Abstract

I study the convergence and divergence in the EU regions in 2000 – 2018. I use data on the GDP per capita and modeled real expenditures under EU support schemes of regions from the EU members at the NUTS2 level of disaggregation. I apply β-convergence model to this setting. I show that the overall dispersion of regions has increased since 2003 almost without interruptions. If I include country dummies, the variation of GDP per capita decreases on average in 2000 – 2010. This result does not fully agree with the regression analysis of compound growth rates and log initial GDP per capita. However, this discrepancy is explained by the entry of new regions and the blending of particular groups of regions in 2018. I find that EU member countries diverge from each other, but regions within each country converge to the country mean. Further analysis shows that convergence is robust to the inclusion of regional characteristics and EU support. My results show that the EU Cohesion Policy is only partially successful in promoting convergence of the EU regions.

Keywords: β-convergence, EU Regional Policy, Cohesion Policy, GDP per capita