

# Gross Domestic Product (GDP) and Gross Value Added (GVA)

January 2020

## GDP and GVA

For the first time this year the ONS has released regional estimates of Gross Domestic Product (GDP) alongside Gross Value Added (GVA). GDP and GVA are both composite measures that estimate the added value from the production of goods and services in an area.

### What are the differences between GDP and GVA?

- They are calculated differently: GDP measures the added value generated in an economy after product taxes are added and subsidies removed, whereas GVA is measured before product taxes are added but includes subsidies.
- We can only measure the industrial breakdowns and movements using GVA estimates.

### What are the similarities between GDP and GVA?

- They are both used to describe economic growth.
- In 'real terms' GDP and GVA both measure economic output with the effect of inflation removed. This helps us to understand how much of the growth in economic output is because the economy is expanding and not just because prices are increasing.

## Statistics for Gross Domestic Product (GDP)

- Gross Domestic Product (GDP) in Cheshire West and Chester was estimated to be £13.4bn in 2018. In real terms, the size of the economy remained unchanged (0.0% growth) since 2017. (See Table 1.)  
  
GDP averaged 0.7% growth per annum for the latest five year period.
- Out of 179 NUTS 3<sup>1</sup> local areas in the UK, Cheshire West and Chester was one of three in which real GDP did not change between 2017 and 2018. In the remaining NUTS 3 local areas, Real GDP increased in 120 and decreased in 56. (See Table 1.)
- GDP per head of population was £39,436 in Cheshire West and Chester in 2018, which is higher than the national average for England (£32,857) and the United Kingdom (£32,216) and the regional average for the North West (£28,449). (See Table 1.)

1 - The NUTS classification (Nomenclature of territorial units for statistics) is a hierarchical system for dividing up the economic territory of the EU. NUTS 3 regions represent small regions for specific diagnoses. "NUTS - NOMENCLATURE OF TERRITORIAL UNITS FOR STATISTICS". EUROSTAT. <<https://ec.europa.eu/eurostat/web/nuts/background>> Retrieved 09 January 2020.

**Table 1**

Gross Domestic Product (GDP) 2018						
	Population	Total GDP (£ million)	GDP per head of population	Growth Rates		
				Annual growth in total GDP (%)	Annual growth in real <sup>2</sup> GDP (%)	5 year Average real <sup>2</sup> GDP Growth (%) from 2013 to 2018
<b>Cheshire West and Chester</b>	340,502	13,428	39,436	2.5%	0.0%	0.7%
<b>Cheshire East</b>	380,790	15,853	41,633	5.8%	4.5%	3.0%
<b>Warrington</b>	209,547	8,145	38,872	1.0%	-1.0%	2.5%
<b>Cheshire and Warrington LEP</b>	930,839	37,427	40,207	3.6%	1.6%	2.2%
<b>North West</b>	7,292,093	207,452	28,449	3.1%	1.4%	2.0%
<b>England</b>	55,977,178	1,839,264	32,857	3.0%	1.4%	2.1%
<b>United Kingdom</b>	66,435,550	2,140,278	32,216	3.2%	1.4%	2.0%

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 2 - In 'real terms' GDP and GVA both measure economic outputs with the effect of inflation removed. This helps us to understand how much of the growth in economic output is because the economy is expanding and not just because prices are increasing.

### Statistics for Gross Value Added (GVA)

- Gross Value Added (GVA) in Cheshire West and Chester was estimated to be £10.1bn in 2018. In real terms, the size of the economy measured by GVA decreased by 0.4 percent. (See Table 2.)

**Table 2**

Gross Value Added (GVA) 2018						
	Population	Total GVA (£ million)	GVA per head of population	Growth Rates		
				Annual growth in total GVA (%)	Annual growth in real <sup>2</sup> GDP (%)	5 year Average real <sup>2</sup> GDP Growth (%) from 2013 to 2018
<b>Cheshire West and Chester</b>	340,502	10,089	29,629	2.2%	-0.4%	1.1%
<b>Cheshire East</b>	380,790	14,916	39,172	6.5%	4.6%	3.1%
<b>Warrington</b>	209,547	7,478	35,686	0.8%	-1.3%	2.6%
<b>Cheshire and Warrington LEP</b>	930,839	32,483	34,896	3.8%	1.7%	2.5%
<b>North West</b>	7,292,093	183,162	25,118	3.2%	1.3%	2.0%
<b>England</b>	55,977,178	1,643,271	29,356	3.1%	1.4%	2.1%
<b>United Kingdom</b>	66,435,550	1,908,608	28,729	3.4%	1.3%	2.0%

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 2 - In 'real terms' GDP and GVA both measure economic outputs with the effect of inflation removed. This helps us to understand how much of the growth in economic output is because the economy is expanding and not just because prices are increasing.

- We can only measure the industrial breakdowns and movements using GVA estimates.
- Table 3 shows the industries with a faster annual real growth rate in Cheshire West and Chester than the national average.



## Industry Headlines:

- The industries which accounted for the largest share of GVA in 2018 remained as Manufacturing, Wholesale and retail trade; repair of motor vehicles, Financial and insurance activities, Real estate activities.
- The production sector grew by 2.7% whilst the services sector contracted by 1.1%. However, within these larger sectors there was a wide variation on individual performances amongst smaller industries.
- The top five fastest growing industries in Cheshire West and Chester were all within the production sector:
  - Manufacture of textiles, wearing apparel and leather (+60.0%)
  - Manufacture of electronic, optical and electrical products (+29.0%)
  - Electricity, gas, water; sewerage and waste management (+20.2%)
  - Agriculture, forestry and fishing; mining and quarrying (+9.6%)
  - Manufacture of wood and paper products and printing (+7.8%)
- The five industries with the largest contraction in GVA growth in Cheshire West and Chester were spread across the production and service sectors:
  - Other manufacturing, repair and installation (-32.1%)
  - Transportation and storage (-25.9%)
  - Manufacture of basic and fabricated metal products (-20.0%)
  - Activities of households (-14.3%)
  - Accommodation and food service activities (-7.8%)



Table 3

GVA by industry (2018)						
Industry		Cheshire West and Chester				England
		£ million	Change in £ million from 2017	% of total GVA (2018)	Annual growth in real GVA from 2017 (%)	Annual growth in real GVA from 2017 (%)
AB	Agriculture, forestry and fishing; mining and quarrying	114	11	1.2%	9.6%	-4.9%
CA	Manufacture of food, beverages and tobacco	141	-5	1.5%	-3.5%	0.7%
CB	Manufacture of textiles, wearing apparel and leather	5	3	0.1%	60.0%	-7.3%
CC	Manufacture of wood and paper products and printing	64	5	0.7%	7.8%	-2.5%
CD-CG	Manufacture of petroleum, chemicals and other minerals	810	27	8.4%	3.3%	0.2%
CH	Manufacture of basic and fabricated metal products	15	-3	0.2%	-20.0%	-1.9%
CI-CJ	Manufacture of electronic, optical and electrical products	31	9	0.3%	29.0%	6.2%
CK-CL	Manufacture of machinery and transport equipment	529	-33	5.5%	-6.2%	-0.2%
CM	Other manufacturing, repair and installation	53	-17	0.6%	-32.1%	-1.0%
C	Manufacturing	1,648	-13	17.2%	-0.8%	0.0%
DE	Electricity, gas, water; sewerage and waste management	287	58	3.0%	20.2%	-2.5%
A-E	Production sector	2,049	56	21.3%	2.7%	-0.7%
F	Construction	303	-10	3.2%	-3.3%	-0.4%
G	Wholesale and retail trade; repair of motor vehicles	1,156	37	12.0%	3.2%	3.0%
H	Transportation and storage	228	-59	2.4%	-25.9%	0.9%
I	Accommodation and food service activities	345	-27	3.6%	-7.8%	1.6%
J	Information and communication	292	-2	3.0%	-0.7%	3.9%
K	Financial and insurance activities	1,440	12	15.0%	0.8%	-0.5%
L	Real estate activities	1,256	-48	13.1%	-3.8%	1.0%
M	Professional, scientific and technical activities	482	-1	5.0%	-0.2%	4.3%
N	Administrative and support service activities	441	0	4.6%	0.0%	3.2%
O	Public administration and defence	372	17	3.9%	4.6%	0.7%
P	Education	432	-19	4.5%	-4.4%	0.5%
Q	Human health and social work activities	568	13	5.9%	2.3%	1.1%
R	Arts, entertainment and recreation	127	-4	1.3%	-3.1%	1.2%
S	Other service activities	94	1	1.0%	1.1%	-0.1%
T	Activities of households	21	-3	0.2%	-14.3%	8.4%
G-T	Services sector	7,254	-81	75.5%	-1.1%	1.9%
<b>All industries</b>		<b>9,607</b>	<b>-35</b>		<b>-0.4%</b>	<b>1.4%</b>

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Red represents a decrease of more than (or equal to) £10 million in the size of the industry compared to 2017, green represents an increase of more than £10 million in the size of the industry compared to 2017.

Numbers may not sum to totals due to rounding.



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