rates of variation extend from -6.5% to +2.5%. Especially three cantons (Neuchâtel, Jura, Solothurn) in the north western part of Switzerland shows decreasing GDP figures, mainly due to a decline in the industry sector (comprising manufacturing, construction, mining and quarrying; not including the energy sector). These regions are famous for clockmakers, other mechanics and the metal processing industry.

Financial services and insurances are important economic sectors in several cantons of Switzerland. They have been considerably affected in the crisis period. The values of the Gross Value Added (GVA) coming from this sector declined in the cantons with the most important financial centers from 2008 to 2009 by -4.2% (Zurich) and -8.1% (Geneva) (compared in prices of preceding year). Other branches helped to keep the total decrease of GDP in the canton of Zurich (-1.8%) close to the national average. The canton of Wallis/Valais resisted the national trend and increased its GDP by 2.5% in the analysed time span.

Decline and recovery of the economy in Switzerland, 2008 to 2010

The following years show a recovery of the economy. In terms of GDP the national economy grew between 2009 and 2010 by 3.0%. In that period some cantons in central Switzerland show remarkable growth rates up to 9.2%. The former mentioned regions Neuchatel, Jura and Solothurn, suffering a decline in the industry sector in 2009, could reach in 2011 nearly the absolute GVA values as before the crises in that sector or even surpass them. This applies not for the sector of financial services and insurances however. Geneva and Zurich failed to achieve the values in 2011 they had in the year 2008 in that sector, even while the trend from 2010 to 2011 was positive in Zurich (comparing the aggregate of both branches: financial services and insurances).

International net migration decreased during the crisis, although metropolitan areas showed above the average net migration

The international net migration rate shows the difference between the number of migrants arriving in a region from abroad and those leaving the same region for another country, relative to the population in the region of observation. This figure reflects the attractiveness of the region for migrants and can be regarded as an indicator for better living and/or working conditions in the area of destination than in the areas of origin. In the year 2008 the net migration rate of Switzerland was +12.8 persons per 1000 inhabitants; a fairly high rate at European scale. The cantonal rates (TL3) varied from +5.9 (Appenzell-Innerrhoden) to +22.4 (Vaud), most of them ranged between +8 and +17. In the year 2010 the Swiss net migration rate dropped to 8.3 persons per 1000 inhabitants. Regional disparities at cantonal level persisted.

The cantons of Zurich, Geneva and Basel-Stadt are classified as predominantly urban by the OECD and
have a distinct international relevance. In both analysed years they show annual net migration rates over the national average (2008: 17.2, 16.4 and 16.6 respectively; 2010: 10.5, 11.7 and 14.6 respectively). In 2008 these three cantons together attracted 32.8 % of the absolute net migration while accounting for only 25.5 % of the total population. In the year 2010 they cumulated 34.4 % of the national net migration and accounted for 25.6 % of the Swiss population. These figures thus show a clear above average attractiveness of the three cantons – containing a metropolitan centre defined by OECD-criteria – as destination for migrants.

In Switzerland immigration and integration are recent topics in focus. The strategies on how to deal with the challenges deriving from high immigration rates are in discussion.

**Variation of the unemployment rate: Development in correspondence with the economy**

Switzerland shows a low unemployment rate compared to other OECD countries in the period 2002 - 2012. We state an increase between from 2002 to 2004 for the national value (3.1 % to 4.4 %). This goes in line with adaptations in the economy after the burst of the dot-com bubble (climax in 2000). Between 2005 and 2008 the national unemployment rate decreased to 3.4 %. In the period of the recent crises an increase up to 4.5 % again occurred in 2010, the most recent figure in 2012 is 4.2 %.

The variations at regional level (TL2) follow in general the national trend along the time. Two regions show distinctly higher rates: Ticino and Region lémanique (7.0 and 6.6 % in 2012). The difference to the national level in percentage points increased for these two regions from 2008 (1.8 and 1.4) to 2012 (2.8 and 2.4). The region Suisse central has a continuously low unemployment rate over the whole analyzed period. There is no clear connection of the data to urban-rural polaritiy observable in that type of analysis.

**Concluding remarks**

All in all, it can be concluded that the crisis had an influence on the economy and on living conditions in Switzerland, but in comparison to other (OECD-) countries the impact seems minor. The following aspects may explain this resilience to the crisis: the absence of a housing-bubble; the absence of a credit crunch; migration that stimulates private consumption and construction; a favourable export structure (industries, countries); sound private business balances (high level of self-financing). The regional dimension is important to analyse as remarkable regional disparities can be detected using socioeconomic indicators.

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This note was prepared by the Federal Statistical Office Department of the Interior

www.statistik.admin.ch
Regional impact from the economic crisis and recovery in the United Kingdom

London’s economy is outperforming the rest of the United Kingdom

From 2007 to 2011 London’s economy (GVA) grew by a nominal 12.4% compared to between 2.3% and 6.8% across other UK regions. This led to London’s share of UK output rising from 20.7% to 21.9% over the period.

Note: the nominal GVA statistic does not account for inflation.

London has also seen the largest increase in jobs. There was a 449,000 (9.4%) increase in workforce jobs in London between June 2007 and June 2013. The rest of England only increased by 1.4% over the same period. The devolved countries (Northern Ireland, Scotland and Wales) however all experienced a decrease in the number of workforce jobs.

This note was prepared by the Office for National Statistics (ONS)

www.ons.gov.uk