

## GDP per Capita in Scotland – with an Illustrative Geographic Share of North Sea Activity

- GDP per capita is a commonly used indicator for international comparisons of economic performance.
- When an illustrative geographic share of North Sea (extra regio) output is included in Scottish Gross Domestic Product (GDP), it is estimated that Scotland would be ranked 14<sup>th</sup> against the 34 OECD member countries, with regards to GDP per capita in 2012.
- This note provides an overview of the data sources and methodology used to produce this estimate.
- These estimates have been produced using data available up to 7<sup>th</sup> March 2014.

**Table 1:** Estimate of Scotland's GDP per Capita Ranking against OECD countries in 2012 with the inclusion of an illustrative geographic share of North Sea output

Rank	Country	2012 GDP per head (\$)
1	Luxembourg	\$89,417
2	Norway	\$66,135
3	Switzerland	\$53,641
4	United States	\$51,689
5	Australia	\$44,407
6	Austria	\$44,141
7	Ireland	\$43,803
8	Netherlands	\$43,348
9	Sweden	\$42,874
10	Denmark	\$42,787
11	Canada	\$42,114
12	Germany	\$41,923
13	Belgium	\$40,838
<b>14</b>	<b>Scotland (Onshore + geog oil)</b>	<b>\$39,642</b>
15	Finland	\$39,160
16	Iceland	\$39,097
17	France	\$36,933
<b>18</b>	<b>United Kingdom</b>	<b>\$35,671</b>
19	Japan	\$35,482
20	Italy	\$34,143
21	New Zealand	\$32,847
22	Spain	\$32,551
23	Israel	\$31,364
24	Korea	\$30,011
25	Slovenia	\$28,482
26	Czech Republic	\$27,522
27	Slovak Republic	\$25,848
28	Portugal	\$25,802
29	Greece	\$25,586
30	Estonia	\$24,260
31	Poland	\$22,783
32	Hungary	\$22,635
33	Chile	\$21,486
34	Turkey	\$18,315
35	Mexico	\$17,019

**Source:** Scottish Government estimates using data from the OECD, ONS, SNAP, and NRS.

- Revised data was also released by the OECD for previous years.
- In 2011 it is now estimated that when an illustrative geographic share of North Sea (extra regio) output is included in Scottish Gross Domestic Product (GDP), Scotland would have been ranked 14<sup>th</sup> against the 34 OECD member countries, with regards to GDP per capita and the UK would have been ranked 18<sup>th</sup> for the same year.
- This change has been driven by the following issues:
  - Mainly, in December 2013 the OECD updated their GDP per capita estimates to reflect the results of their updated Purchasing Power Parity benchmarking exercise<sup>1</sup>, which captures differences in price levels across countries. This has resulted in changes to the previous estimates of GDP per capita levels across OECD countries. This is a large exercise which happens every 3 years.
  - The OECD regularly revise each country's GDP figures in line with new estimates provided by each country.
  - Population levels in each country are regularly revised to reflect new data.

**Scottish Government**  
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<sup>1</sup> *New International Comparisons of GDP and Consumption Based on Purchasing Power Parities for the Year 2011*, OECD, 18 December 2013, <http://www.oecd.org/std/prices-ppp/OECD-PPPs-2011-benchmark-Dec-2013.pdf>

## Background

- GDP measures the value of output *produced* by a country.
- Headline estimates of GDP for Scotland do **not** include North Sea output (referred to as 'Extra Regio' output) and cover only onshore activity. However, estimates of Scotland's GDP including shares of North Sea activity based on various assumptions are published in the Quarterly National Accounts Scotland (QNAS) statistical bulletin.

## Data Sources

- The estimates were produced using the following sources:
  - Annual International GDP per capita data produced by the Organisation for Economic Cooperation and Development (OECD). These figures are available from the OECD Statistics web site (the series used is GDP per head, US \$, current prices, current PPPs): <http://stats.oecd.org/index.aspx>.
  - Estimates of Scottish GDP per capita are produced in Quarterly National Accounts Scotland. The figures in this note were published in the 2013 Q3 release on 12<sup>th</sup> February 2014: <http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/SNAP>.
  - Scottish and UK population estimates are produced by the National Records of Scotland (NRS) and the Office of National Statistics (ONS): <http://www.ons.gov.uk/ons/rel/pop-estimate/population-estimates-for-uk--england-and-wales--scotland-and-northern-ireland/mid-2011-and-mid-2012/index.html>; and
  - Annual GDP estimates for the UK are produced by the Office for National Statistics (ONS). The latest estimates of annual levels of UK GDP can be found in the Quarterly National Accounts, which are available at: <http://www.ons.gov.uk/ons/publications/all-releases.html?definition=tcm%3A77-23645>
- Note: data on levels of GDP in Scotland published in the Quarterly National Accounts are compiled in accordance with the System of National Accounts used by all the OECD member countries. QNAS was developed as part of the Scottish National Accounts Project (SNAP). It recently passed an assessment by the UK Statistics Authority and will be designated as a new national statistics product by July. The statistics are widely used in the academic community in Scotland and are consistent with Government Expenditure and Revenue Scotland (GERS).
- The underlying data used to produce these estimates, in particular GDP statistics across OECD countries, are routinely revised as new information becomes available. Revisions to underlying data may result in changes to the overall rankings. The estimates in this report are based on the data available up to 7<sup>th</sup> March 2014.

## Methodology

- To estimate Scotland's ranking against OECD countries in terms of GDP per capita requires:
  - GDP per capita data from the OECD, which are converted into US dollars and are adjusted to reflect variations in price levels across countries (through the Purchasing Power Parity approach) in order to make them internationally comparable. This includes an estimate of UK GDP per capita.
  - As Scotland is not an independent member of the OECD they do not produce figures on GDP per capita for Scotland. In order to estimate Scotland's ranking against OECD countries, Scottish GDP per capita as a percentage of UK GDP per capita must be estimated (using the data sources above); and
  - This percentage is then applied to the OECD estimate of UK GDP per capita (which has been converted to \$US to allow for international comparisons), and countries are ranked accordingly.