WDC Insights

providing insights on key issues for the Western Region of Ireland

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County Incomes and Regional GDP

Regional income disparities widen again

The most recent figures from the CSO *County Incomes and Regional GDP* for 2011 indicate that regional income disparities are widening again. The Mid-West, West and Border regions had the largest falls in disposable income between 2010 and 2011 and the Border had the lowest disposable income per person in that year. Dublin was the only region to experience an increase in its disposable income per person between 2010 and 2011. This may indicate that the beginnings of economic recovery, and the impact of reductions in the value of social transfers, are contributing to a widening of regional income gaps.

Between 2002 and 2010 there had been a general trend of narrowing regional income disparities and this continued through the early years of the recession (2007-2010). During the first half of the 2000s this trend was driven by widespread economic growth as the construction, retail and public sectors in particular led to employment growth in the relatively weaker regions.[1] The redistribution effect of increasing social welfare rates also contributed.

After 2007 the regional income gap continued to narrow as unemployment rose across all regions and particularly hit some of the higher income commuting counties around Dublin. As income derived from employment accounted for a smaller share of total disposable income in some regions (e.g. Border, South East, Midlands, West), declines in employment had less of an impact on their overall total disposable income. The differences between regions therefore continued to narrow even as income fell across all regions, until the 2011 reversal in the trend.

National output becoming more regionally concentrated

National output has become increasingly concentrated with the share produced by the two strongest regions (Dublin and South West) rising from 57.2% in 2002 to 59.9% in 2011. The West region's position has strengthened considerably and in 2011 it was the third largest contributor to national Gross Value Added (GVA)[2], up from sixth in 2002. The Border region however has seen its role in national output shrink, particularly between 2006 and 2011 when it declined from joint fourth to seventh (of eight). While the West and Mid-West both had GVA per person above the EU27 average in 2011, the Border had a GVA of less than three-quarters the European average.

In contrast to income, during the 2002-2011 period regional differences in GVA per person widened. The position of the Dublin, South West and West regions, in terms of GVA per person, has improved since 2007 and they fared best in the recession. This is partly due to the strength of Dublin, Cork and Galway cities respectively as well as these three regions' relative success in attracting and retaining foreign investment, the greater diversity of their economic profiles and inward commuting increasing their workforce.

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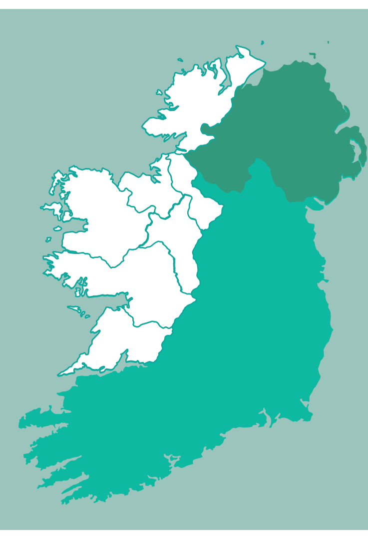
The Western Development Commission (WDC) is a statutory body promoting economic and social development in the Western Region of Ireland (counties Donegal, Sligo, Leitrim, Mayo, Roscommon, Galway and Clare).

For more information see
www.wdc.ie



Services the largest sector: West strong in manufacturing; Border in agriculture

'Market and non-market services' is the largest source of GVA for all regions except the South West (where it is 'manufacturing and construction'). 'Manufacturing and construction' is also important in the West region which, after the South West, has the second highest share of its total GVA coming from that sector. This share has been rising over the past decade, influenced by medical devices and ICT.

This has helped the West to become the third largest contributor to national 'manufacturing and construction' output. In the Border region the share of its GVA coming from that sector has declined substantially since 2006. The agricultural sector remains quite strong and the Border is the third largest contributor to national GVA from 'agriculture, forestry and fishing'.

Key *County Incomes and Regional GDP 2011* statistics for the Western Region

Statistic	West	Border	Mid-West	State
Income				
Disposable income per person	€17,836	€16,984	€18,485	€19,055
% of state average disposable income per person	93.6%	89.1%	97.0%	100.0%
Change in disposable income per person 2010-2011	-5.8%	-5.0%	-7.5%	-2.1%
Difference between total disposable income & total income from employment	19.7%	27.4%	18.3%	11.6%
Gross Value Added				
Gross Value Added (GVA) per person	€26,933	€18,571	€25,982	€32,224
% of state average GVA per person	84.0%	58.0%	81.0%	100.0%
% of EU27 average GVA per person	108.0%	74.0%	104.0%	129.0%
% of national total GVA	8.1%	6.5%	6.7%	100.0%
Contribution to GVA from:				
• Agriculture, Forestry & Fishing	9.3%	12.5%	11.7%	100.0%
• Manufacturing & Construction	12.0%	6.3%	7.4%	100.0%
• Market & Non-Market Services	6.5%	6.4%	6.3%	100.0%

Source: CSO, County incomes and Regional GDP 2011, www.cso.ie

*West (**Galway, Mayo** and **Roscommon**); Border (**Donegal, Sligo, Leitrim,** Cavan, Monaghan and Louth); Mid-West (**Clare**, Limerick and North Tipperary).*

A detailed WDC analysis of the CSO *County Incomes and Regional GDP 2011* data, including county level income data, can be downloaded from http://www.wdc.ie/publications/reports-and-papers/

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1 An analysis of employment trends in the Western Region, based on data from the CSO *Quarterly National Household Survey*, will be published by the WDC shortly.
2 At regional level the GVA measure is used instead of Gross Domestic Product (GDP). Both measure the same concept but GVA excludes product taxes and includes product subsidies while GDP includes taxes and excludes subsidies.

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