

## Are the income gaps between the Mediterranean countries of the south and those of the north getting smaller?

Although insufficient to measure the development level of the countries, the GDP per inhabitant remains an unavoidable indicator for comparing economic situations in terms of income.

*The gaps in GDP per capita between the Mediterranean countries of the north and those of the south are not reduced.*

*In 2006, the average income per inhabitant in the South and East Mediterranean countries of the (about 6000 dollars) was 4.5 times lower than the average income in the 7 EU-27 Mediterranean countries.*

The EU-27 Mediterranean countries represent for more than 74% of the Mediterranean GDP.

The growth rates of GDP in the south and east Mediterranean countries are much higher than those recorded for the 4 EU-15 Mediterranean countries. However, they are considered as low when compared to the population, as the demographic growth remains high in the southern Mediterranean countries.

The new European countries have had a strong rise in GDP per inhabitant since 1990 and have thus limited the gaps with the 4 Mediterranean countries of the EU-15.

In 2006, the GDP per inhabitant of Croatia reached 50% of the level of the 4 Mediterranean countries in the EU-15. Without reaching such levels, the growth in the GDP of the Balkan countries is significant.

With more than 23 500 dollars per inhabitant, Israel is in seventh rank in terms of GDP per inhabitant, between Slovenia and Malta

The share of the Mediterranean GDP in the world GDP has slightly decreased in 15 years, from more than 13,3% in 1990 to 12% in 2006. While at the same time, the Mediterranean population remains constant in the world population (about 7%).

### Definition

The Gross Domestic Product (GDP) is the value of all the goods and services produced in a country in a year. The GDP can be calculated by adding up all the items of income – salaries, interests, profits, rents – or by calculating the expenditure – consumption, investment, public purchases, net exports, (exports less imports) – of an economy.

Purchasing power parity (PPP): A conversion factor that indicates the number of units of a country's currency necessary to buy in the country's market what 1 dollar could buy in the USA.

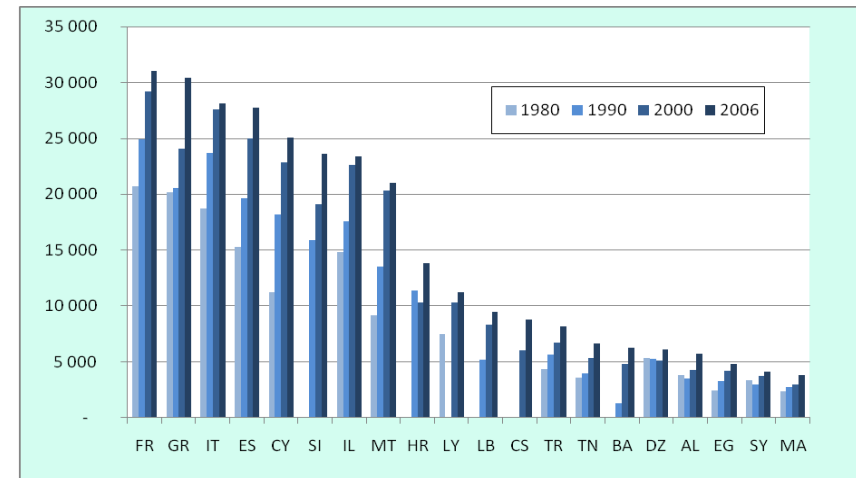
By using PPP rather than the exchange rate, the GDP per capita of a country, calculated in units of national currency, can be converted into GDP per capita in dollars, while taking into account the differences in domestic prices for the items being considered (PPP gives the value of a typical basket of goods in different countries).

### Sources / References

World Bank, World Development Indicators (WDI).

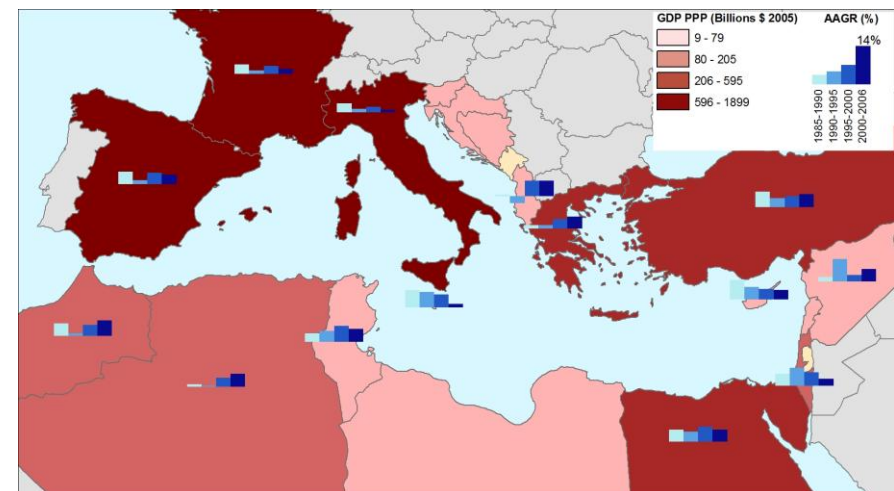
## Gross Domestic Product in Purchasing Power Parity (PPP)

GDP per capita, 1980 - 2006» (US dollars PPP 2005)



Source : WDI

GDP in 2006 and average annual growth rate (1985-2006)



Source : WDI