

Scottish Trends Briefing Paper - May 2018

Scotland's International GDP Per Capita Ranking, 2014 to 2017

The Scottish Government has not updated its international ranking of Scottish GDP per capita since March 2016 when it published estimates based on 2014 (see <https://beta.gov.scot/publications/scotlands-international-gdp-ranking-2014/> , which also describes the main data sources and methodology used).

OECD data for most countries (as well as Scottish Government data for Scotland) now exists for 2017 and it is interesting to note what has changed since the last official publication. Table 1 shows the detailed results.

Key results

Scotland

Scotland has fared relatively badly since 2014, dropping 3 places to 18th, now just behind the UK in 17th.

The main reason for this relative fall is the decline in the contribution of the North Sea, in turn a combination of a falling oil price and falling North Sea output.

Good performers

The biggest improvement since 2014, in \$ terms, is seen in **Ireland**. However, much of this improvement is down to behavioural changes by US companies based in Ireland. This had the effect of increasing notional Irish GDP by 35% in 2015, clearly a nonsense in 'real' terms i.e. to the average Irish household. While it is difficult to adjust for these statistical manipulations, even without their exaggerated effects Ireland would still have done well over this period.

The next best performance was from another Financial Crisis victim, **Iceland**. This appears to have been a more genuine increase, based on spectacular growth in tourism (with tourism related exports almost tripling in the 5 years to 2016) and a related surge in investment.

Other big risers, in \$ terms, include: the **USA, Japan and the Netherlands**, amongst the wealthier economies (although in the case of the USA and the Netherlands, this did not translate into an improvement in their overall ranking); and **Korea, Czech Republic, Spain, Israel and Turkey** amongst poorer, catch-up, countries.

Poor performers

The poorest performance came from **Norway**, due to the downturn in the oil price over this period.

The oil price fall may also have had an effect on **Canada's** poor performance (as well as on Scotland).

The other poorest performers consisted of the lowest ranking trio of **Greece, Chile and Mexico**.

Gross Domestic Product vs Gross National Income

While GDP per capita is an appropriate measure for most countries it offers a distorted view of national prosperity in some cases. This is particularly true where net international income and investment earnings to and from a country (the Primary Income Balance element of the Current Account) are on a different scale to each other.

Such an imbalance has a large (positive) effect on the GDP measure of countries like Luxembourg and Ireland. Scotland is also likely to be (positively) affected, although to a lesser degree than the two previously mentioned examples. However, this also means that Scotland's fall over the period shown has been exaggerated, in terms of its impact on domestic prosperity.

Table 1: GDP per capita for OECD countries, 2014 and 2017, US \$ 000's, current prices, current PPP's

Rank	Country	Original 2014	Revised 2014	New 2017	change (rank)	change (\$'s)
1	Luxembourg	98.1	101.3	104.1	-	2.8
2	Ireland	49.4	51.5	76.5	3	25.0
3	Switzerland	59.6	61.9	65.1	-	3.2
4	Norway	65.7	66.0	60.7	-2	-5.3
5	USA	54.3	54.7	59.5	-1	4.8
6	Iceland	44.0	44.5	53.8	8	9.3
7	Netherlands	48.3	48.6	53.0	-	4.4
8	Austria	47.7	48.8	52.6	-2	3.8
9	Germany	46.4	47.1	50.7	-	3.6
10	Denmark	46.0	47.9	50.6	-2	2.7
11	Sweden	45.3	46.5	50.1	-	3.6
12	Australia	46.3	46.9	49.1	-2	2.2
13	Belgium	43.7	44.7	47.7	-	3.0
14	Canada	45.1	45.5	46.3	-2	0.8
15	Finland	40.7	41.5	45.2	1	3.7
16	Japan	36.6	39.2	43.9	3	4.7
17	UK	40.2	40.7	43.9	-	3.2
18	Scotland*	41.2	42.4	43.3	-3	0.9
19	France	39.3	40.1	42.7	-1	2.6
20	New Zealand	37.2	37.3	40.7	-	3.4
21	Italy	35.5	36.1	39.8	-	3.7
22	Israel	33.7	34.1	38.4	-	4.3
23	Korea	33.4	33.6	38.3	1	4.7
24	Spain	33.6	33.7	38.1	-1	4.4
25	Czech Rep	31.2	32.3	36.9	-	4.6
26	Slovenia	30.4	30.9	34.8	-	3.9
27	Portugal	28.8	28.7	32.2	1	3.5
28	Slovak Rep	28.3	28.9	32.1	-1	3.2
29	Estonia	28.1	28.5	31.6	-	3.1
30	Poland	24.9	25.3	28.9	2	3.6
31	Turkey	19.6	24.2	28.5	2	4.3
32	Hungary	25.1	25.5	28.4	-1	2.9
33	Greece	26.8	26.8	27.9	-3	1.1
34	Chile	22.0	22.7	23.5	-	0.8
35	Mexico	18.2	18.1	19.0	-	0.9

Sources: OECD database (accessed 8th May 2018), QNAS May 2018

Note: good performances, in terms of \$ 000's changes, are shown in blue, while poor performances are shown in red.

* Results for Scotland include a geographic share of offshore (North Sea) oil and gas output.

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May 2018

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