

News Release



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National Accounts

Regional Gross Domestic Product

Gross Domestic Product does not provide a measure of wealth but an estimate of the economic activity prevailing within the specified regional boundaries. Differences in size, location and resource-endowment are all factors that give rise to different GDP levels being achieved across regions. Apart from the inter-spatial sectoral analysis across the regions in question, regional GDP estimates are useful to figure out the respective regional shares vis-à-vis the national gross value-added.

Table 1 illustrates the gross value-added as calculated using the output approach. The general principle chosen for regional accounts is that gross value-added should be allocated to the region where the producer unit is resident – 'residence approach'.

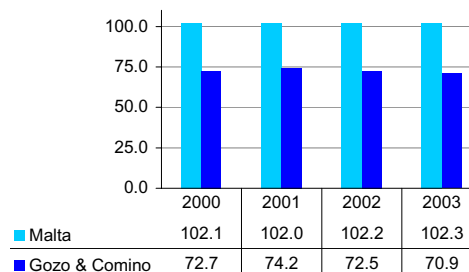
At NUTS level III, Malta as a country is broken down into three regions: Malta; Gozo & Comino; and Extra-Regio. In 2003, at Lm100.6 million the contribution of the Gozo & Comino region to the overall GDP at market prices accounted for 5.6 per cent, 2.3 percentage points below the population ratio (see table 2). Conversely, at Lm1,692.3 million, the resulting share - 94.2 per cent - of the Malta region towards the overall GDP at market prices exceeds the population ratio by 3.1 percentage points.

Regional Gross Domestic Product per inhabitant

A proper comparison can only be made by representing the regional GDP per inhabitant for the region in question. This is where the distinction between the place of work and the place of residence becomes significant. The Gross Domestic Product measures the economic performance achieved within national or regional boundaries, regardless of whether this was attributable to resident or non-resident employed persons.

As a ratio the GDP per inhabitant can only have full explanatory value if all employed persons engaged in generating this value-added are also residents of the respective region. Commuter-flows hinder comparisons across regions in terms of per capita GDP. The per capita GDP can be slightly overestimated in the region where the commuters work (Malta region) and to some extent underestimated in the region where the commuters live (Gozo & Comino region)■

CHART 1 National = 100
Regional per capita GDP at market prices, %



In 2003, the Gozo & Comino per capita GDP at market prices ranked at 70.9 per cent when compared to the national GDP. On the other hand the prevailing per capita GDP within the Malta region accounted for 102.3 per cent.

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TABLE 1 Nace A3 - Gross Value-Added at basic prices
By industry and by region, NUTS level III

			2000	2001	2002	2003 ^P
Nace A3	Industry					Lm'000s
01	Agriculture, hunting and forestry; fishing and operation of fish hatcheries and fish farms	MALTA	35,025	39,370	39,809	39,764
		Malta	28,521	32,564	32,884	32,888
		Gozo & Comino	6,504	6,806	6,925	6,876
		Extra-Regio				
02	Industry, including energy and construction	MALTA	454,030	411,996	421,562	439,227
		Malta	432,030	389,451	399,877	417,899
		Gozo & Comino	22,000	22,545	21,685	21,328
		Extra-Regio				
03	Service activities	MALTA	1,033,429	1,087,910	1,101,108	1,162,421
		Malta	973,167	1,025,031	1,037,548	1,095,395
		Gozo & Comino	57,381	59,908	60,549	63,746
		Extra-Regio	2,881	2,971	3,011	3,280
less FISIM		MALTA	-51,050	-54,901	-54,127	-68,635
		Malta	-48,165	-51,711	-51,032	-64,782
		Gozo & Comino	-2,885	-3,190	-3,095	-3,853
		Extra-Regio				
Gross value-added at basic prices		MALTA	1,471,434	1,484,375	1,508,352	1,572,777
		Malta	1,385,553	1,395,335	1,419,277	1,481,400
		Gozo & Comino	83,000	86,069	86,064	88,097
		Extra-Regio	2,881	2,971	3,011	3,280

^P provisional

CHART 2 Nace A3 - Gross Value-Added at basic prices, % distribution
By industry and by region, NUTS level III

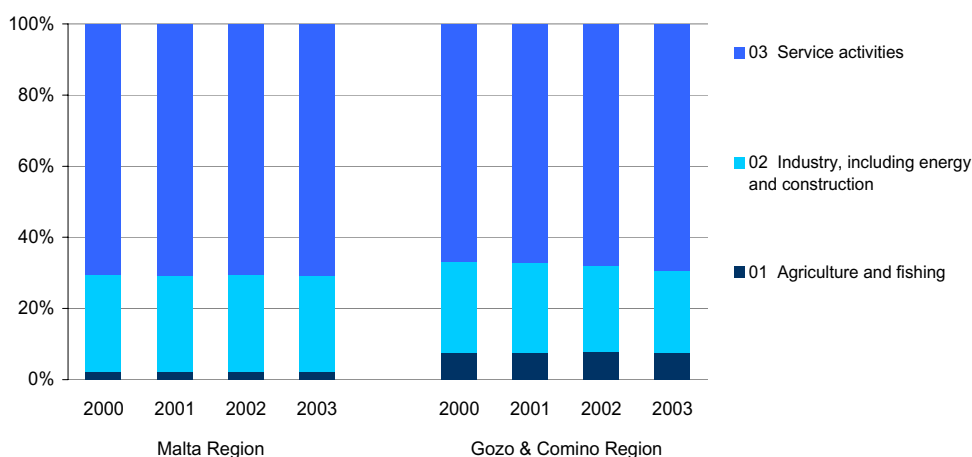


TABLE 2 Gross Domestic Product at market prices
By region, NUTS level III

		2000	2001	2002	2003 ^P
GDP at market prices, Lm'000s	MALTA	1,668,141	1,694,283	1,741,573	1,796,270
	Malta	1,571,143	1,593,047	1,639,164	1,692,348
	Gozo & Comino	94,117	98,265	99,398	100,642
	Extra-Regio	2,881	2,971	3,011	3,280
Regional contribution to national GDP at market prices, %	MALTA	100.0	100.0	100.0	100.0
	Malta	94.2	94.0	94.1	94.2
	Gozo & Comino	5.6	5.8	5.7	5.6
	Extra-Regio	0.2	0.2	0.2	0.2
Average total population	MALTA	389,962	393,095	395,933	398,466
	Malta	359,694	362,374	364,772	366,960
	Gozo & Comino	30,268	30,721	31,161	31,506
	Extra-Regio				
Per capita GDP at market prices, Lm	MALTA	4,278	4,310	4,399	4,508
	Malta	4,368	4,396	4,494	4,612
	Gozo & Comino	3,109	3,199	3,190	3,194
	Extra-Regio				
Regional per capita GDP at market prices [National = 100.0], %	MALTA	100.0	100.0	100.0	100.0
	Malta	102.1	102.0	102.2	102.3
	Gozo & Comino	72.7	74.2	72.5	70.9
	Extra-Regio				

^P provisional

TABLE 3 Regional GDP per capita in PPS, EU 25 = 100
By region, NUTS level III

		2000	2001	2002	2003 ^P
Per capita GDP in PPS, %	MALTA	77.8	73.4	73.2	73.1
	Malta	79.4	74.9	74.8	74.8
	Gozo & Comino *	56.6	54.5	53.1	51.8
	Extra-Regio				

* NSO estimate

Factors contributing to disparities in gross value-added per inhabitant across regions

- Different output levels per full-time equivalent gainfully occupied person;
- Dissimilar cost structures - different intermediate consumption levels per full-time equivalent gainfully occupied person;
- Differences in the composition of the territorial economic structure in question, namely, interspatial disparities with regard to institutional sectors¹. Each respective sector has its own rank with respect to productivity, thus differences in such a composition materialise in the overall value-added produced. Other inherent disparities may be attributable to differences in the allocation of resources across industries.
- Different regional dependency ratios (economic burden): the number of persons not in employment - unemployed and inactive against the persons in employment.
- Different regional employment rates: the number of employed persons vis- à-vis the total working age population.
- Disparities in the academic/technical backgrounds of the respective regional labour supply.
- The direction and magnitude of regional net-commuter-flows across the regions in question signal the inherent economic opportunities.

¹ Five institutional sectors, namely:

- S.11 Non-financial corporations,
- S.12 Financial corporations,
- S.13 General Government,
- S.14 Households and
- S.15 Non-profit institutions serving households

Methodological Notes

The regional equivalent of GDP is GDPR - Gross Domestic Product per region. GDPR is valued at market prices by adding the regionalised taxes and subsidies on products and imports according to the value-added of all industries valued at basic prices.

The Nomenclature of Territorial Units for Statistics – NUTS

The NUTS classification was established by Eurostat to provide a single uniform breakdown of territorial units or the production of regional statistics for the European Union.

Administrative Area	NUTS Levels		
	I	II	III
MALTA	×	×	×
Malta			×
Gozo & Comino			×
Extra-Regio			×

For regional accounts purposes, the economic territory can be divided into the 'regional territory' and the 'extra-regio' territory. The former includes the region that is part of the geographic territory of the country; whereas the latter takes account of the economic territory of a country, which cannot be attached directly to a single region. In the case of the Malta, the extra-regio territory comprises the gross value-added attributable to the Maltese embassies.

Resources

Eurostat (1995) *Regional Accounts Methods: Gross value-added and gross fixed capital formation by activity*. Luxembourg: Office for Official Publications of the European Communities

Eurostat (1996) *European System of Accounts 1995*. Luxembourg: Office for Official Publications of the European Communities