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# 54

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**Methodology for the Assessment of Spatial Economic  
Impacts of Transport Projects and Policies**

*Deliverable 2 of the project IASON (Integrated Appraisal  
of Spatial Economic and Network Effects of Transport  
Investments and Policies) of the 5th RTD Framework  
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## 1 Introduction

The goal of the IASON project is to improve the understanding of the impact of transportation policies on short- and long-term spatial development in the EU by developing a *unified assessment framework* for transport project and transport policies at the European level integrating network, regional economic and macro-economic impacts.

The project responds to Subtasks 2, 4 and 5 of Task 2.1.2/4 of the Cluster 'Socio-economic Impacts of Transport Investments and Policy and Network Effects' of Key Action 2 'Sustainable Mobility and Intermodality' of Objective 2.1: 'Socio-Economic Scenarios for Mobility of People and Goods' of the Thematic Programme 'Promoting Competitive and Sustainable Growth' of the 5th Framework Programme for Research and technology Development of the European Union. At the heart of the IASON project lie the following activities:

- improvement of existing assessment frameworks by ensuring that direct and indirect impacts are clearly distinguished within the appraisal, and that the incidence of benefits and costs, and sources of additionality and/or double-counting are transparent.
- a systematic and quantitative analysis of the network, spatial and socio-economic impacts of transport investments and policies by refining existing EU-level models and carrying out scenario simulations.
- building up and maintaining a discussion platform for the cluster in order to facilitate interactions between Subtask 5, the other subtasks of the cluster and the scientific community.
- building guidelines and recommendations for project analysis of transport investments and policies and for the development of supporting tools and databases, in order to improve the applicability of the outputs of the project in policy analysis.

The main innovations of the IASON project lie in the field of the methodological research on project assessment, its further development in order to allow applications at the EU level and the proposed modelling approach, which has not yet been applied in this conjunction before. Based upon this structure, at the end of the project an effective tool to evaluate in a coherent way the aspects of sustainability, cohesion, environmental-friendliness and efficiency of transport policies and projects will exist.

The consortium of IASON consists of partners from six countries: Christian-Albrechts University of Kiel (D), University of Dortmund (D), University of Karlsruhe (D), NETR (F), VTT (FIN), TRANSMAN (H), NEA (NL), Free University of Amsterdam (NL), University of Groningen (NL), ME&P (UK) and University of Leeds (UK) under the co-ordination of TNO Inro (NL).

### Objectives of Work Package 2

The general goal of Work Package 2 is to perform a systematic and quantitative analysis of the spatial, network and socio-economic impacts of transport investments and policy by refining existing EU-level models and carrying out scenario simulations in order to improve the understanding of the impact of transportation policies on short- and long-term spatial development in the EU. The specific objectives of the Task 2.1 are following:

1. Extension and refinement of specification of the SASI model: new indicators of location advantages; new accessibility indicators taking account of interaction costs and price levels; test of forecasting rates of growth; incorporation of wage levels and production costs; conversion of migration model from net migration to migration flows; incorporation of non-transport policies;
2. Extension and refinement of the CGEurope model: Incorporating passenger travel into the CGE framework; introducing sectoral differentiation into the model; programming calibration and solution techniques for the extended model;
3. Definition of regions, sectors, categories of passenger travel and networks; specifying in detail the requirements for the data basis;
4. Definition of baseline future year scenarios (socio-economic and networks).

Output of the modelling work in Work Package 2 should be numerical results on welfare effects, accessibility and location change in the European Union and in the candidate accession countries in central and Eastern Europe as well as Norway and Switzerland. The spatial resolution and sectoral detail should be sufficiently refined for integrating the results into a European system of spatial monitoring and Common Transport Policy of the European Union.

The objective of this Deliverable D2 is to describe the extension and refinement of the two existing models, to set up the methodological framework for the assessment of spatial economic impacts of transport projects and policies, to describe the system of regions defined and to describe the model requirements of the common data base as a first input for Deliverable D3 of Task 2.2 *Implementation and Description of the Joint Spatial Economic Database* and finally to give first hints on baseline and alternative future year scenarios to be applied which will be specified in more detail in Task 2.3 *Definition of Transport Policy Scenarios*, and laid down in Deliverable D6.

### **Position of Work Package 2 within IASON**

The work in IASON is directly related to three closely connected subtasks 2, 4 and 5 of Cluster 2.1.2/4. Two types of existing EU-level models will be applied in Work Package 2 to carry out scenario simulations for a systematic, quantitative analysis of trans-European transport networks, and transport policy measures, with respect to spatial and socio-economic impacts of transport investments and policies. They are being based on work in the 4th RTD Framework Programme and on recent academic research on a new generation of EU-level spatial economic models with a microeconomic theoretical foundation. The modelling work will to a large extent make use of databases generated in the 4th RTD Framework projects SCENES and in the ETIS projects BRIDGES and CONCERTO. Work Package 2 will provide material for the completion of the ETIS database, e.g. road, rail and air accessibility indicators.

The simulation results of both models are, on the one hand, input for the CBA performed in other work packages of the IASON project (as contributions to Task 3.1 in Work Package 3 “Network Effects” and to Work Package 5 “Synthesis of Findings and Recommendations”). On the other hand they are compared against each other to assess the impacts of transport policy scenarios on regional welfare (Task 2.5 in Work Package 2 as contribution to D6) and evaluate the case study results (Task 2.6 in Work Package 2 as contribution to D6).

## Structure of the Report

According to the objectives of Task 2.1, the structure of this report, which is Deliverable D2 of IASON, is as follows:

The following two chapters describe the extended SASI model (Chapter 2) and the new CGEurope model (Chapter 3) in a similar fashion, starting with a general model overview describing briefly the overall structure and functionality of the models, followed by a description of the model extensions done in the context of IASON and concluded by data requirements as a basis for the establishment of the common spatial database.

Chapter 4 describes the system of regions agreed upon and the trans-European transport networks to be used in the two models.

Chapter 5 gives first suggestions on a general framework for scenario applications to be tested based on the structure and capabilities of the two models, notwithstanding the work to be done in Task 2.3 *Definition of Transport Policy Scenarios*. The scenario framework proposed here is mainly based on scenario applications done within the SASI project, but suggests also additional scenarios not tested in SASI with respect to the model extensions in IASON.

Chapter 6 concludes the deliverable in summarising the main findings and giving a preview of future work.

The Annex contains a complete listing of the 1,341 regions of the IASON system of regions.

The report is the joint work of the IASON teams at the Institute of Regional Research of the Christian Albrechts University of Kiel (IfR) and the Institute of Spatial Planning of the University of Dortmund (IRPUD). Chapters 2, 4 and 5 were written by Carsten Schürmann and Michael Wegener (IRPUD). Chapter 3 was written by Johannes Bröcker and Artis Kancs (IfR). The Introduction and the Conclusions were jointly written by both groups of authors.

## 2 The Extended SASI Model

The important role of transport infrastructure for regional development is one of the fundamental principles of regional economics. In its most simplified form it implies that regions with better access to the locations of input materials and markets will, *ceteris paribus*, be more productive, more competitive and hence more successful than more remote and isolated regions (Jochimsen, 1966). However, the relationship between transport infrastructure and economic development seems to be more complex than this simple model. There are successful regions in the European core confirming the theoretical expectation that location matters. However, there are also centrally located regions suffering from industrial decline and high unemployment. On the other side of the spectrum the poorest regions, as theory would predict, are at the periphery, but there are also prosperous peripheral regions such as the Scandinavian countries. To make things even more difficult, some of the economically fastest growing regions are among the most peripheral ones.

So it is not surprising that it has been difficult to empirically verify the impact of transport infrastructure on regional development. There seems to be a clear positive correlation between transport infrastructure endowment or the location in interregional networks and the *levels* of economic indicators such as GDP per capita (e.g. Biehl, 1986; 1991; Keeble et al., 1982; 1988). However, this correlation may merely reflect historical agglomeration processes rather than causal relationships still effective today (cf. Bröcker and Peschel, 1988). Attempts to explain *changes* in economic indicators, i.e. economic growth and decline, by transport investment have been much less successful. The reason for this failure may be that in countries with an already highly developed transport infrastructure further transport network improvements bring only marginal benefits. The conclusion is that transport improvements have strong impacts on regional development only where they result in removing a *bottleneck* (Blum, 1982; Biehl, 1986; 1991).

### 2.1 Theoretical Approaches

There exists a broad spectrum of theoretical approaches to explain the impacts of transport infrastructure investments on regional socio-economic development. Originating from different scientific disciplines and intellectual traditions, these approaches presently coexist, even though they are partially in contradiction (cf. Linnecker, 1997):

- *National growth approaches model* multiplier effects of public investment in which public investment has either positive or negative (crowding-out) influence on private investment, here the effects of transport infrastructure investment on private investment and productivity. In general only national economies are studied and regional effects are ignored. Pioneered by Aschauer (1989; 1993) such studies use time-series analyses and growth model structures to link public infrastructure expenditures to movements in private sector productivity. An increase in public investment raises the marginal product of private capital and provides an incentive for a higher rate of private capital accumulation and labour productivity growth. Critics of these approaches argue that there may be better infrastructure strategies than new construction and that policy measures aimed at increasing private investment directly rather than via public investment will have greater impact on national competitiveness.

- *Regional growth approaches* rest on the neo-classical growth model which states that regional growth in GDP per capita is a function of regional endowment factors including public capital such as transport infrastructure, and that, based on the assumption of diminishing returns to capital, regions with similar factors should experience converging per-capita incomes over time. The suggestion is that, as long as transport infrastructure is unevenly distributed among regions, transport infrastructure investments in regions with poor infrastructure endowment will accelerate the convergence process, whereas once the level of infrastructure provision becomes uniform across regions, they cease to be important. Critics of regional growth models built on the central assumption of diminishing returns to capital argue that they cannot distinguish between this and other possible mechanisms generating convergence such as migration of labour from poor to rich regions or technological flows from rich to poor regions.
- *Production function approaches* model economic activity in a region as a function of production factors. The classical production factors are capital, labour and land. In modern production function approaches infrastructure is added as a public input used by firms within the region (Jochimsen, 1966; Buhr, 1975). The assumption behind this expanded production function is that regions with higher levels of infrastructure provision will have higher output levels and that in regions with cheap and abundant transport infrastructure more transport-intensive goods will be produced. The main problem of regional production functions is that their econometric estimation tends to confound rather than clarify the complex causal relationships and substitution effects between production factors. This holds equally for production function approaches including measures of regional transport infrastructure endowment. In addition the latter suffer from the fact that they disregard the network quality of transport infrastructure, i.e. treat a kilometre of motorway or railway the same everywhere, irrespective of where they lead to.
- *Accessibility approaches* attempt to respond to the latter criticism by substituting more complex accessibility indicators for the simple infrastructure endowment in the regional production function. Accessibility indicators can be any of the indicators discussed in Schürmann et al. (1997), but in most cases are some form of population or economic potential. In that respect they are the operationalisation of the concept of 'economic potential' which is based on the assumption that regions with better access to markets have a higher probability of being economically successful. Pioneering examples of empirical potential studies for Europe are Keeble et al. (1982; 1988). Today approaches relying only on accessibility or potential measures have been replaced by the hybrid approaches where accessibility is but one of several explanatory factors of regional economic growth. Also the accessibility indicators used have become much more diversified by type, industry and mode (see Schürmann et al., 1997). The SASI model is a model of this type incorporating accessibility as one explanatory variable among other explanatory factors.
- *Regional input-output approaches* model interregional and inter-industry linkages using the Leontief (1966) multiregional input-output framework. These models estimate inter-industry/interregional trade flows as a function of transport cost and a fixed matrix of technical inter-industry input-output coefficients. Final demand in each region is exogenous. Regional supply, however, is elastic, so the models can be used to forecast regional economic development. One recent example of an operational multiregional input-output model is the MEPLAN model (Marcial Echenique & Partners Ltd., 1998).



- *Trade integration approaches* model interregional trade flows as a function of interregional transport and regional product prices. Peschel (1981) and Bröcker and Peschel (1988) estimated a trade model for several European countries as a doubly-constrained spatial interaction model with fixed supply and demand in each region in order to assess the impact of the economic integration of Europe in terms of reduced tariff barriers and border delays between European countries. Their model could have been used to forecast the impacts of transport infrastructure improvements on interregional trade flows. If the origin constraint of fixed regional supply were relaxed, the model could have been used also for predicting regional economic development. Krugman (1991) and Krugman and Venables (1995) extended this simple model of trade flows by the introduction of economies of scale and labour mobility. The CGEurope presented in Section 3 of this report is a model of this type.

In this section, the extended SASI model to be used in IASON will be presented.

## 2.2 Model Overview

The SASI model is a recursive simulation model of socio-economic development of regions in Europe subject to exogenous assumptions about the economic and demographic development of the European Union as a whole and transport infrastructure investments and transport system improvements, in particular of the trans-European transport networks (TETN).

The main concept of the SASI model is to explain locational structures and locational change in Europe in combined time-series/cross-section regressions, with accessibility indicators being a subset of a range of explanatory variables. Accessibility is measured by spatially disaggregate accessibility indicators which take into account that accessibility within a region is not homogenous but rapidly decreases with increasing distance from the nodes of the networks. The focus of the regression approach is on long-term spatial distributional effects of transport policies. Factors of production including labour, capital and knowledge are considered as mobile in the long run, and the model incorporates determinants of the redistribution of factor stocks and population. The model is therefore suitable to check whether long-run tendencies in spatial development coincide with development objectives discussed above. Its application is restricted, however, in other respects: The model generates distributive, not generative effects of transport cost reductions, and it does not produce regional welfare assessments fitting into the framework of cost-benefit analysis.

The SASI model differs from other approaches to model the impacts of transport on regional development by modelling not only production (the demand side of regional labour markets) but also population (the supply side of regional labour markets), which makes it possible to model regional unemployment. A second distinct feature is its dynamic network database based on a 'strategic' subset of highly detailed pan-European road, rail and air networks including major historical network changes as far back as 1981 and forecasting expected network changes according to the most recent EU documents on the future evolution of the trans-European transport networks.

The SASI model has six forecasting submodels: *European Developments*, *Regional Accessibility*, *Regional GDP*, *Regional Employment*, *Regional Population* and *Regional Labour Force*. A seventh submodel calculates *Socio-Economic Indicators* with respect to efficiency and equity. Figure 2.1 visualises the interactions between these submodels.

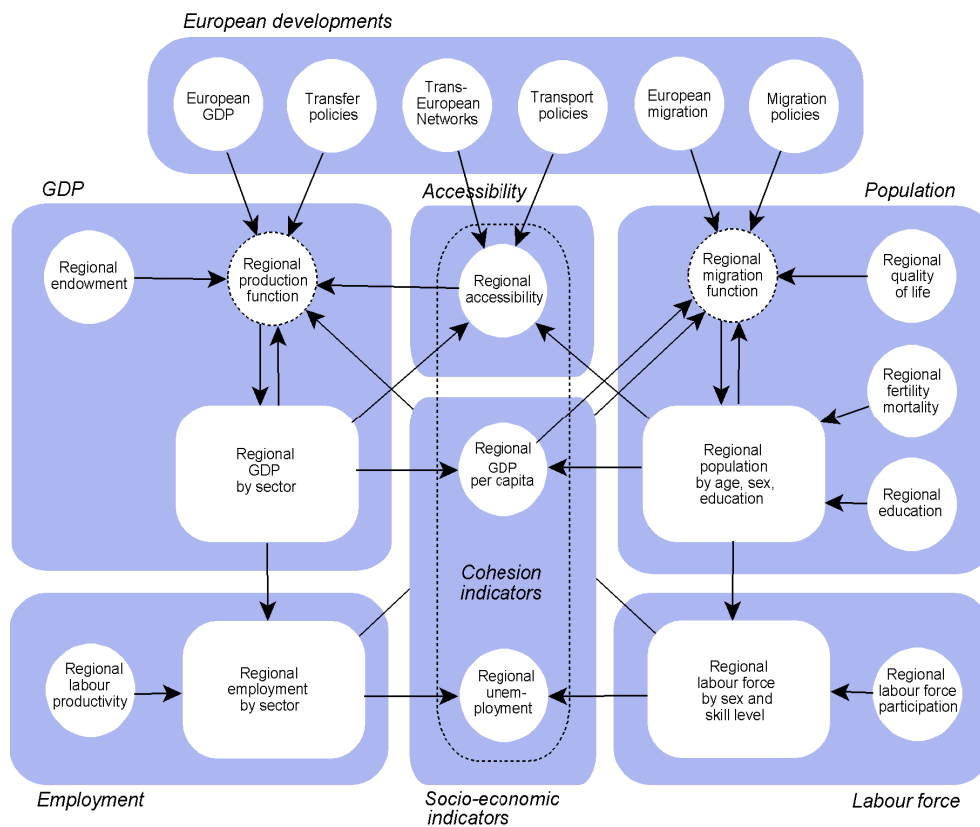


Figure 1. The SASI model

The *spatial* dimension of the model is established by the subdivision of the European Union and the 12 candidate countries in eastern Europe in 1,245 regions and by connecting these regions by road, rail and air networks (see Section 4). For each region the model forecasts the development of accessibility, GDP per capita and unemployment. In addition cohesion indicators expressing the impact of transport infrastructure investments and transport system improvements on the convergence (or divergence) of socio-economic development in the regions of the European Union are calculated.

The *temporal* dimension of the model is established by dividing time into periods of one year duration. By modelling relatively short time periods both short- and long-term lagged impacts can be taken into account. In each simulation year the seven submodels of the SASI model are processed in a recursive way, i.e. sequentially one after another. This implies that within one simulation period no equilibrium between model variables is established; in other words, all endogenous effects in the model are lagged by one or more years.

The mathematical specification of the original SASI model is contained in EUNET/SASI Deliverable 8 (Wegener and Bökemann, 1998). The implementation of the original SASI model, i.e. the application of empirical data to it and the estimation and calibration of its parameters, was described in EUNET/SASI Deliverable 11 (Fürst et al., 1999). The software system of the original SASI model was described in EUNET/SASI Deliverable 13 (Wegener et al., 2000a). The results of the demonstration scenario simulations with the original SASI model were presented in EUNET/SASI Deliverable D15 (Fürst et al., 2000).

## 2.3 Model Extensions

This section presents the extended SASI model to be used in IASON. The presentation follows the description of the original SASI model in Wegener and Böckmann (1998) and Fürst et al. (1999) but focuses on the modifications of and extensions to the original model specification. In IASON, the SASI model will be updated and extended in several dimensions relating to *model theory*, *model data* and *model technique*. Before the extended model will be presented in detail, these model extensions are summarised.

### *Model Theory*

New ideas from growth theory as well as new evidence on firm location will be reviewed and transformed into operational indicators of locational advantage and disadvantage and incorporated into the econometric approach. The following changes are intended:

- *Rates v. levels*. The traditional production function approach relates the *level* of output to the *level* of infrastructure. New growth theory suggests that a link might also exist between the level of infrastructure and the *rate* of growth, because good accessibility means good access to diversity making research and development more productive. It will be examined whether this effect can be incorporated into the model functions by exploring the feasibility of forecasting *rates* of change of regional economic development rather than the *levels* of regional production,
- *Productivity*. The feasibility of forecasting regional sectoral labour productivity endogenously as a function of accessibility and other variables instead of using exogenous productivity forecasts will be explored.
- *Accessibility*. In the accessibility calculations, not only travel time but also transport costs will be considered. The possibility to explicitly consider wage levels and/or production costs of potential suppliers in other regions in the accessibility submodel will be examined. It is expected that this will enhance the contribution of the accessibility indicators to the explanation of regional economic development in the regional production functions.
- *Migration*. It is planned to forecast migration *flows* as a function of regional unemployment and other indicators expressing the attractiveness of the region as a place of employment and a place to live instead of the present *net* migration. It is expected that this will improve the explanatory power of the migration model in the Population submodel.

In addition, efforts will be made to make the model more policy-relevant:

- *Policies*. The model will be made more responsive to non-transport policies, such as regional economic policies or immigration policies, and to a broader range of transport policies, such as policies addressing intermodality and congestion. This work will build on the definition of transport policy scenarios in Task 2.3 (see Section 5).
- *Cohesion indicators*. The cohesion indicators used for assessing the impacts of transport policies will be expanded and critically assessed with respect to their possible implicit bias towards convergence and divergence. One of the findings of the SASI project was that the choice of cohesion indicator, i.e. whether relative or absolute differences are calculated, is critical for whether transport infrastructure projects have a cohesion effect or contribute to spatial polarisation.

### *Model Data*

Work is underway to implement the common spatial model database to be used by both the CGEurope and the extended SASI model. This incorporates the following steps:

- *Disaggregation.* The existing SASI regional model database is presently being disaggregated from 201 NUTS-2 regions to 1,083 NUTS-3 regions in the present 15 member states of the European Union (see Section 4) and to include six economic sectors instead of the previous three. In order to be compatible with the CGEurope model, the following six economic sectors will be considered:

- Manufactured products
- Market services
- Agriculture, forestry and fishery products
- Fuel and power products
- Building and construction
- Non-market services

The detailed specification of the six economic sectors will be presented in Section 3.5.3.

- *Updating.* The resulting 1,083-region database will be updated to include more recent data.
- *Extension.* The database for calibration/validation will be extended by additional variables, such as labour productivity and wage levels and/or production costs by sector.
- *Candidate countries.* A similar model database for the 162 regions in the 12 candidate countries (see Section 4) will be established.
- *Transport networks.* The road, rail, air and inland waterway transport networks to be used by the two models are being refining, extended and updated to include the 12 candidate countries and the related extensions of the trans-European networks, to connect the new high-resolution system of regions and to incorporate expected network changes after 2016 until 2021.

### *Model Technique*

One of the results of the SASI project was that the state of the art of calibrating and validating dynamic models of the kind of SASI *over time* is poorly developed. Efforts will therefore be made to calibrate and validate the extended SASI model with time-series data of regions and countries, also with respect to model variables not considered as output indicators.

In addition, work has started on the extension of the SASI model software system in three respects:

- The model dimensions were extended to incorporate the new system of regions with up to 1,500 regions.
- The model software was ported to a software development environment with full Windows integration with multiple windows, dialog boxes and pull-down menus.
- The graphical user interface of the model was enhanced by visual output in the form of on-line time-series plots, choropleth maps and 3D representations of spatial distributions, as well as offline comparison between simulated scenarios.

## 2.4 Submodels

In this section the specification of model variables and parameters of the seven submodels of the SASI model is presented in detail. The description of each submodel starts with the specification of the submodels in the original SASI model in Wegener and Bökemann (1998) and Fürst et al. (1999) and then the modifications in the model specification planned for IASON are pointed out and explained.

### 2.4.1 European Developments

The *European Developments* submodel is not a 'submodel' in the narrow sense because it simply prepares exogenous assumptions about the wider economic and policy framework of the simulations and makes sure that external developments and trends are considered.

For each simulation period the simulation model requires the following assumptions about European developments:

- (1) *Assumptions about the performance of the European economy as a whole.* The performance of the European economy is represented by observed values of sectoral GDP for the European Union as a whole and for 26 non-EU countries (see Table 4.1 and Figure 4.1) for the years 1981 to 1997 and forecasts for the years 1998 to 2016. All GDP values are entered in Euro in prices of 2001.
- (2) *Assumptions about immigration and outmigration across Europe's borders.* European migration trends are represented by observed annual immigration and outmigration of the EU member states and the EU as a whole for the years 1981 to 1997 and of forecasts for the years 1998 to 2016.

These two groups of assumptions serve as constraints to ensure that the regional forecasts of economic development and population remain consistent with external developments not modelled. To keep the total economic development exogenous to the model means that the model is prevented from making forecasts about the general increase in production through transport infrastructure investments, although in principle its parameters are estimated in a way that makes it capable of doing that. Alternatively, it is possible to let the model determine the total level of annual GDP and to use the observed values of the period from 1981 to 1997 to validate these forecasts.

- (3) *Assumptions about transfer payments by the European Union via the Structural Funds and the Common Agricultural Policy or by national governments to support specific regions.* European and national transfer payments are taken into account by annual transfers (in Euro of 2001) received by the regions in the European Union during the period 1981 to 1997 and forecasts for the period 1998 to 2016. These data are provided only for those regions that actually received financial support in the past or are assumed to receive support in the future.
- (4) *Assumptions about immigration policies by European countries.* Given the expected rapid population growth and lack of economic opportunity in many origin countries, total European immigration will largely be influenced by policy decisions by national governments.

These assumptions are reflected by upper limits for annual immigration from non-EU countries to the countries of the European Union for the years 1981 to 1997 and forecasts for the years 1998 to 2016.

The data for these four types of assumptions do not need to be provided for each year nor for time intervals of equal length as the model performs the required interpolations for the years in between.

- (5) *Assumptions about the development of trans-European transport networks (TETN).* The European road, rail, air and inland waterways networks are backcast for the period between 1981 and 1996 and, based on assumptions on the development of trans-European networks, forecast until the year 2016, both in five-year increments. The *base forecast* or *base scenario* is defined as the implementation of the most recent trans-European transport network priority projects (see Section 5).
- (6) *Assumptions about policy decisions on the trans-European networks.* A *policy scenario* is a time-sequenced investment programme for addition, upgrading or closure of links of the trans-European road, rail, air or inland waterways networks. Policy scenarios are specified by adding different subsets of the remaining TETN links such as all planned TETN road projects, all planned TETN rail projects or all planned TETN road and rail projects (see Section 5).

## 2.4.2 Regional Accessibility

This submodel calculates regional accessibility indicators expressing the locational advantage of each region with respect to relevant destinations in the region and in other regions as a function of the travel time or travel cost (or both) needed to reach these destinations by the strategic road, rail, air and inland waterways networks.

The method to calculate accessibility indicators used for the SASI model was described in Schürmann et al. (1997) and Fürst et al. (1999): The European territory was subdivided into some 70,000 raster cells of 10 kilometres width and population of 1995 and GDP of 1992 were disaggregated to raster cells assuming a negative-exponential density gradient around major cities. These distributions were used during the simulation as ancillary information to allocate population and GDP as predicted by the model for each region to the raster cells belonging to that region. Accessibility was calculated in each year for each region by using population and GDP in the 70,000 raster cells in Europe as destinations.

For the selection of accessibility indicators to be used in the model three, possibly conflicting, objectives were considered to be relevant: First, the accessibility indicators should contribute as much as possible to explaining regional economic development. Second, the accessibility indicators should be meaningful by itself as indicators of regional quality of life. Third, the accessibility indicators should be consistent with theories and empirical knowledge about human spatial perception and behaviour.

In the light of these objectives, three types of accessibility indicator were tested (see Schürmann et al., 1997):

- (1) *travel time or cost*: average travel time or cost from each region centroid to a predefined set of destinations,
- (2) *daily accessibility*: the total of population or GDP that can be reached from the region within a certain time or cost limit,
- (3) *potential accessibility*: the total of destination activities, population or GDP,  $W_j(t)$ , in all 70,000 destination cells  $j$  in year  $t$  weighted by a negative exponential function of travel time or cost by mode  $m$  between centroid cell  $k$  and destination cells  $j$ :

$$A_{rm}(t) = \sum_j W_j(t) \exp[-\beta c_{kjm}(t)] \quad (2.1)$$

where  $A_{rm}(t)$  is the accessibility of region  $r$  by mode  $m$  in year  $t$ , and is  $k$  the raster cell of the centroid of region  $r$ .

Of these, potential accessibility was adopted.

As modal impedance  $c_{kjm}(t)$  rail timetable travel times and road travel times calculated from road-type specific travel speeds were used. In addition, following Bröcker (1984; 1996), political and cultural barriers were taken account of as time penalties added to the travel times:

$$c_{kjm} = c'_{kjm}(t) + e_{k'j'}(t) + \ell_{k'j'} + s_{k'j'}(t) \quad (2.2)$$

in which  $c'_{kjm}(t)$  is the pure travel time between centroid cell  $k$  and destination cells  $j$  by mode  $m$  in year  $t$  and  $e_{k'j'}(t)$ ,  $\ell_{k'j'}$  and  $s_{k'j'}$  are exogenous time penalties for political and cultural diversity in year  $t$  between the countries  $k'$  and  $j'$  to which cells  $k$  and  $j$  belong:

- $e_{k'j'}(t)$  is a *European integration factor* reflecting in which supranational structures the two countries are embedded, i.e. which political and economic relationship existed between them in year  $t$ ,
- $\ell_{k'j'}$  is a *language factor* describing the grade of similarity of the mother language(s) spoken in the two countries
- $s_{k'j'}$  is a *cultural similarity factor* reflecting how similar are cultural and historical experience of the two countries.

While the latter two factors were kept constant over the whole simulation,  $e_{k'j'}(t)$  was reduced from year to year to account for the effect of European integration. For the specification of the three factors, see Fürst et al. (1999). The accessibility indicators used in the model were not standardised to the European average to show increases in accessibility over time.

Modal accessibility indicators were aggregated to one indicator expressing the combined effect of alternative modes by replacing the impedance term  $c_{kjm}(t)$  by the composite or *logsum* impedance (Williams, 1977):

$$c_{kj}(t) = -\frac{1}{\lambda} \ln \sum_{m \in M_{kj}} \exp[-\lambda c_{kjm}(t)] \quad (2.3)$$

where  $M_{kj}$  is the set of modes available between raster cells  $k$  and  $j$ .

Two composite accessibility indicators were used: the logsum of road and rail accessibility to population (population potential) for the agricultural and industrial sectors, and the logsum of road, rail and air accessibility to GDP (economic potential) for the service sector.

In the extended SASI model travel time will be replaced by *generalised cost*, i.e. an aggregate measure of both time and cost of transport. Travel costs will be calculated from link-type specific cost parameters. Travel time will be converted to cost by appropriate assumptions about the value of time of travellers and drivers. The border penalties mentioned above, which were converted to time units in the original SASI model, will be converted to monetary cost equivalents in the extended SASI model.

In addition, it will be explored whether an extension of the accessibility concept taking account of differences between regions in the prices of commodities as proposed by Bröcker (1996) will bring a gain in explanatory power of accessibility indicators. Bröcker suggested to distinguish between supply potential

$$S_r(t) = \sum_s V_s(t) p_s^{-\sigma}(t) \exp[(1-\sigma)c_{sr}] \quad (2.4)$$

and demand potential

$$D_r(t) = \sum_s \frac{V_s(t)}{\sum_r V_r(t) p_r^{-\sigma}(t) \exp(-\sigma c_{sr})} \exp(-\sigma)c_{rs} \quad (2.5)$$

where  $V_s$  is output of region  $s$ ,  $p_s$  is the price of commodities produced in  $s$ ,  $c_{rs}$  and  $c_{sr}$  are generalised costs as explained above, and  $\sigma$  is the elasticity of substitution between commodities and regions. The rationale of the two potentials is that, unlike the economic potential commonly used, they measure only those parts of the supply or distribution markets in regions  $s$  that are relevant for producers in region  $r$  because of their competitive prices.

The feasibility of using supply and demand potentials instead of economic and population potential in the extended SASI model will depend on the possibility to find appropriate proxies for  $V_s$  and  $p_s$ .  $V_s$  may be approximated by GDP, and the elasticity of substitution parameter  $\sigma$  may be provided by the CGEurope model. However, the determination of product prices  $p_s$  of each year will be difficult as the SASI model does not have an explicit model of commodity markets. It will be explored whether commodity prices can be approximated by wage levels because wage differentials may be a primary factor of differences in commodity prices. Such a strategy would show the comparative advantage of peripheral low-wage regions, in particular in the candidate countries in eastern Europe.

### 2.4.3 Regional GDP

The GDP submodel is based on a quasi-production function incorporating accessibility as additional production factor. The economic output of a region is forecast separately for each economic sector (agriculture, manufacturing, services) in order to take different requirements for production by each sector into account. The regional production function predicts annual regional GDP:



$$Q_{ir}(t) = f[C_{ir}(t), L_{ir}(t), A_{ir}(t), S_r(t), R_{ir}] \quad (2.6)$$

where  $Q_{ir}(t)$  is annual GDP of industrial sector  $i$  in region  $r$  in year  $t$ ,  $C_{ir}(t)$  is a vector of endowment factors relevant for industrial sector  $i$  in region  $r$  in year  $t$ ,  $L_{ir}(t)$  is labour relevant for industrial sector  $i$  in region  $r$  in year  $t$ ,  $A_{ir}$  is a vector of accessibility indicators relevant for industrial sector  $i$  in region  $r$  in year  $t$ ,  $S_r(t)$  are annual transfers received by the region  $r$  in year  $t$  and  $R_{ir}$  is a region-specific residual taking account of factors not modelled (see below). Note that, even though annual GDP is in fact a flow variable relating to a particular time interval (year), it is modelled like a stock variable.

Sectoral GDP, however, does not only contain the actual economic output of a region, but also includes different kinds of subsidies, which can apparently not be explained by the production conditions within a region. Consequently, sectoral GDP has to be reduced by transfer payments and their multiplier effects (see Fürst et al., 1999, Section 4.1.2). The production function then becomes

$$Q_{ir}(t) - S_{ir}(t) = f[C_{ir}(t), L_{ir}(t), A_{ir}(t), R_{ir}] \quad (2.7)$$

Assuming that the different production factors can be substituted by each other only to a certain degree, a multiplicative function which reflects a limitational relation between the factors was chosen. Since this kind of function introduces the coefficients as exponents of the explaining variables it is possible to interpret the coefficients as elasticities of production reflecting the importance of the different production factors for economic growth in a sector.

Due to different ways of production, each economic sector depends on different production conditions and factors. Therefore the six sectoral functions contain different explanatory variables. In spite of that the functions show the same basic structure. All of them use the following four types of explanatory variables: regional labour force, accessibility, economic structure and endowment factors. The operational specification of the regional production functions used in the original SASI model was:

$$Q_{ir}(t) - S_{ir}(t) = L_{ir}(t)^\alpha A_{ir}(t)^\chi q_{ir}(t-1)^\beta X_{ir}(t)^\delta \varepsilon + R_{ir}(t) \quad (2.8)$$

where  $Q_{ir}(t)$  is economic output (GDP) of sector  $i$  in region  $r$  in year  $t$ ,  $S_{ir}(t)$  are transfer payments in region  $r$  relevant for sector  $i$  in year  $t$ ,  $L_{ir}(t)$  is labour force in region  $r$  in year  $t$ ,  $A_{ir}(t)$  is accessibility of region  $r$  relevant for sector  $i$  in year  $t$ ,  $q_{ir}(t-1)$  is the economic structure of region  $r$  (sectoral share of sector  $i$  in year  $t-1$ ),  $X_{ir}(t)$  is an aggregate of endowment factors in region  $r$  relevant for sector  $i$  in year  $t$ ,  $R_{ir}(t)$  denotes regression residuals of the estimated GDP values of sector  $i$  in region  $r$  in year  $t$  and  $\alpha$ ,  $\beta$ ,  $\chi$ ,  $\delta$ , and  $\varepsilon$  are regression coefficients.

The economic structure variable was used as an explanatory variable on the grounds that the conditions for production in a certain sector depend heavily on the given sectoral structure, a fact which reflects historic developments and path dependencies that are not covered by any other indicator in the equation. Endowment factors are indicators measuring the suitability of the region for economic activity. Endowment factors include traditional location factors such as capital stock (i.e. production facilities) and intraregional transport infrastructure as well as 'soft' quality-of-life factors such as indicators describing the spatial organisation of the region, i.e. its settlement structure and internal transport system, or institutions of higher education,

cultural facilities, good housing and a pleasant climate and environment (for the specification of the composite quality-of-life indicator, see Schürmann, 1999). In addition to endowment factors and accessibility indicators, monetary transfers to regions by the European Union such as assistance by the Structural Funds or the Common Agricultural Policy or by national governments are considered, as these account for a sizeable portion of the economic development of peripheral regions. Regional transfers per capita  $S_r(t)$  are provided by the *European Developments* submodel (see Section 2.4.1). To take account of 'soft' factors not captured by the endowment and accessibility indicators of the model, a region- and sector-specific residual constant  $R_{ir}$  is added to the GDP forecasts of each region  $r$ .  $R_{ir}$  is the difference between the GDP per capita predicted for region  $r$  in the base year 1981 and observed GDP per capita in  $r$  in 1981.  $R_{ir}$  is kept constant over all simulation periods.

The results of the regional GDP forecasts are adjusted such that the total of all regional forecasts meets the exogenous forecast of economic development (GDP) of the European Union as a whole by the *European Developments* submodel (see Section 2.4.1).

As it was explained in Section 2.3, the way of specifying and estimating the regional production functions will be further developed for the extended SASI model. Major changes will include:

- Instead of the original three, six economic sectors (the same ones as in the CGEurope model) will be considered: (i) Manufactured products, (ii) Market services, (iii) Agriculture, forestry and fishery products, (iv) Fuel and power products, (v) Building and construction and (vi) market services.
- It will be examined whether it is feasible of forecasting *rates* of change of regional economic development rather than the *levels* of regional production.

#### 2.4.4 Regional Employment

Regional employment by industrial sector is derived from regional GDP by industrial sector and regional labour productivity.

Regional labour productivity was forecast in the original SASI model exogenously based on exogenous forecasts of labour productivity in each country:

$$p_{ir}(t) = p_{ir}(t-1) \frac{p_{ir'}(t)}{p_{ir'}(t-1)} \quad \text{with } r \in \mathbf{R}_r, \quad (2.9)$$

where  $p_{ir}(t)$  is labour productivity, i.e. annual GDP per worker, of industrial sector  $i$  in region  $r$  in year  $t$ ,  $p_{ir'}(t)$  is average labour productivity in sector  $i$  in year  $t$  in country or group of regions  $\mathbf{R}_r$ , to which region  $r$  belongs. The rationale behind this specification was the assumption that labour productivity by economic sector in a region is predominantly determined by historical conditions in the region, i.e. by its composition of industries and products, technologies and education and skill of labour and that it grows by an average sector-specific growth rate.

In the extended SASI model, the feasibility of forecasting regional sectoral labour productivity endogenously as a function of accessibility and other variables instead of using exogenous productivity forecasts will be explored. Because it can be assumed that labour productivity is positively affected by growth in accessibility, one possible specification might be

$$p_{ir}(t) = p_{ir}(t-1) \frac{p_{ir'}(t)}{p_{ir'}(t-1)} + \varepsilon_i \frac{A_r(t)}{A_r(t-1)} \quad \text{with } r \in \mathbf{R}_{r'} \quad (2.10)$$

where  $A_r(t)$  is accessibility of region  $r$  in year  $t$  (aggregated across modes as above), and  $\varepsilon_i$  is a linear elasticity indicating how much the growth in labour productivity is accelerated by a growth in accessibility. As indicated above, absolute rather than relative accessibility is preferable here. Other specifications incorporating further variables may be explored.

Regional employment by industrial sector is then

$$E_{ir}(t) = Q_{ir}(t) / p_{ir}(t) \quad (2.11)$$

where  $E_{ir}(t)$  is employment in industrial sector  $i$  in region  $r$  in year  $t$ ,  $Q_{ir}(t)$  is the GDP of industrial sector  $i$  in region  $r$  in year  $t$  and  $p_{ir}(t)$  is the annual GDP per worker of industrial sector  $i$  in region  $r$  in year  $t$ .

#### 2.4.5 Regional Population

The *Regional Population* submodel forecasts regional population by five-year age groups and sex through natural change (fertility, mortality) and migration. Population forecasts are needed to represent the demand side of regional labour markets.

##### *Fertility and mortality*

Changes of population due to births and deaths are modelled by a cohort-survival model subject to exogenous forecasts of regional fertility and mortality rates. To reduce data requirements, a simplified version of the cohort-survival population projection model with five-year age groups is applied. The method starts by calculating survivors for each age group and sex:

$$P'_{asr}(t) = P_{asr}(t-1) [1 - d_{asr'}(t-1, t)] \quad \text{with } r \in \mathbf{R}_{r'} \quad (2.12)$$

where  $P'_{asr}(t)$  are surviving persons of age group  $a$  and sex  $s$  in region  $r$  in year  $t$ ,  $P_{asr}(t-1)$  is population of age group  $a$  and sex  $s$  in year  $t-1$  and  $d_{asr'}(t-1, t)$  is the average annual death rate of age group  $a$  and sex  $s$  between years  $t-1$  and  $t$  in country or group of regions  $\mathbf{R}_{r'}$  to which region  $r$  belongs.

Next it is calculated how many persons change from one age group to the next through ageing employing a smoothing algorithm:

$$g_{asr}(t-1, t) = 0.12 P'_{asr}(t) + 0.08 P'_{a+1sr}(t) \quad \text{for } a = 1, 19 \quad (2.13)$$

where  $g_{asr}(t-1, t)$  is the number of persons of sex  $s$  changing from age group  $a$  to age group  $a+1$  in region  $r$ . Surviving persons in year  $t$  are then

$$P_{asr}(t) = P'_{asr}(t) + g_{a-1, sr}(t-1, t) - g_{asr}(t-1, t) \quad \text{for } a=2, 19 \quad (2.14)$$

with special cases

$$P_{20sr}(t) = P'_{20sr}(t) + g_{19, sr}(t-1, t) \quad (2.15)$$

$$P_{1sr}(t) = P'_{1sr}(t) + B_{sr}(t-1, t) - g_{1sr}(t-1, t) \quad (2.16)$$

where  $B_{sr}(t-1, t)$  are births of sex  $s$  in region  $r$  between years  $t-1$  and  $t$ :

$$B_{sr}(t-1, t) = \sum_{a=4}^{10} 0.5 [P'_{a2r}(t) + P_{a2r}(t)] b_{asr'}(t-1, t) [1 - d_{0sr'}(t-1, t)] \quad \text{with } r \in \mathbf{R}_{r'} \quad (2.17)$$

where  $b_{asr'}(t-1, t)$  are average number of births of sex  $s$  by women of child-bearing five-year age groups  $a$ ,  $a = 4, 10$  (15 to 49 years of age) in country or group of regions  $\mathbf{R}_{r'}$  to which region  $r$  belongs between years  $t-1$  and  $t$ , and  $d_{0sr'}(t-1, t)$  is the death rate during the first year of life of infants of sex  $s$  in country or group of regions  $\mathbf{R}_{r'}$  to which region  $r$  belongs. The exogenous forecasts of death and birth rates in the above equations may be national rates or rates for specific groups of comparable regions.

### Migration

In the original SASI model, both migration within the European Union and immigration from non-EU countries was modelled as annual regional net migration. For the extended SASI model, it is planned to forecast migration *flows* instead of *net* migration. A possible form of the migration model could be a singly constrained spatial interaction model

$$m_{rs}(t, t+1) = B_s L_r^{\alpha_r}(t) E_s^{\gamma_s}(t) \exp[-\beta c_{rs}(t)] \quad (2.19)$$

where  $L_r(t)$  is labour in origin region  $r$  at time  $t$ ,  $E_s(t)$  is employment, or job opportunities, in destination region  $s$  at time  $t$ , and  $c_{rs}(t)$  is generalised travel cost between regions  $r$  and  $s$ . The  $\alpha_r$  and  $\gamma_s$  are push and pull factors, respectively:

$$\begin{aligned} \alpha_r &= f [u_r(t-1), v_r(t-1)] \\ \gamma_s &= f [u_s(t-1), v_s(t-1)] \end{aligned} \quad (2.20)$$

They are functions of unemployment  $u_r(t-1)$  and quality of life  $v_r(t-1)$  in the origin region and unemployment  $u_s(t-1)$  and quality of life  $v_s(t-1)$  in the destination region. The quality-of-life indicator is also used as one of the endowment factors in the regional production function for service industries (see Section 2.4.3). Because both indicators are calculated after the Regional Population submodel, their values of the previous year  $t-1$  are used.

The balancing factors  $B_s$  in Equation 2.19 guarantee that the total number of immigrants from non-EU countries to EU countries does not exceed the maximum number of immigrants set by the immigration policies of EU countries and forecast by the *European Developments* submodel.

### *Educational attainment*

Regional educational attainment, i.e. the proportion of residents with higher education in region  $r$ , is forecast exogenously assuming that it grows as in the country or group of regions to which region  $r$  belongs:

$$h_r(t) = h_r(t-1) h_{r'}(t) / h_{r'}(t-1) \quad \text{with } r \in \mathbf{R}_{r'} \quad (2.21)$$

where  $h_r(t)$  is the proportion of residents with higher education in region  $r$  in year  $t$ , and  $h_{r'}(t)$  is the average proportion of residents with higher education in country or group of regions  $\mathbf{R}_{r'}$  to which region  $r$  belongs.

### 2.4.6 Regional Labour Force

Regional labour force is derived from regional population and regional labour force participation.

Regional labour force participation by sex is partly forecast exogenously and partly affected endogenously by changes in job availability or unemployment. It is assumed that labour force participation in a region is predominantly determined by historical conditions in the region, i.e. by cultural and religious traditions and education and that it grows by an average country-specific growth rate. However, it is also assumed that it is positively affected by availability of jobs (or negatively by unemployment):

$$\ell_{sr}(t) = \ell_{sr}(t-1) \ell_{sr'}(t) / \ell_{sr'}(t-1) - \varphi_s u_r(t-1) \quad \text{with } r \in \mathbf{R}_{r'} \quad (2.22)$$

where  $\ell_{sr}(t)$  is labour force participation, i.e. the proportion of economically active persons of sex  $s$  of regional population of sex  $s$  15 years of age and older, in region  $r$  in year  $t$ ,  $\ell_{sr'}(t)$  is average labour participation of sex  $s$  in year  $t$  in country or group of regions  $\mathbf{R}_{r'}$  to which region  $r$  belongs,  $u_r(t-1)$  is unemployment in region  $r$  in the previous year  $t-1$  (see below), and  $\varphi_s$  is a linear elasticity indicating how much the growth in labour productivity is accelerated or slowed down by regional unemployment. Because at the time of execution of the *Regional Labour Force* submodel regional unemployment in year  $t$  is not yet known, unemployment in the previous year  $t-1$  is used. Regional labour force by sex  $s$  in region  $r$ ,  $L_{sr}(t)$ , is then

$$L_{sr}(t) = P_{sr}(t) \ell_{sr}(t) \quad (2.23)$$

where  $P_{sr}(t)$  is population of sex  $s$  15 years of age and older in region  $r$  at time  $t$  and  $\ell_{sr}(t)$  is the labour force participation rate of sex  $s$  in region  $r$  in year  $t$ .

Regional labour force is disaggregated by skill in proportion to educational attainment in the region calculated in the *Population* submodel (see Section 2.4.5):

$$L_{sr1}(t) = h_r(t) L_{sr}(t) \quad (2.24)$$

with  $L_{sr1}(t)$  being skilled labour and the remainder unskilled labour:

$$L_{sr2}(t) = L_{sr}(t) - L_{sr1}(t) \quad (2.25)$$

### 2.4.7 Socio-Economic Indicators

Total GDP and employment represent only the supply side of regional socio-economic development. To derive policy-relevant indicators, they have to be related to the demand side, i.e. to population and labour force. This is done by calculating total regional GDP per capita and regional unemployment. Since accessibility, besides being a factor determining regional production (see Section 2.4.3), is also an indicator of regional locational advantage and quality of life, accessibility indicators are considered a policy-relevant output of the model.

*Accessibility*, *GDP per capita* and *unemployment* are therefore the main socio-economic and spatial indicators produced by the SASI model. In addition, equity or *cohesion indicators* describing the distribution of accessibility, GDP per capita and unemployment across regions are calculated.

#### *Accessibility*

Regional accessibility indicators are calculated in the *Regional Accessibility* submodel (see Section 2.4.2)

#### *GDP per capita*

Despite its well-known theoretical and methodological drawbacks GDP per capita continues to be the most commonly used indicator of regional economic development. With certain qualifications, e.g. for regions with a large amount of commuting across their boundaries, GDP per capita allows to draw conclusions on regional income. Total regional GDP per capita is calculated as the sum of GDP by industrial sector divided by population:

$$q_r(t) = \sum_i Q_{ir}(t) / P_r(t) \quad (2.29)$$

#### *Unemployment*

Regional unemployment, too, presents measurement problems because there exist large differences in the definition of unemployment in European countries. Therefore the unemployment rate calculated in the SASI model only serves to compare different scenarios and is not

comparable to the standardised unemployment rates calculated by Eurostat. Nevertheless unemployment remains the most widely used social indicator and is closely related to policy goals of the European Union.

To take account of interregional commuting, the resulting numbers of unemployed persons are reduced by outcommuters and increased by incommuters derived from a doubly constrained spatial-interaction work trip model. The work trip model is based on NUTS-3 population (see Fürst et al., 1999, Section 4.7). Before executing the work trip model, regional labour force is adjusted such that total labour force of all regions equals total employment of all regions.

The regional unemployment rate  $u_r(t)$  in year  $t$  is

$$u_r(t) = \frac{L_r(t) - \sum_s T_{rs}(t) + \sum_s T_{sr}(t) - E_r(t)}{L_r(t)} \quad (2.30)$$

where  $L_r(t)$  is total labour in region  $r$  in year  $t$ ,  $E_r(t)$  is total employment in region  $r$  in year  $t$  and  $T_{rs}(t)$  are commuters from region  $r$  to region  $s$  in year  $t$  calculated from an attraction-constrained spatial-interaction work trip model:

$$T_{rs}(t) = \frac{L_r(t) \exp[-\beta c_{rs}(t)]}{\sum_r L_r(t) \exp[-\beta c_{rs}(t)]} E_s(t) \quad \text{with } \sum_s T_{rs}(t) \leq L_r(t) \quad (2.31)$$

where  $c_{rs}(t)$  is travel time and/or cost between regions  $r$  and  $s$  in year  $t$  and the additional constraint ensures that there are no more workers than labour force in a region.

#### 2.4.8 Cohesion Indicators

From the policy-relevant indicators so derived, equity or cohesion indicators describing their distribution across regions are calculated. Cohesion indicators are macroanalytical indicators combining the indicators of individual regions into one measure of their spatial concentration. Changes in the cohesion indicators predicted by the model for future transport infrastructure investments reveal whether these policies are likely to reduce or increase existing disparities in those indicators between the regions.

- *The coefficient of variation.* The coefficient of variation is the standard deviation of region indicator values expressed in percent of their European average:

$$V = \frac{\sqrt{\sum_r (\bar{X} - X_r)^2 / n}}{\bar{X}} 100 \quad (2.32)$$

The coefficient of variation informs about the degree of homogeneity or polarisation of a spatial distribution. A coefficient of variation of zero indicates that all areas have the same indicator values. The different size of regions can be accounted for by treating each area as a

collection of individuals having the same indicator value. The coefficient of variation can be used to compare two scenarios with respect to cohesion or equity or two points in time of one scenario with respect to whether convergence or divergence occurs.

- *The Gini coefficient.* The Lorenz curve compares a rank-ordered cumulative distribution of indicator values of areas with a distribution in which all areas have the same indicator value. This is done graphically by sorting areas by increasing indicator value and drawing their cumulative distribution against a cumulative equal distribution (an upward sloping straight line). The surface between the two cumulative distributions indicates the degree of polarisation of the distribution of indicator values. The Gini coefficient calculates the ratio between that area of that surface and the area of the triangle under the upward sloping line of the equal distribution. The equation for the Gini coefficient is

$$G = 1 + 1/n - 2/(n^2 \bar{X}) \sum_r r X_r \quad (2.33)$$

where  $X_r$  are indicator values of regions  $r$  sorted in increasing order,  $\bar{X}$  the average indicator value of all regions, and  $n$  the number of regions. A Gini coefficient of zero indicates that the distribution is equal-valued, i.e. that all areas have the same indicator value. A Gini coefficient close to one indicates that the distribution of indicator values is highly polarised, i.e. few areas have very high indicator values and all other areas very low values. The different size of areas can be accounted for by treating each area as a collection of individuals having the same indicator value.

A deficiency of both indicators is that they measure *relative* differences between spatial distributions. In a study for DG Regio (Wegener et al., 2000a) it was found that the results of cohesion analyses heavily depend on the type of accessibility indicators applied. In the case of potential accessibility, the largest absolute gains in accessibility are concentrated in the most central and already most accessible areas, i.e. the existing disparities in accessibility increase. In relative terms, peripheral areas benefit more from better access to large central agglomerations. The conclusion was that relative cohesion indicators tend to suggest a tendency of convergence where in fact divergence may have occurred.

For the extended SASI model therefore the cohesion indicators to be used for assessing the impacts of transport policies will be expanded and critically assessed with respect to their possible implicit bias towards convergence and divergence.

## 2.5 Other Model Output

As indicated, the main output of the SASI model are accessibility, GDP per capita and unemployment for each regions for year of the simulation. However, a great number of other regional indicators are generated during the simulation. These indicators can be examined during the simulation or analysed and compared after several simulation runs.

During the simulation the user may monitor change processes in the model by observing time-series diagrams, choropleth maps or 3D representations of variables of interest on the computer display. The user may interactively change the selection of variables to be displayed during processing. The following options can be selected:



### Population indicators

- Population (1981=100)
- Percent population 0-5 years
- Percent population 6-14 years
- Percent population 15-29 years
- Percent population 30-59 years
- Percent population 60+ years
- Labour force (1981=100)
- Labour force participation rate (%)
- Percent lower education
- Percent medium education
- Percent higher education
- Net migration per year (%)
- Net commuting (% of labour force)

### Economic indicators

- GDP (1981=100)
- Percent non-service GDP
- Percent service GDP
- GDP per capita (in 1,000 Euro of 1998)
- GDP per capita (EU15=100)
- GDP per worker (in 1,000 Euro of 1998)
- Employment (1981=100)
- Percent non-service employment
- Percent service employment
- Unemployment (%)
- Agricultural subsidies (% of GDP)
- European subsidies (% of GDP)
- National subsidies (% of GDP)

### Attractiveness indicators

- Accessibility rail/road (logsum, million)
- Accessibility rail/road/air (logsum, million)
- Soil quality (yield of cereals in t/ha)
- Developable land (%)
- R&D investment (% of GDP)
- Quality of life (0-100)

The same selection of variables can be analysed and post-processed after the simulation. If several scenarios have been simulated, the user can compare the results using a special comparison software (see Wegener et al., 2000a). The selection of indicators available for output can be extended depending on the requirements of the IASON project, in particular in response to the needs of the CBA.

In addition to the regional indicators, travel cost matrices containing travel costs between all 1,336 European regions (see Section 4) will be calculated for use in the CGEurope model (see Section 3). The travel cost matrices for CGEurope are required for the benchmark year 1997 and the future year 2021.

## 2.6 Data Requirements

The original SASI model forecast socio-economic development in 201 regions at the NUTS-2 level for the fifteen EU countries. These were the 'internal' regions of the model. The 27 regions in 23 countries of the rest of Europe were 'external' regions which were used as additional destinations when calculating accessibility indicators. The extended system of regions to be used in IASON is described in Section 4. It has 1,083 regions at the NUTS-3 level in the present 15 EU member states, 162 regions of comparable size in the 12 candidate countries in eastern Europe and 91 regions in the remaining 14 countries of Europe. The 1,083+162 regions in the extended EU will be the 'internal' region of the extended SASI model. The 91 regions in the rest of Europe will be used as 'external' regions, i.e. as additional destinations for accessibility calculations.

In the extended SASI model, road, rail, air and inland waterways networks are considered. These networks have been updated and extended to link the extended system of regions. The updated and extended networks to be used in IASON are described in Section 4.

The base year of the simulations of the SASI model was 1981 in order to demonstrate that the model is able to reproduce the main trends of spatial development in Europe over a significant time period of the past with satisfactory accuracy. The forecasting horizon of the model was 2016. The base year of the extended SASI model will continue to be 1981, and the forecasting horizon will be 2021. This will allow twenty years of backcasting and twenty years of forecasting. For comparability with the CGEurope model, output for the benchmark year of the CGEurope model, 1997, will be provided.

This section describes the data required for the extended SASI model from the Common Database to be used by both models. The specification of the common data base will be presented in IASON Deliverable D3. Two major groups of data are distinguished: data required for running the model (simulation data) and data needed for the calibration or validation of the model. In each of these categories, the data can be classified by spatial and temporal reference.

### 2.6.1 Simulation Data

Simulation data are the data required to perform a typical simulation run. They can be grouped into *base-year* data and *time-series* data.

#### *Base-year data*

Base-year data describe the state of the regions and the strategic transport networks in the base year. Base-year data are either regional or network data.

Regional base-year data are required to provide base values for the *Regional GDP* submodel and the *Regional Population* submodel as well as base values for exogenous forecasts of changes in regional educational attainment and regional labour force participation. All other regional base-year values such as GDP, employment or labour force are calculated by the model (even where regional base-year data for these variables are available). Network base-year data specify the road, rail and air networks used for accessibility calculations in the base year.

- Regional data (1,083+162 regions, see Section 4)
  - Regional GDP per capita by industrial sector in 1981
  - Regional labour productivity (GDP per worker) by industrial sector in 1981
  - Regional population by five-year age group and sex in 1981
  - Regional educational attainment in 1981
  - Regional labour force participation rate by sex in 1981
  - Regional quality-of-life indicators in 1981
- Network data
  - Node and link data of strategic road network in 1981
  - Node and link data of strategic rail network in 1981
  - Node and link data of air network in 1981
  - Node and link data of inland waterways network in 1981

In addition, for the allocation of regional population and GDP to raster cells in the *Regional Accessibility* submodel, the raster distributions of population and GDP are required. For simplicity, population and GDP of the most recent available year are used for the distribution in all years.

#### *Time-series data*

Time-series data describe exogenous developments or policies defined to control or constrain the simulation. They are either collected or estimated from actual events for the time between the base year and the present or are assumptions or policies for the future. Time-series data must be defined for each simulation period, but in practice may be entered only for specific (not necessarily equidistant) years, with the simulation model interpolating between them. All GDP data are converted to Euro of 2001.

- European data (15+12 countries, see Section 4)
  - Total European GDP by industrial sector, 1981-2021
  - Total European immigration and outmigration, 1981-2021
- National data (15+12 countries, see Section 4)
  - National GDP per worker by industrial sector, 1981-2021
  - National fertility rates by five-year age group and sex, 1981-2021
  - National mortality rates by five-year age group and sex, 1981-2021
  - National immigration limits, 1981-2021
  - National educational attainment, 1981-2021
  - National labour force participation by sex, 1981-2021
- National data (14 non-EU countries, Section 4)
  - National population, 1981-2021
  - National GDP, 1981-2021
- Regional data (1,083+162 regions, see Section 4)
  - Regional endowment factors, 1981-2021
  - Regional transfers, 1981-2021
- Network data
  - Changes of node and link data of strategic road network, 1981-2021
  - Changes of node and link data of strategic rail network, 1981-2021
  - Changes of node and link data of air network, 1981-2021
  - Changes of node and link data of inland waterways network, 1981-2021

## 2.6.2 Calibration/Validation Data

The regional production function in the *Regional GDP* submodel and the migration function in the *Regional Population* submodel are the only model functions *calibrated* using statistical estimation techniques. All other model functions are *validated* by comparing the output of the whole model with observed values for the period between the base year and the present.

### *Calibration data*

Calibration data are data needed for calibrating the regional production functions in the *Regional GDP* submodel, labour productivity in the *Regional Employment* submodel and the migration function in the *Regional Population* submodel. The three calibration years 1981, 1986, 1991 and 1996 are suggested to gain insights into changes in parameter values over time; however, the calibration is also possible with less calibration years. The calibration data of 1981 are partly identical with the simulation data for the same year.

#### Regional data (1,083+162 regions)

- Regional GDP per capita by industrial sector in 1981, 1986, 1991, 1996
- Regional labour productivity by industrial sector in 1981, 1986, 1991, 1996
- Regional wage levels and/or production costs by sector in 1981, 1986, 1991, 1996
- Regional endowment factors in 1981, 1986, 1991, 1996
- Regional labour force in 1981, 1986, 1991, 1996
- Regional transfers in 1981, 1986, 1991, 1996
- Regional migration flows in 1981, 1986, 1991, 1996
- Regional unemployment rates in 1981, 1986, 1991, 1996

#### Network data

- Node and link data of strategic road network in 1981, 1986, 1991, 1996
- Node and link data of strategic rail network in 1981, 1986, 1991, 1996
- Node and link data of air network in 1981, 1986, 1991, 1996
- Node and link data of inland waterways network in 1981, 1986, 1991, 1996

### *Validation data*

Validation data are reference data with which the model results in the period between the base year and the present are compared to assess the validity of the model. Validation is preferable over calibration where processes simulated in the model are unobservable or unobserved because of lack of data. Validation can be used to experimentally adjust model parameters that cannot be calibrated until the model results match available aggregate data. The validation years suggested below are indicative; the validation can be performed with less observations. Also the disaggregations indicated in brackets are optional.

#### Regional data (1,083+162 regions)

- Regional population (by age and sex) in 1981, 1986, 1991, 1996, 2001
- Regional GDP (by industrial sector) in 1981, 1986, 1991, 1996, 2001
- Regional labour force (by sex) in 1981, 1986, 1991, 1996, 2001
- Regional employment (by industrial sector) in 1981, 1986, 1991, 1996, 2001
- Regional unemployment rate in 1981, 1986, 1991, 1996, 2001

### 3 The New CGEurope Model

#### 3.1 Modelling the Spatial Dimension of Transport Benefits

Although extensive research is already under way for assessing the infrastructure needs as well as costs and benefits of individual projects, very little is still known about the spatial distribution of the benefits. Traditional approaches to cost benefit and regional impact analysis are not really capable of taking account of the complex mechanisms by which transport cost changes affect the spatial allocation. This holds true already in a static framework, not to speak about the even more complex channels through which the transport system aspects economic dynamics. The critical issue is to assign the benefits from using the transport links to regions. Assigning costs and benefits from construction and maintenance to regions is less of a problem, and traditional techniques like multiplier analysis are acceptable. Assessing the benefits from newly installed capacities and answering the question where they accrue, however, is much more difficult. Four types of methods are used in practice:

The *first* is to assign benefits as measured by direct cost reductions or consumer surpluses gained on the links under study to the place of investment itself. This method is applied in the official German manual for transport infrastructure evaluation (BMV, 1993), for example. Its shortcomings are so obvious that a further discussion is not worth the effort.

The *second* method is to measure benefits by estimating rates of return on infrastructure investments in a production function approach, using cross section, time series, or panel data (for a survey see Pfähler et al., 1996). Intricate econometric problems have to be solved for this type of analysis, which are thoroughly discussed in an extensive literature. As far as the regional distribution of effects is concerned, however, the shortcomings of this approach are similar to those of the first one. While accessibility changes may affect many regions possibly in a different way depending on the pattern of inter-regional flows, all output effects are exclusively attributed to the region, where the investment is done.

The *third* method is to establish an inter-regional demand-driven input-output model with trade coefficients depending on transportation costs (see e.g. Leitham et al., 1999). Though this seems attractive because a lot of sectoral detail can be taken account of, it gives a theoretically unconvincing picture of the effects of changing transport costs. It is restricted to backward linkage effects. In this type of approach, it is difficult to simulate the cost effects and price effects stemming from a reduction in transport costs. To extend the picture to forward linkages generated by increased product diversity brought about by integrating the local markets is even more difficult.

The *fourth* method is to measure the impact of transport cost reductions by accessibility indicators telling how a region's generalised cost of reaching its markets and travelling to a hypothetical set of destinations is affected by the cost reductions (see Vickerman et al., 1999 for an empirical example and Rietveld and Bruinsma, 1998a for a survey). In a second step, accessibility changes are then related to regional economic indicators like GDP per capita or real growth of GDP, using cross-section regression techniques. This is the basic idea of the SASI approach and is discussed in Section 2 of this report in more detail.

The *fifth* more recent technique is to set up a multi-regional computable general equilibrium, in which transport costs explicitly appear as firms' expenditures for transport and other kinds of business travel and as households' costs of private passenger travel (for examples see Venables and Gasiorek, 1998, Bröcker, 1998a). This is what we are doing with the CGEurope model (see Bröcker, 1998a, 1999, 2000, 2002). CGEurope is a multiregional, and in its extended version developed for IASON multi-sectoral, computable general equilibrium model, incorporating innovative features from recent developments in the literature like product diversity and monopolistic competition, explicit modelling of out-of-pocket as well as time costs of business transport as well as private passenger transport.

The way transport cost changes are modelled in this framework is obvious. After having calibrated the model such that the data of a benchmark year are reproduced, transport costs or travel times are changed exogenously and the new equilibrium system is solved. The main indicator for the regional consequences one is looking at is the welfare change of regional households, as measured by the households' utility functions. Though an ordinal utility index as it stands has no operational meaning, it can be transformed to the so-called Hicks measures of variation. They measure the welfare change in monetary terms.

CGEurope is confined to the regional welfare effects resulting from the use of the transport infrastructure. Effects from the construction phase, from financing and maintenance are not considered. We also do not include local traffic including commuting, even if it is commuting over longer distances crossing the borders of the regions in our system.

### 3.2 Extending CGEurope for the IASON Project

Compared to the previous version of CGEurope (for a description see Bröcker, 1998a) the new version to be implemented in IASON is extended in the following respects:

- The previous version had only two sectors (tradable and non-tradable), while the new one differentiates between six sectors, including one sector producing the transport service using factors and intermediate inputs (for a detailed description see Section 3.5).
- The previous version took only transport costs in interregional trade into account, while the new one also includes costs of private passenger travel.
- The new version of CGEurope models the use of resources for transport in a more sophisticated way than the previous one by including explicitly an activity producing the transport service.

Finally, the transport network from which the cost measurement is derived is much more refined, based on the networks developed within SASI, SCENES and ETIS.

Since the start of IASON, we have developed the new model version in a way that allows for calibration with existing data. A detailed description of the new version of CGEurope is given in section 3.3. In particular, the following tasks have been successfully carried out in Work Package 2.1:

### *Sectoral and regional coverage*

Definition of *new sectors and regions*. The previous version of CGEurope covered 805 regions for one tradable and one non-tradable manufacturing sector only and was based on Eurostat's Regional Accounts. The extended version developed over the last seven months covers six activities (including services) and a wider range of regions – 49 countries and country groups and 1,341 regions (for a detailed description see Section 4). Taking data availability into consideration, however, it will not be possible to have results with full sectoral detail and full regional detail at the same time. It is therefore necessary to run two different versions of the model, one with aggregated regions, and another with full regional detail but aggregated sectors.

### *Model structure*

Setting up the *system of equations describing the multi-sectoral system* of the new model. The main problem, which had to be solved, was to design the model in a way allowing calibration with limited information on a sub-national regional scale (see Section 3.4).

### *Travel demand*

Developing a new approach to model passenger *travel behaviour in a microeconomically consistent framework* that can consistently be integrated into the general equilibrium context. In particular, we had to include monetary travel costs as well as time costs into this framework, because time costs are an important determinant of travel behaviour and the change of time costs is an essential element of households' welfare. We succeeded in fulfilling three requirements, namely (1) to derive behaviour and welfare measures from one single theoretical formulation, (2) to specify travel preferences in a way that observed dispersed travel behaviour can realistically be reproduced, and (3) to make things sufficiently simple such that the parameters can be calibrated with minimum data requirements. We need data for expenditure shares for interregional travel (excluding commuting and other kinds of local travel) and for interregional travel flows in quantity terms. The latter may also be rough estimates based on gravity-like hypotheses. For a rough technical explanation of the theory of household behaviour applied in the new model version, see the two following sections.

### *Calibration*

Developing a *calibration procedure working with a limited database* without a full multi-regional social accounting matrix. In this respect, our approach deviates from available work in the fields of computable general equilibrium modelling. Usually one has original or derived full information about monetary flows between each agent (firm or household) in each region for the benchmark year. This covers trade by sector between firms, trade between firms and households, factor expenditures flowing from firms to households and interregional capital flows. As described in Section 3.5, most probably it will be impossible to obtain a full database at a sub-national (NUTS-2) level. Hence, we have developed a different approach, effectively combining information on the distribution of sectoral output by region with national and international information on national accounts and international trade (see the following

section). We assume identical preferences and technologies for different regions within one nation, such that national information is sufficient for calibrating technology parameters (for a full technical description see Bröcker, 1995, 1998a and 1998b).

Interregional trade on the sub-national level is not observed either, but derived from the calibrated equilibrium solution. The essential hypothesis in this context is that customers of traded goods substitute between varieties stemming from different regions, taking prices and interregional transaction costs into account. These transaction costs also include international trade impediments (cross-border effects), which are indirectly quantified by adjusting estimated trade flows to the international totals available from international trade statistics. Even though these calibration techniques have already been used in the former CGEurope, applying them in the extended multi-sectoral framework is much more complicated, and we had to set up the nonlinear system of calibration equations needed to solve this problem. The solution algorithms for this system envisaged still wait for their test in the large real world application.

### 3.3 Non-Formal Description of the New CGEurope

CGEurope is a multiregional model for a closed system of regions, treating separately each region and linking them through endogenous trade. The world is subdivided into a large number of regions<sup>1</sup>. Each region shelters a set of households owning a bundle of immobile production factors used by regional firms for producing goods and services. The new version of CGEurope distinguishes six different sectors, five of which are tradable and one non-tradable (local) good (see Section 3.5). Beyond factor services, firms also use local goods and tradables as inputs. The firms in a region buy local goods from each other, while tradables are bought everywhere in the world, including the own region. Produced tradables are sold everywhere in the world, including the own region. Free entry drives profits to zero; hence, the firms' receipts for sold local goods and tradables equal their expenditures for factor services, intermediate local and tradable goods and transport.

Regional final demand, including investment and public sector demand, is modelled as expenditure of utility maximising regional households, who spend their total disposable income in the respective period. Disposable income stems from returns on regional production factors, which, by assumption, are exclusively owned by regional households, and a net transfer payment from the rest of the world. This transfer income can be positive or negative, depending on whether the region has a trade deficit or surplus. Transfers are held constant in our simulations. Introducing fixed interregional income transfers is a simplified way to get rid of a detailed modelling of interregional factor income flows, and of all kinds of interregional flows of private and public funds. Households expend their income for local and tradable goods as well as for travel. The vector of travel demand is differentiated by purpose of travel and destination. Households gain utility from a set of activities connected with travel (like tourism) and suffer from disutility for spending travel time.

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<sup>1</sup> The new version of CGEurope covers 1,341 regions, of which 1,336 cover Europe, including the Asian parts of Russia and Turkey. In addition, there are 5 non-European regions covering the rest of the world, namely North America, Latin America, Africa, Middle East, and Asia plus Australia and New Zealand.



How many primary factors will be introduced is still open; it depends on the detail of information available in the national accounts. One version will be with just one homogeneous factor<sup>2</sup>. Differentiation between factors depends on data availability.

The factor supply is always fully employed due to the assumption of perfect price flexibility, which implies the assumption that the rate of unemployment remains unaffected by the exogenous influences under study. Analysing effects on unemployment requires a deeper study of the structure of labour markets, which is not part of this project. We assume complete immobility of factors, which means that interregional factor movements as a reaction to changing transport costs is not included. The other extreme assumption would be perfect factor mobility, but this is not realistic. Immobility is taken as a first approximation for short-term effects. The best choice would be mobility, but an imperfect one. There are ways of introducing such an assumption, but theoretically consistent approaches require forward-looking dynamics, which are too complicated to be introduced into our model in the present stage of its development.

Firms representing production sectors are of two kinds, producers of local goods and producers of tradables. Each local good is a homogeneous good, though one equivalently may regard it as a given set of goods, such that the good's price is to be interpreted as the price of a composite local good. The market for tradables, however, is modelled in a fundamentally different way. Tradables consist of a large number of close but imperfect substitutes. The set of goods is not fixed exogenously, but it is determined in the equilibrium solution and varies with changing exogenous variables. Different goods stem from producers in different regions. Therefore, relative prices of tradables do play a role. Changes of exogenous variables make these relative prices change and induce substitution effects.

Households act as price taking utility maximisers. They have a nested CES utility function representing substitution between goods and travel activities, between goods from different sectors, between different kinds of travel activities, between destinations for each kind of travel and between varieties for each kind of goods. In the disutility version for modelling the burden of travel time, a travel time disutility is subtracted from the households' utility function in an additive separable format.

Firms maximise profits. Local goods producers take prices for inputs as well as for local goods sold to households and other firms as given. The production functions are linear-homogenous nested-CES functions. The lowest CES nest makes a composite out of the bundle of tradables. For the sake of simplicity, it is assumed to be identical for all users and to be the same as the respective CES nest in the households' utility function. Due to linear homogeneity, the price of local good equals its unit cost obtained from cost minimisation under given input prices.

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<sup>2</sup> The reader should be aware that we equivalently could regard factor supply as a vector of arbitrary length representing labour with different qualifications, capital, land etc. The factor price has then to be interpreted as a price for a composite factor service. The important assumption is that with just one composite factor in the model we exclude sectoral variation of factor intensities, such that relative factor prices are not going to play a role in the solution

Tradable goods producers take only prices for inputs as given. They produce a raw output by a technology designed in the same way as for local goods producers. Instead of directly selling their output, however, they transform the homogeneous raw output into a final differentiated output. The respective technology is increasing returns, with a decreasing ratio of average to marginal input. Firms are free to compete in the market for a tradable good, which already exists, or to sell a new one not yet in the market. The latter turns out to be always the better choice. Hence, only one firm monopolistically supplies each good, which is aware of the finite price elasticity of demand for the good. The firm therefore sets the price according to the rules of monopolistic mark-up pricing. This choice, of course, is only made if the firm at least breaks even with this strategy. If it comes out with a positive profit, however, new firms are attracted opening new markets, such that demand for each single good declines until profits are driven back to zero.

This is the well-known mechanism of Chamberlinian monopolistic competition determining the number of goods in the market as well as the quantity of each single good (see Krugman, 1993, Fujita et al., 1999, Bröcker, 1998a). Due to free entry, the price of a tradable good just equals its average unit cost. It turns out that under the assumption of a constant price elasticity of demand for each variety of goods, which is valid in our framework, output per variety is also constant, such that output variations come in the form of variations in the number of varieties, and real output is the endogenous measure of variety.

Certainly, assuming local markets to be perfectly competitive lacks empirical plausibility. Local goods producers may in fact exert some monopoly power, local goods might be diversified, just like tradables, et cetera. The reason why this assumption is nevertheless preferred is that this is the simplest way to get rid of the local sectors, which only play a secondary role in an analysis focusing on interregional trade. Another choice without major technical problems would be to assume monopolistic competition for the local sectors as well. This, however, is not recommended, because it introduces a size-of-region effect. Large regions in our system (like the Asian part of Russia, for example) would support a high diversity of local goods, generating an unrealistic low prices of composite local goods, given the factor price(s) and technology in the region.

Three features give the CGEurope model its spatial dimension:

- the distinction of goods, factors, firms and households by location,
- the explicit incorporation of transport cost for goods (and services, regarded as a special kind of goods), depending on geography as well as national segmentation of markets, and
- the explicit incorporation of private passenger travel, with time costs and out-of-pocket costs depending on geography as well as national segmentation of space.

Summarising the basic philosophy of our approach, it obviously strongly relies on neo-classical ideas, even though it departs from the traditional computable general equilibrium approach by allowing for imperfect markets. In other respects, however, the strictness of neo-classical assumptions is retained: firms and households act perfectly rationally, prices are flexible, and markets are cleared, including labour markets. Though these assumptions are often criticised for contrasting with reality, there is no better choice. Even if households don't maximise utility subject to a budget constrained, it is not questioned that they react on prices and that the budget constraint must eventually hold. Neo-classical demand theory is just an

easy way to represent these reactions consistently in a formal way. Similar comments apply to modelling reactions of firms.

The issue is not whether the model is close to reality; no model will ever be so. The issue is which is the best way to represent fundamental mechanisms detected by theory in a quantitative approach. In this context, marginal returns of making a model more complicated have to be traded off against marginal costs. More realistic models like large-scale econometric or input-output models with many sectors might offer a more realistic description, but are much more expensive and offer less possibilities for studying the interaction between prices and quantities in a theoretically consistent framework.

### 3.4 The Mathematical Structure of the New CGEurope Model

#### 3.4.1 The Equations of the Equilibrium

We start with notation. Subscripts  $r = 1, \dots, R$  denote regions, superscripts  $i$  or  $j = 1, \dots, I$  denote sectors, and superscripts  $k = 1, \dots, K$  denote factors. By convention, sector 1 is the sector producing the transport service. Finally, superscripts  $\ell = 1, \dots, L$  denote travel activities.

- $A_r$   $(I \times I)$ -matrix of intermediate input-coefficients with typical entry  $a_r^{ij}$  denoting the input of goods from sector  $i$  per unit of sector  $j$ 's output. If  $i$  denotes a tradable, the respective input is meant to be the CES-composite made of all the varieties bought in region  $r$  as well as in all other regions. This composite is the same for firms using it as an input as for households consuming it, as already mentioned.
- $B_r$   $(K \times I)$ -matrix of primary input-coefficients with typical entry  $b_r^{kj}$  denoting the input of factor  $k$  per unit of sector  $j$ 's output
- $X_r$   $(I \times 1)$ -vector of regional outputs with typical entry  $X_r^i$
- $p_r$  the corresponding price vector with typical entry  $p_r^i$
- $D_r$   $(I \times 1)$ -vector of regional demand for (composite) goods with typical entry  $D_r^i$
- $q_r$  the corresponding price vector with typical entry  $q_r^i$
- $F_r$   $(I \times 1)$ -vector of regional final demand for (composite) goods
- $\tilde{F}_r$   $((I - 1) \times 1)$  vector of regional final demand for (composite) goods, with first element (demand for transport service) deleted
- $f_r$   $(K \times 1)$ -vector of regional factor demand with typical entry  $f_r^k$
- $S_r$   $(K \times 1)$ -vector of regional factor supply with typical entry  $S_r^k$
- $w_r$  the corresponding price vector with typical entry  $w_r^k$
- $t_{rs}^i$  tradables from sector  $i$  delivered from region  $r$  to region  $s$
- $\tau_{rs}^i$  mark-up for transport costs; the costs for shipping one unit of  $i$ -goods from region  $r$  to region  $s$  is  $p_{rs}^i (\tau_{rs}^i - 1)$ , such that the price for this unit in region  $s$  equals  $p_{rs}^i \tau_{rs}^i$
- $\sigma^i$  elasticity of substitution between varieties produced by sector  $i$

- $c_r^i(\cdot)$  unit cost function derived from cost minimisation subject to the representative firm's technology; the function's argument is the vector of input prices  $(\mathbf{q}'_r, \mathbf{w}'_r)$ <sup>3</sup>, its value is the cost per unit of sector  $i$ 's output
- $\mathbf{y}_r$   $(L \times 1)$ -vector of households' travel activities with typical entry  $y_r^\ell$  denoting the travel demand of kind  $\ell$  by households living in region  $r$ ; a kind of activity is travel for a certain purpose to a certain destination like tourism travel to destination  $s$ , say
- $\boldsymbol{\theta}_r$   $(L \times 1)$ -vector of travel times, with typical entry  $\theta_r^\ell$  denoting the travel time required per unit of activity of kind  $\ell$  by households living in region  $r$
- $\boldsymbol{\vartheta}_r$   $(L \times 1)$ -vector of travel services, with typical entry  $\vartheta_r^\ell$  denoting the amount of travel service required per unit of activity of kind  $\ell$  by households living in region  $r$
- $N_r$  net income transfers from other regions to region  $r$
- $\mathbf{d}_r(\cdot)$  household's behaviour function, assigning vectors of final goods demand, factor supply and passenger travel demand to net income transfer and to vectors of prices, transport costs and travel times

The general equilibrium of the multiregional world economy is summarised by the following system of equations, which we will explain step by step:

$$\mathbf{D}_r = \mathbf{A}_r \mathbf{X}_r + \mathbf{F}_r \quad (3.1)$$

$$\mathbf{f}_r = \mathbf{B}_r \mathbf{X}_r \quad (3.2)$$

$$a_r^{ij} = \frac{\partial c_r^j(\mathbf{q}_r, \mathbf{w}_r)}{\partial q_r^i} \quad (3.3)$$

$$b_r^{kj} = \frac{\partial c_r^j(\mathbf{q}_r, \mathbf{w}_r)}{\partial w_r^k} \quad (3.4)$$

$$p_r^i = c_r^i(\mathbf{q}_r, \mathbf{w}_r) \quad (3.5)$$

$$q_s^i = \begin{cases} \left( \sum_r \psi^i X_r^i (p_r^i \tau_{rs}^i)^{1-\sigma^i} \right)^{\frac{1}{1-\sigma^i}} & \text{if } i \text{ is tradable} \\ p_s^i & \text{else} \end{cases} \quad (3.6)$$

$$t_{rs}^i = \begin{cases} \psi^i X_r^i \left( \frac{q_s^i}{p_r^i \tau_{rs}^i} \right)^{\sigma^i} D_s^i & \text{if } i \text{ is tradable} \\ \left\{ \begin{array}{ll} D_s^i & \text{for } r = s \\ 0 & \text{else} \end{array} \right\} & \text{else} \end{cases} \quad (3.7)$$

<sup>3</sup> Apostroph ' denotes transposition

$$\begin{pmatrix} \tilde{F}_r \\ \mathbf{y}_r \end{pmatrix} = \mathbf{d}_r(\mathbf{q}_r, \boldsymbol{\theta}_r, \boldsymbol{\vartheta}_r, Y_r) \quad (3.8)$$

$$Y_r = \mathbf{S}'_r \mathbf{w}_r + N_r \quad (3.9)$$

$$F_r^1 = \boldsymbol{\vartheta}'_r \mathbf{y}_r + \frac{1}{q_r^1} \sum_i \sum_s (\tau_{sr}^i - 1) p_s^i t_{sr}^i \quad (3.10)$$

$$X_r^i = \sum_s t_{rs}^i \quad (3.11)$$

$$\mathbf{S}_r = \mathbf{f}_r \quad (3.12)$$

Equations 3.1 and 3.2 are the familiar input-output equations of a Leontief system, giving the total (intermediate plus final) demand for goods and factor demand. As already noted, the same composition index for varieties is assumed for firms and households, such that their respective demand for a composite good can be merged into one aggregate regional demand for that good.

Equations 3.3 and 3.4, stating Shephard's Lemma, give the goods-input and factor-input coefficients. Note that coefficients are endogenous, in general, but a Leontief technology with fixed coefficients is allowed as a special case. Equation 3.5 states that the output price equals minimal unit costs.

Equations 3.6 and 3.7 need some explanation. As far as tradables are concerned, the equations are implied by the assumption that varieties are merged to a composite good by a symmetrical CES index, as well as by the fact that the number of brands offered by industry  $i$  in region  $r$  is  $X_r^i$  (times a constant factor hidden in the parameter  $\psi^i$ , which just fixes units of measurement). Strictly speaking the number of brands is an integer. But it is treated as a real variable here, which is justified if the number of brands is large. Due to symmetry all brands from region  $r$  have the same fob price  $p_r^i$ . Thus, their cif price in  $s$  equals  $p_r^i \tau_{rs}^i$ . Inserting this into the CES demand system yields 3.6 and 3.7 for the case of tradables<sup>4</sup>. The non-tradables case is obvious: demand is served by the region itself only, without interregional trade.

Equation 3.8 models household behaviour. Households in region  $r$  decide upon goods consumption  $\tilde{F}_r$  and passenger travel  $\mathbf{y}_r$ . The decision depends on goods prices  $\mathbf{q}_r$ , on the monetary and time costs of passenger travel,  $\boldsymbol{\vartheta}_r$  and  $\boldsymbol{\theta}_r$ , and on income  $Y_r$ , which is factor income plus net transfer received (Equation 3.9). Note that the consumption vector excludes consumption of transport service. Demand for transport service is a derived demand. It is given by Equation

<sup>4</sup> Here it is assumed that the transport costs are expended for transport services produced in a special sector located in the region of destination. In the current version of CGEurope the transport service is produced using the composite itself as input. We will test this specification as well to see whether there are any important differences. With this specification the formula for  $t_{rs}^i$  looks slightly different, namely

$$t_{rs}^i = \frac{X_r^i (p_r^i \tau_{rs}^i)^{-\sigma^i}}{\sum_r X_r^i p_r^i (p_r^i \tau_{rs}^i)^{-\sigma^i}} D_s^i q_s^i$$

$D_s^i$  is demand without the part required for transport (see Bröcker, 1998a for a derivation).

3.10, saying that final demand for the transport service is transport service required by households plus transport service required by firms. The latter term is absent if goods transport uses the composite good instead of a special transport service, as explained in Footnote 4.

Finally, equations 3.11 and 3.12 are the equilibrium conditions requiring clearing of goods and factor markets.

### 3.4.2 Household Behaviour and Welfare Measurement

Households are assumed to maximise utility subject to their respective budget constraint. The utility  $u(\tilde{\mathbf{F}}_r, \mathbf{y}_r, \theta'_r \mathbf{y}_r)$  depends on goods consumption, passenger travel and travel time, with marginal utility of travel time assumed to be negative, of course. The utility will be assumed to have a nested CES form with respect to the two consumption vectors  $\tilde{\mathbf{F}}_r$  and  $\mathbf{y}_r$  and to be additive with respect to travel time (dis-)utility. The weight of the travel time term is obtained from the empirical literature quantifying willingness to pay for time savings in passenger travel. It may also be allowed to insert weights varying over travel purposes, if that is indicated by the available willingness to pay estimates. The household's budget constraint is

$$Y_r = \tilde{\mathbf{F}}_r' \tilde{\mathbf{q}}_r + q_r^1 \theta'_r \mathbf{y}_r \quad \text{with } \tilde{\mathbf{q}}_r = (q_r^2, \dots, q_r^I)'$$

The consistent micro-foundation of household behaviour allows for a welfare measurement fully in line with the ideas of cost-benefit analysis. Welfare effects of any exogenous change like a decrease in transport costs are measured by comparing utility levels by region before and after the change. As utility levels have no meaning in a metric sense (they measure only on an ordinal scale), utility changes are translated to equivalent monetary values by Hicks' concept of equivalent variation (EV). Let us call the situation before the change the benchmark, and the situation after the change the alternative. The EV of the respective change is defined as the amount of money one would have to add to the household's benchmark income (everything else held constant on benchmark levels) in order to make the household as well off as in the alternative. Note that EV is not the same as the income increase generated by the change. This would be so only if no variable influencing utility but income changed. Other variables like prices and travel times do change, however, as a consequence of e.g. transport infrastructure investments. Regional EVs can be reported as per capita amounts and as shares in benchmark regional GDP.

### 3.4.3 Transport Costs

Now we show formally how transport costs are introduced. We start with trade costs and then briefly mention the specification of travel costs for private passenger travel.

The term "transport cost" for interregional trade is used as a shortcut for any kind of trade related costs. Usually trade costs are assumed to depend on the quantity of goods traded. Some costs of interregional transfer, especially costs of information exchange and insurance costs, depend on the value rather than the quantity traded, however. Letting trading costs depend on the value of trade makes the model much simpler, and we therefore prefer this assumption.

We introduce two kinds of trade costs: costs related to geographic distance, and costs for overcoming impediments to international trade. If region  $r$  belongs to country  $m$  and region  $s$  to country  $n$ , then the mark-up factor (omitting the index  $i$ ) is

$$\tau_{rs} = \phi(g_{rs}) \delta_{mn} \quad (3.13)$$

$g_{rs}$  denotes generalised transport distance quantified by the SASI model.  $\phi$  is the transport cost function with  $\phi(g_{rs}) = 1$ . A plausible assumption is that  $\phi$  increases with increasing distance, but at a diminishing rate. An obvious specification would be

$$\tilde{\phi}(g_{rs}) = 1 + \zeta(g_{rs})^\omega$$

with parameters  $\zeta > 0$  and  $0 < \omega < 1$

The problem with this specification, however, is the following. The parameters of the transport cost function will be estimated using observations on international trade. It turns out that the cost function appears in a gravity formula for interregional trade in the equilibrium solution. The gravity equation has the distance function  $[\tilde{\phi}(g_{rs})]^{-\sigma}$ , which has to be fitted to observed trade patterns. Unfortunately it is impossible to estimate the three parameters  $\sigma, \zeta, \omega$  appearing in this function, because the effects of two of them,  $\sigma$  and  $\zeta$ , are not separable from one another. Technically speaking, the level sets of the likelihood function are close to degeneration in  $(\sigma, \zeta)$ -space. The reason is easy to see. If  $\tilde{\phi}$  is sufficiently close to one (in the order of 1.2, say), then

$$\tilde{\phi}(g_{rs}) \approx \exp[\zeta(g_{rs})^\omega]$$

and

$$[\tilde{\phi}(g_{rs})]^{-\sigma} \approx \exp[-\sigma\zeta(g_{rs})^\omega]$$

Here  $\zeta$  and  $\sigma$  merge to a single parameter  $\sigma\zeta$ . Hence, we prefer the specification

$$\phi(g_{rs}) = \exp[\zeta(g_{rs})^\omega]$$

implying that the gravity distance function becomes exactly

$$[\phi(g_{rs})]^{-\sigma} = \exp[-\sigma\zeta(g_{rs})^\omega]$$

$\omega$  and the merged parameter  $\sigma\zeta$  are now well estimable, and we need other sources of information to separate the estimates for  $\zeta$  and  $\sigma$ . See Section 3.2 for more on this.

$\phi$  is not globally concave. Its second derivative is negative for small  $g_{rs}$ , but changes sign for a sufficiently large  $g_{rs}$ . For the specific parameters we are working with, however,  $\phi$  remains concave even for the longest distance in our system, and  $\phi$  and  $\tilde{\phi}$  do not differ much.

$(\delta_{mn} - 1) < 0$  is a tariff equivalent of all costs stemming from the fact that a good has to be exported from country  $m$  to country  $n$ . These include tariffs, but also, and more important, all costs stemming from non-tariff barriers, like costs due to language differences, costs for bureaucratic impediments, time costs spent at border controls and so forth.  $\delta_{mn} = 1$  for  $m = n$ , of course, but it is suggested to be strictly larger than unity for  $m \neq n$ , even if countries  $m$  and  $n$  are both members of the EU (for a recent survey on international trade barriers see Bröcker, 1990 and Helliwell, 1998).

For passenger transport we do not need mark-up factors, but transport costs per unit of activity. The out-of-pocket costs are likely close to linear or slightly concave with respect to distance. Hence, if  $y_r^l$  means travel volume for a certain purpose to destination  $s$ , say, then

$$v_{rs}^l = \alpha g_{rs}^\varepsilon$$

with parameters  $\alpha > 0$  and  $0 < \varepsilon < 1$  varying over purposes, but not over destinations.

### 3.4.4 Calibration

Calibrating the model means to assign concrete numbers to each parameter and exogenous variable such that the equilibrium solution exactly reproduces the observed data or resembles them as closely as possible. Unfortunately, however, this cannot provide all required parameters. In particular, fixing elasticities of substitution has to rely largely on literature surveys. The parameters to be chosen are:

1. Position parameters (also called shift parameters) in the cost functions  $c_r^i(\cdot)$ . We have not sufficient information for specifying them on a regional level. Hence, we assume them to be identical for all regions in a country, except that Harrod-neutral regional productivity levels are allowed within each sector. The position parameters are calibrated such that the input values in the national aggregates and the regional output values as reported in the social accounting system are reproduced in the benchmark equilibrium solution.
2. Position parameters in the behaviour function  $d_r$  of households. These concern goods and travel. Regarding goods, the position parameters are derived from reproducing final demand in the national accounts, assuming identical goods preferences over regions. Regarding travel, the position parameters are chosen such that travel information (or estimates) in the SCENES data base are reproduced.
3. Mark-up factors for international trade impediments  $\delta_{mn}$ ,  $m \neq n$ , are calibrated such that observed international trade flows equal the corresponding aggregates of trade flows between the regions of the two respective countries.



4. Elasticities of substitution in  $c_r^i(\cdot)$  and  $d_r$  are borrowed from the extensive literature (Jomini et al., 1991, Hansen and Heckman, 1996, Shiells et al., 1986).
5. Valuations of time needed to calibrate  $d_r$  are also taken from the literature (Gálvez and Jara-Díaz, 1998, Jara-Díaz, 2000, Hensher, 2001, Mackie et al., 2001).
6. The same holds true for parameters  $\alpha$  and  $\varepsilon$  in the travel cost functions of households (Owen et al., 1992, Rus, 1990, Abdelwhab, 1998, Hensher, 1998, Hansen et al., 1996, Sonesson, 2001).
7. Net transfers  $N_r$  are assumed to be equal per capita within each country. The respective national value is the current account obtained from the social accounting system. Note that  $\sum_r N_r = 0$  for the whole world. In the simulation experiments the  $N_r$  are held constant in real terms.
8. The parameters  $\psi^i$  appearing in equations (3.6) and (3.7) are arbitrary, just fixing units. Units for outputs can also be chosen freely for each sector. We choose units such that prices equal unity on average in the benchmark.
9. Finally, elasticities of substitution between varieties  $\sigma^i$  and transport cost mark-ups  $\tau_{rs}^i$  must be chosen. These two issues are related and are discussed more deeply in the following, because these parameters are the most important ones for the outcome of simulations.

According to (3.13) and (3.14),  $\tau_{sr}$  depends on transport distance  $g_{sr}$  and the parameters  $\zeta$ ,  $\omega$  and  $\delta_{mn}$ . In order to see how the other parameters appear in observed trade flows, insert  $\phi$  from (3.14) into (3.13) and  $\tau_{rs}$  from (3.13) into equation (3.7) describing trade flows. Equation (3.7) is then rewritten in gravity form (still omitting superscript  $i$ ),

$$p_r t_{rs} = A_r B_s \exp(-\sigma \zeta g_{sr}^\omega) \delta_{mn}^{-\sigma} \quad (3.15)$$

with

$$\begin{aligned} A_r &= X_r p_r^{1-\sigma} \\ B_s &= D_s q_s^\sigma \end{aligned}$$

In fact we do not have sufficient observation on interregional trade for directly estimating Equation 3.15. But let us assume for a moment we had such data. How to estimate 3.15? First, we have to specify  $\delta_{mn}$ . Let  $\log \delta_{nm}$  be linearly dependent on a set of explaining variables gathered in a vector  $z_{nm}$ , that means  $\log \delta_{nm} = \pi z_{nm}$  with parameter vector  $\pi$ <sup>5</sup>. Inserting this into 3.15 and expanding yields

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<sup>5</sup> Remember that region  $r$  is in country  $m$  and region  $s$  in country  $n$ .  $z_{mm} = 0$  for  $m = n$ .

$$\begin{aligned}
p_r t_{rs} &= A_r B_s \exp \left[ -\sigma \zeta \omega \left( \frac{g_{sr}^\omega - 1}{\omega} \right) - \sigma \zeta + \pi z_{lk} \right] \\
&= \exp(a_r + b_s - \rho g_{rs}^{(\omega)} + \pi z_{mn})
\end{aligned} \tag{3.16}$$

with  $a_r = \log A_r$ ,  $b_s = \log B_s - \sigma \zeta$ , and  $\rho = \sigma \zeta \omega$ .  $g_{rs}^{(\omega)}$  denotes the Box-Cox-transform,

$$g_{rs}^{(\omega)} = \frac{g_{rs}^\omega - 1}{\omega}$$

According to Equation 3.16, the logs of observed flows, valued at fob-prices, are linear in a set of explaining variables, among them row and column dummies (with parameters  $a_r$  and  $b_s$ ) and one Box-Cox-transformed variable. Note that, with  $\omega = 0$  and  $\omega = 1$  we obtain the power form and the exponential form of the distance function as special cases. According to our assumptions, however, we should obtain  $0 < \omega < 1$ . Now we can add a random disturbance to the RHS of 3.16 and fit it to the observations by choosing  $a_r$ ,  $b_s$ ,  $\rho$ ,  $\omega$  and  $\pi$  maximising the likelihood.

As we in fact do not have the required data on a regional scale, we use international trade flows instead, assuming that Equation 3.16 is also valid for aggregated flows crossing the border. The regression then reads

$$\tilde{t}_{mn} = \exp[a_m + b_n - \rho \bar{g}_{mn}^{(\omega)} + \pi z_{mn}] + v_{mn}$$

$\tilde{t}_{mn}$  is the fob-value of trade from country  $m$  to country  $n$ .  $a_m$  and  $b_n$  represent fixed effects of the export and import country, respectively.  $v_{mn}$  is a random disturbance.  $\bar{g}_{mn}$  is the weighted average distance from regions in country  $m$  to regions in country  $n$ , with regional GDPs taken as weights. Regarding  $z_{mn}$ , we try dummies for existence/non-existence of a common border, existence/non-existence of a common language, a dummy taking on a value of one if the respective flow crosses the former iron curtain and zero otherwise, and a few more dummies. Earlier studies of this kind show that very stable estimates with plausible parameters are obtained by these regressions (see Bröcker, 1999, 2000, 2002).

Once we have parameter estimates  $\hat{\rho}$  and  $\hat{\omega}$  we can take  $\hat{\rho} / \hat{\omega}$  as an estimate of  $\sigma \zeta$ . Hence our transport cost function reads

$$\phi(g_{rs}) = \exp \left( \frac{\hat{\sigma} \zeta}{\sigma} g_{rs}^{(\omega)} \right) \tag{3.17}$$

How to calibrate  $\sigma$ ? A limit to the value of  $\sigma$  is given by the fact that, given  $\phi(g_{rs})$  as in Equation 3.17, the transport cost intensity  $C$ , defined as the average ratio of transport costs<sup>6</sup> to the value of trade, is decreasing in  $\sigma$ :

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<sup>6</sup> Here we only talk about transport costs which depend on distance, not those depending on national borders.

$$C = \frac{\sum_{rs} p_r \hat{t}_{rs} \left[ \exp\left(\frac{\hat{\sigma} \zeta}{\sigma} g_{rs}^{(\omega)}\right) \right]}{\sum_{rs} p_r \hat{t}_{rs}} - 1$$

$\hat{t}_{rs}$  is the calibrated trade flow, which only depends on estimates of  $\rho$  and  $\omega$ , not on  $\sigma$ .

With an independent estimate of the transport cost intensity  $C$  one can infer on  $\sigma$ . Estimates of transport costs and logistic costs, of which transport costs are a subset, can in fact be found in the literature. In a review of Weber (1987) logistic costs as a share of sales value vary between 12 percent and 22 percent, averaged over manufacturing industries. Mere transport costs, however, are close to 5 percent of sales value. Logistic costs include several components which are not related to distance and therefore should not be included in our estimate. On the other hand, our notion of distance costs includes components like costs of transferring information, which are clearly related to distance and not included in transport cost. Hence, distance cost intensity is probably in the order of 5 to 10 percent in manufacturing. More empirical information on this issue will come from the other project partners and from the SCENES data basis. Another independent information for guessing  $\sigma$  is revealed by empirical studies on monopolistic price mark-ups (see Bröcker, 1995, 1998a), of which we will also make use.

### 3.4.5 Model Results to be Used in Project Assessment

The most important results for project assessment generated by comparative analyses using CGEurope are the monetary measures of regional welfare effects of the evaluated projects. They measure utility gains of regional households and translate them to monetary amounts by the concept of equivalent variation (EV). As noted above, one must not confuse these numbers with income changes. EV covers not just utility changes due to income changes.

Utility changes are generated by

- changes of factor prices, generating income changes (given constant factor stocks),
- changes of goods prices,
- changes of consumption goods diversity (reflected by changes of the composite goods prices  $q_s^i$  in our case), and
- changes of passenger travel times per unit of travel.

Other results which might be useful in an assessment outside the strict framework of CBA are:

- changes in passenger travel, by origin, destination and travel purpose;
- changes in interregional trade by sector, region of origin and region of destination, in nominal and real terms; it is worth mentioning that, unlike engineering models of travel flows, CGEurope measures real flows not in tons, but as values in constant benchmark prices (like the real GDP, for example);

- output changes, again in real and nominal terms;
- nominal and real income changes;
- factor price changes.

Estimates of real output and flow changes may also help in estimating environmental effects and adding monetarised environmental costs and benefits to the CBA results. These are not covered by the welfare measure generated in CGEurope.

Finally, note that CGEurope, according to present plans, does neither predict employment effects nor migration effects. Employment is held constant; labour demand adjusts to the fixed level of employment by flexible wages. The spatial distribution of the population is held fixed as well in the comparative static simulations.

### 3.5 The CGEurope Model Data Requirements

Generally there are three types of socio-economic data required by the CGEurope model: (i) *regional data*; (ii) *national accounts data*, and (iii) *transport cost data*. It requires information at a NUTS-2 level of sectoral activity of industries output, input, employment, transport costs and passenger travel, trade and other variables that allow meeting basic requirements of assessment of spatial economic impacts of transport projects and policies (see Section 5 for a scenario overview). This section specifies in detail socio-economic data requirements of CGEurope. Transport data – passenger flows, transport costs, households income shares for travel and transport costs changes in turn of changes in policy scenarios – are part of the common database and, therefore are discussed last.

Given the degree of country and regional specificity and the numerous different policy objectives, which application of CGEurope will have in IASON, it is impossible to use the same sectoral and regional disaggregating for all countries (see Table 4.1 in Section 4). Therefore, a differentiation is made in the CGEurope model's disaggregating between three groups of countries: EU member and non-member countries and between the rest of the world regions (see Table 3.1 and Section 4).

*Table 3.1. Details of CGEurope-specific data requirements by country group*

	<i>Regional data</i>	<i>Country-level data</i>	<i>Transport costs</i>
<i>Compiler</i>	<i>CAU</i>	<i>RUG</i>	<i>IRPUD/TNO</i>
'EU'	N2/N3	N1	N3
CESE	N2	N1	N2
ROW	N1	N1	N1

N1 = NUTS-1 regions  
N2 = NUTS-2 regions  
N3 = NUTS-3 regions

'EU' = EU 15 + Switzerland and Norway  
CESE = Central, Eastern and Southern Europe  
ROW = Rest of the world (non-European countries)

The database of CGEurope will be organised in a matrix form as Social Accounting Matrix (SAM). SAM is a table consisting of rows and columns representing sectors of the economy. These sectors correspond to five main accounts in the regional economy: production activities, factors of production, institutions, capital, and the rest of the world (Isard et al., 1998). The number of rows in a SAM table must equal the number of columns; that is, each sector in the economy is identified with both a row and a column.

The SAM framework has an 'open architecture' and can be adjusted in the future to answer specific transport policy questions, if additional data become available. Depending on the specific transport policy area, certain accounts can be described through a larger number of detailed sectors in the future. For example, if transport policy makers are concerned about the distribution of income to different households based upon a change in government expenditures, then creating multiple household sectors based on income level can extend CGEurope. Likewise, CGEurope may define the detail of industry accounts in the model to better address policy questions. For example, it may be useful to disaggregate the transport sector into multiple transport commodities if the region is highly dependent on transport sector. Thus, the impacts of exogenous changes in final demand for any transport commodity can be compared to another transport commodity's impact on the local economy.

The CGEurope model will be benchmarked to the year 1997, which implies the current model's database has to be updated to the year 1997 and new variables introduced into the model have to be selected for this year.

### 3.5.1 Regional Data

For the purpose of assessing impacts of transport projects and policies on a regional level, a spatial CGE model requires information for each sector in each region, all inputs by sector and region of origin. In detail, these are those described in this chapter – information on the national accounts data and the input-output coefficients; and additional information on the regional level, such as information on location of sectors (such as GDP/GVA by sector and region), regional factor prices and household income (spending). Ideally, sectoral output data would be collected for the CGEurope model implementation. Nonetheless, it is important to distinguish between desirability and feasibility. The existing information base and the time and resource constraints of Task 2.3 are key factors to be considered when deciding which data sources to use. If only GVA or employment data are available at regional level, it will still be possible to calibrate the CGEurope model for the benchmark year.

- *Gross Domestic (Regional) Product.* Gross Regional Product and sales are required to present industries' activities of the base year (1997). In a Social Accounting Matrix (SAM), output differs from sales because it includes changes in stocks of finished goods and work in progress and because of differences in measurement applicable to activities involving trade or intermediation. Gross domestic product and gross regional product estimates could be based e.g. on Eurostat's Regional Accounts by activity tables and could use as a first source data provided by the European Statistical Office in the New Cronos database. However, since activity detail is only provided at fairly aggregate levels in the New Cronos database (currently three NACE Rev. 1 activities - agriculture, services and industry), maximum use should be made of supplementary databases.

- *Value Added.* To reduce heterogeneity in the data, empirical implementation of the new version of CGEurope requires gross value added estimates of six industries at a regional level. Gross value added enters the database as the amount by which the value of the outputs produced exceeds the value of the intermediate inputs consumed. Although it is defined in terms of outputs and intermediate inputs, in a SAM value added also is equal to the sum of primary incomes generated in production (compensation of employees, profits, etc.). In some cases, depending on the particular data that are available, this equivalence could be exploited in deriving estimates of value added. The alternative of primary incomes generated in production could be chosen, for example, if data on intermediate consumption are lacking but information on the various incomes generated in production are available.
- *Employment.* In most of the statistical sources, employment is measured as the number of persons on the payrolls of in respective industries. In the common database, employment data would preferentially be converted to a 'full-time equivalent' (FTE) basis, in which part-time workers are counted according to the time worked (e.g., two workers on half-time schedules count the same as one full-time worker). Although FTE employment may provide a better measure for assessment of spatial economic impacts of transport projects and policies purposes, this measure is not as widely available as number of employees and is difficult to implement consistently. For these reasons, employment variable in the common database will be the number of persons employed in the base year. The number should be chosen representative of the base year (1997), in the absence of strong seasonal and other fluctuations in employment and should be measured as of a point in time, (the end of the year), following national practices.
- *Regional final demand.* As there are only scarce final demand data on a regional level it will be necessary to estimate the missing final demand variables by starting from regional GDP and adding net inflows of income and net capital inflows, which are based on plausible assumptions, such as equalising the public budget and savings-investment closure (neither public sector final demand nor the investment demand are treated explicitly in the model).

Because of missing regional data, it would be impossible to establish a full SAM on a regional level by using only the information available and to solve the balancing conditions of the SAM since there would be too many unknowns and too few equations. To deal with regional data scarcity problems in spatial CGE models, several approaches have been used in the literature. One approach is that the modeller, based on his or her knowledge of the local economy, may adjust cell values within the SAM to equate row and column totals. A non-economic approach that has been used is the RAS technique<sup>7</sup> (Isard et al., 1998, Miller and Blair, 1985). Another technique that combines features of the RAS method with additional information provided from the SAM is the cross entropy approach (Robinson et al., 2001). Each of these approaches assist the modeller in using scarce data while at the same time achieving accounting balance within the SAM.

CGEurope does not follow these approaches, as the theory behind these remain obscure. Instead of using such 'data generating' procedures, CGEurope assumes that production technologies of firms and household preferences do not depend on location. Therefore, detailed

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<sup>7</sup> The RAS approach is a mathematical procedure, in which a new coefficient matrix is generated by solving an optimisation problem subject to given row and column margins, represented by the totals of intermediate output and intermediate purchases.

social accounting information is only required on a national scale. These are described in the following section.

### 3.5.2 National Accounting Data

CGEurope does not have the entire information required for building a regional SAM. Three kinds of data are *not available* on a regional scale: (i) national accounting identities, (ii) input-output coefficients, and (iii) inter-regional trade data. The national accounts data described in this section combines information on national accounts for each country, including input-output information with institutional flows of goods and services and linking countries through trade of goods and services.

National accounts comprise main accounting identities of each economy and are based on a principle of double-entry bookkeeping, which is required in the form of payments and receipts also by the SAM. National accounts data serve key features for constructing and balancing the SAM. As a primary source of national accounts data, CGEurope could use e.g. the OECD's National Accounts, which provide, in addition to main aggregates, estimates broken down by kind of activity for gross value added, components of value added, gross fixed capital formation and employment. OECD's National Accounts of central and eastern Europe could be also of interest for the common database of Work Package 2.2 because they contain information of GDP by the income, expenditure and production approaches for the 10 CEE countries: Bulgaria, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, the Republic of Slovenia, Romania and the Slovak Republic.

Besides economic activity data, input output coefficients are probably the most important in transport project and policy evaluation. The statistical information on activity tables and uses characterise economic linkages of a base year. Industry use and make tables present differences in the sectoral factor productivity between countries. In the context of CGEurope, input-output coefficients are also required for assigning interregional and international flows to sources and destinations, by combining input-output information with a gravity approach, which is derived from microeconomic foundation (see Sections 3.3 and 3.4). For most of the countries, no accounting data are available showing input-output flows by sector and region. The methodological focus of CGEurope is therefore on designing a multiregional and multi-sectoral SAM applicable to poor data environment, such as CESE countries. Even national input-output information shows no complete social accounting matrix and is published only with long time lags, so that updating and filling of data gaps by plausible assumptions cannot be avoided. To overcome this shortcoming in the database, CGEurope has restricted the number of parameters such that all parameters except elasticities can be calibrated by national input-output data and by regional data showing no more than regional employment and other activity indicators by sector and regional factor prices (see Section 3.3).

Eurostat's Input-Output tables (IOT) could provide first estimates on inter-industrial transactions (domestic and import input-output matrices) for the SAM. The last published version comprises tables for 1995 for the 15 EU member countries with a CLIO 25 industry classification, which is not consistent with the new version of CGEurope yet. The ongoing work at RUG to provide updated tables based on an ISIC Rev. 3 industry classification consistent with common industry classification asks for compiling activity tables and uses a six sector level of industry (in national SIC) for as many CGEurope countries as possible. For the rest of the

countries, where input-output data is missing, proxies have to be used. See below for a description of the six economic sectors used.

A further important variable in the structure of the CGEurope model is the international and interregional exchange of goods and services. This importance is given by the fact that the purposed analysis will concentrate on the consequences that transport projects and policies have in the region in question as well as how much of these consequences flow outside the region. Therefore, it is required to estimate the trade flows. For the calibration only trade information on the international level is required, while the interregional estimates result from the calibration.

Information on exports and imports flows of goods by industry could be extracted, e.g., from the UC Davis World Trade Analyser (WTA) database. The WTA provides a breakdown of trade flows by manufacturing industry between more than one hundred countries and a selection of partner countries as well as larger geographical entities. The latest WTA version covers the year 1997 and uses an ISIC Rev. 2 industry classification, which would be consistent with CGEurope.

All national data from various sources have to be compiled into one database. This work will be performed in the task WP 2.3 and includes among others gathering of data, aggregating to the common regional and sectoral level, adjusting the overlapping values from different sources and checking the CGEurope database for consistency.

### 3.5.3 Economic Sectors

An important feature of the common database is the use of a standard industry classification to facilitate comparisons between the results of the SASI and CGEurope models. In addition to data considerations of availability, the following criteria have been applied to define economic sectors:

- The sector is important to the national economy and in particular in its contribution to national GDP;
- The sector has been, or might become, the subject of changes in economic rules induced by transport-related policies;
- The sector is one with significant transport flows in both volume and financial terms and is experiencing changes in transport flows;
- The sector is one where one might expect, a priori, that there are important substitution effects attributable to transport-related policies.

The refined industry classification is based on ISIC Rev. 3 and will include six instead of two sectors. This preliminary sectors classification is due to changes with regard to data availability. Final decision about industry classification will be met in task 2.2. Currently it includes the six following activities:



- *Manufactured products* (ferrous and non-ferrous ores and metals, other than radio-active, non-metallic minerals and mineral products, chemical products, metal products, except machinery and transport equipment, agricultural and industrial machinery, office and data processing machines, precision and optical instruments, electrical goods, transport equipment, food, beverages, tobacco, textiles and clothing, leather and footwear, paper and printing products, rubber and plastic products, other manufactured products);
- *Market services* (recovery and repair services, wholesale and retail trade services, lodging and catering services, inland transport services, maritime and air transport services, auxiliary transport services, communication services, services of credit and insurance institutions, and other market services);
- *Agriculture, forestry and fishery products* (agriculture, hunting and related services, forestry, logging and related services, fishing, operation of fish hatcheries and fish farms);
- *Fuel and power products* (electricity, gas and water supply and collection, purification and distribution of water);
- *Building and construction* (construction services covers work performed on construction projects and installation by employees of an enterprise in locations outside the territory of an enterprise);
- *Non-market services* (public administration and defence, compulsory social security, education, health and social work, and other non-tradable community, social and personal service activities).

This classification is compatible with the NACE Rev. 1 classification used by the EU member countries. The industry classification is designed to provide CGEurope and SASI with enough sectoral detail to focus on transport- and/or shipping-intensive industries while taking into consideration general data availability across countries (based on recent experience). Sectoral information coverage for each country depends on: (i) whether national statistical offices compile the information by industrial activity in the context of regional accounts; (ii) the extent of updating made by national statistical offices after the recent widespread revisions of national accounts; (iii) finally, availability of regions socio-economic data at NUTS 2 / NUTS 3 level (for considered sectors). Since activity detail is only provided at fairly aggregate levels for most of the Central and Eastern European countries the Joint Spatial Economic Database industry classification includes an alternative aggregate for use when modelling transport investments and policy, across non-member countries. Currently this aggregate classification in the Central and Eastern European countries include the following three activities:

- 'Agriculture' covering A and B a NACE industry categories;
- 'Manufacturing' covering C, D and E a NACE industry categories; and
- 'Services' covering the rest of the industry (F to P) a NACE industry categories.

The industry classification may expand in the future in response to changes in data availability and in project assessment requirements. Implementation in IASON of new manufacturing industry groups based on 'transport intensity' involves then ranking industries according to indicators based on the use of acquired transport. The base year will be 1997, which is the latest year for which a comprehensive information on socio-economic variables is available.

### 3.5.4 Transport Costs

Transport costs for goods and services are – beyond the spatial distribution of supply and demand – the main determinants of trade flows in the CGEurope model. Transport policy scenarios eventually influence variables of interest like GDP and welfare through changing transport costs.

Transport costs need not only be quantified for goods, but also for passengers. Passenger transport costs are another determinant of trade in goods and services, because trade relations require face-to-face contacts, and they are the main determinant of private passenger flows (beyond the spatial distribution of households and of destination opportunities).

For estimating travel and transport costs information is required about time costs measured as shares of goods values, about the levels of other kinds of transport costs, and about the reaction of these costs to transport distances. Furthermore, for passenger travel one needs information on the relation between monetary travel costs to travel distances as well as on willingness to pay for time savings (see the following section).

Travel cost and trade flows estimates have already been compiled in the SCENES project. These data should flow into the CGEurope database.

### 3.5.5 Passenger Transport Flows

Long distance mobility information is indispensable for the empirical implementation of the enhanced CGEurope and SASI models to assist infrastructure planning through the TEN programmes and transport policy measures. The creation of passenger travel and freight transport data infrastructure requires setting up a system on inter-regional travel behaviour in all EU as well as the CESE countries considered in the models. No full information tables will be available but only aggregate and incomplete information, which will be used as additional information for model calibration.

Within CGEurope, not only effects of transport cost changes for goods and services, but also for private long distance travel, which could also imply inter-regional travel, will be evaluated. For this the CGEurope model needs two kinds of information, namely travel expenditure shares of private households, and a benchmark matrix of interregional passenger flows. These two data sets are expected to be available while only limited additional data required for updating and for adjustment to one system of regions.

As a 'primary source', origin-destination matrices for passenger movements at the NUTS-1 level for all Europe with a predefined level of confidence for the estimations produced should be used from the databases compiled in SCENES and in the ETIS projects BRIDGES and CONCERTO. Furthermore, a number of member states have long-standing surveys, in particular of freight traffic and daily private travel, combined with extensive counting programmes on their road, rail, air, inland-waterway and maritime networks and nodes. Where possible, the passenger travel data from the SCENES and ETIS projects should be coupled and integrated with national counts survey data.

## 4 Regions and Networks

This section presents the framework for the IASON Common Spatial Database to be used by both the extended SASI and the CGEurope models: the system of regions and the network database. Here only the basic principles for developing the Common Database are presented. The Common Database will be presented in detail in IASON Deliverable D3.

### 4.1 System of Regions

The system of regions defined is based on level three of the Nomenclature of Territorial Units for Statistics (NUTS) for EU member states (Eurostat, 1999a) and equivalent regions for the candidate countries (Eurostat, 1999b). Because for Poland negotiation on NUTS 3 level regions are still pending, NUTS 2 level regions are used for the moment but will be substituted as soon as NUTS 3 level regions are available. For the other European countries, only a limited number of regions is defined (Table 4.1). With the exception of Belarus (6 regions), Switzerland (26), Norway (19), Russia (28) and Ukraine (3), all other countries are not further subdivided (see Figure 4.1).

The 1,083 regions defined for the EU member states are the so-called 'internal' regions of the model. 162 regions located in candidate countries are designated as 'candidate' regions, whereas 91 regions are 'external' regions for the rest of Europe, and five regions representing the 'rest of the world'. The five regions representing the rest of the world are only used as origins and destinations of freight flows, but economic performance indicators are not calculated for them. Altogether, 1,341 regions are defined. Table A-1 in the Annex gives a full description of these regions including their main economic centres.

### 4.2 Trans-European Transport Networks

The spatial dimension of the system of regions is established by their connection via networks. The economic centres of the regions are connected to the network by so-called access links. The 'strategic' road, rail and inland waterways networks defined are subsets of the pan-European network database developed by IRPUD (2001), comprising the trans-European networks specified in Decision 1692/96/EC of the European Parliament and of the Council (European Communities, 1996) and specified in the TEN implementation report (European Commission, 1998), the TINA networks as identified by the TINA Secretariat (1999), the Helsinki Corridors as well as selected additional links in eastern Europe and other links to guarantee connectivity of NUTS-3 level regions and centroids. The 'strategic' air network is based on the TEN and TINA airports and other important airports in the remaining countries considered and contains all flights between these airports.

The networks will be used to calculate regional accessibility. For that the historical and future developments of the networks are required as input information. This development of the networks over time is reflected in intervals of five years in the database, i.e. the established network database contains information for all modes for the years 1981, 1986, 1991, 1996, 2001, 2006, 2011 and 2016. The way the historical and future dimensions of the network are established in the GIS database is described in detail in the framework of the SASI project (Fürst et al., 1999, 30).

Table 4.1. Number of regions

Region	Country	Number of regions
EU member states	Österreich	35
	Belgique/Belgie	43
	Deutschland	441
	Danmark	15
	Espania	48
	Suomi/Finnland	20
	France	96
	Ellada	51
	Ireland	8
	Italia	103
	Luxembourg	1
	Nederland	40
	Portugal	28
	Sverige	21
United Kingdom	133	
<i>Total EU member states</i>		<i>1,083</i>
EU candidate countries	Balgarij	28
	Cyprus	1
	Cesko	14
	Eesti	5
	Magyarország	20
	Lietuva	10
	Latvija	5
	Malta	1
	Polska	16
	Romania	42
	Slovenija	12
Slovensko	8	
<i>Total EU candidate countries</i>		<i>162</i>
Rest of Europe	Shqipëria	1
	Bosna i Hercegovina	1
	Belarus	6
	Schweiz	26
	Hrvatska	1
	Island	1
	Liechtenstein	1
	Moldova	1
	Republica Makedonija	1
	Norge	19
	Rossija	28
	Türkiye	1
	Ukraina	3
	Jugoslavija	1
<i>Total rest of Europe</i>		<i>91</i>
Rest of world	North-America	1
	Latin America	1
	Africa	1
	Middle East	1
	Asia, Australia	1
<i>Total rest of world</i>		<i>5</i>
<i>Total all regions</i>		<i>1,341</i>

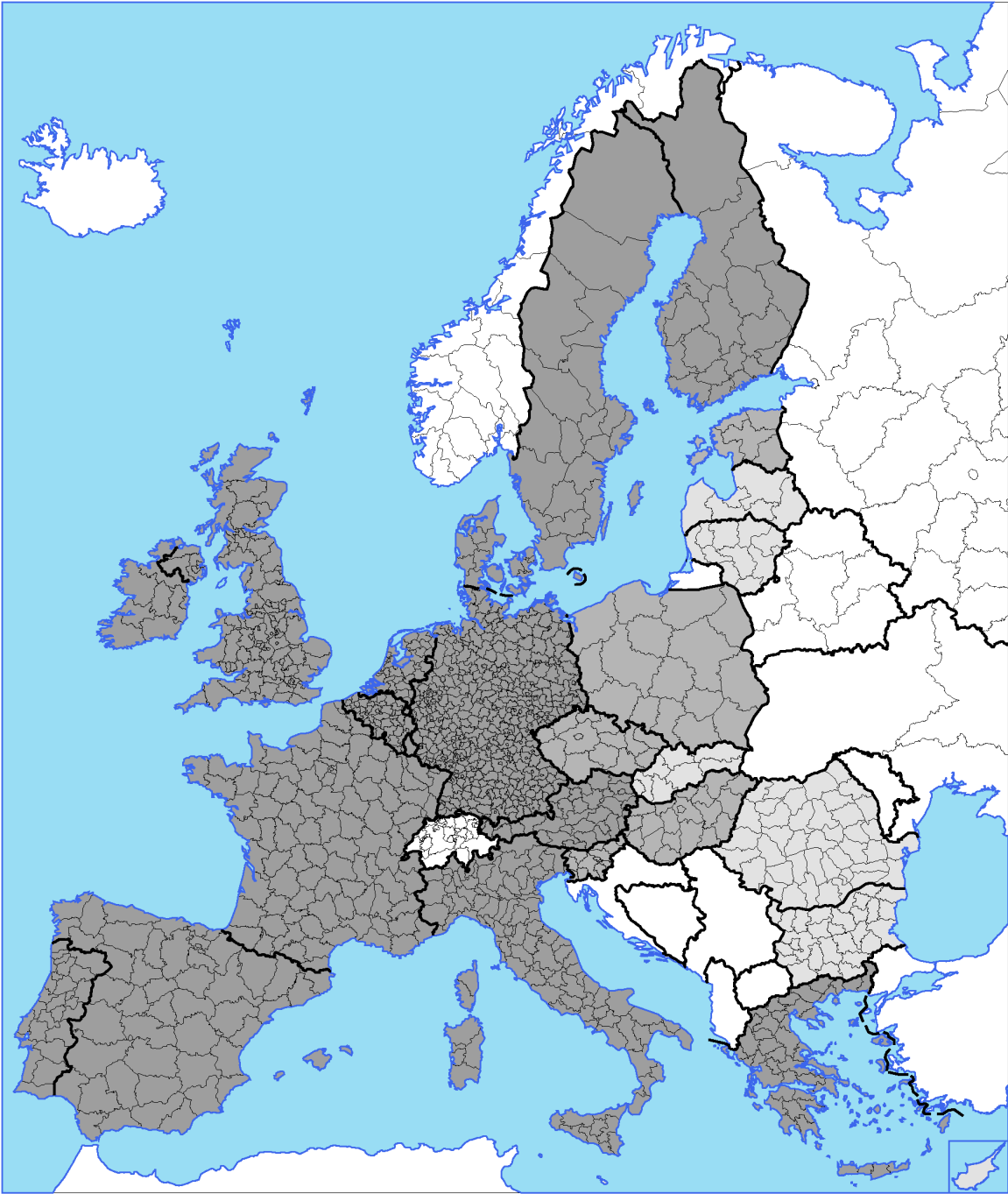


Figure 4.1. The IASON system of regions

### *Road network*

The strategic road network contains all existing and planned motorways, all dual-carriageway roads and other expressways, all E-roads and main international traffic arteries identified by UN (1995), the most important national roads and car ferries, the Eurotunnel and additional motorail links (road/rail interchange points for Alps crossing), as well as additional minor or secondary roads to guarantee connectivity of NUTS-3 region centroids (Figure 4.2).

The road network database contains information on the type of road ('link category'), inclusion in the TEN and TINA programmes, time penalties in agglomeration areas due to congestion and in hilly areas due to slope gradients, ferry timetable travel times, road tolls, national speed limits and border delays.

Link categories of past networks are compiled from Shell (1981; 1992), ADAC (1987; 1991), Reise- und Verkehrsverlag (1987) and Michelin (1992a; 1992b). Link categories of future networks are taken from the TEN implementation report. National speed limits are derived from ADAC (2000), and assumptions on border waiting times are based on IRU (1998) (see also Fürst et al., 1999; Schürmann and Talaat, 2000a; 200b). Figure 4.3 gives a representation of the future road network evolution until the year 2016 according to the envisaged completion and opening years of the road projects.

### *Rail network*

The strategic rail network contains all existing and planned high speed lines, upgraded high speed lines and the most important conventional lines as well as some rail ferry and other minor or secondary lines to guarantee connectivity of NUTS-3 region centroids (Figure 4.4).

The rail network database contains information on the type of link ('link category'), inclusion in the TEN and TINA programmes and timetable travel times.

For the past rail networks, it was first checked which railway line already existed in 1981, 1986 and 1991 and which not. For example, most of the current links existed already in 1981 with the exception of the new high-speed lines (Fürst et al., 1999, 35). In order to have the connectivity of the current high-speed lines in the 1981 network, corresponding conventional links are introduced in the 1981 strategic rail network. The new high-speed links are introduced into the strategic networks of 1986, 1991 or 1996 according to their opening year. Moreover, for the remaining lines, assumptions have been made for the general increase of the 1996 timetable travel times due to technical improvements in signalling techniques.

The TEN implementation report contains information on planned new (high speed or conventional) lines or planned upgraded lines (see Figure 4.5). This information is used to make assumptions for speed and travel time changes on a country-by-country basis with respect to the new link categories. In some cases published future travel times for railway sections are used. If no upgrading is planned for a link, a modest acceleration of ten percent is assumed which reflects improvements in signalling systems, carriage technology and railway construction.

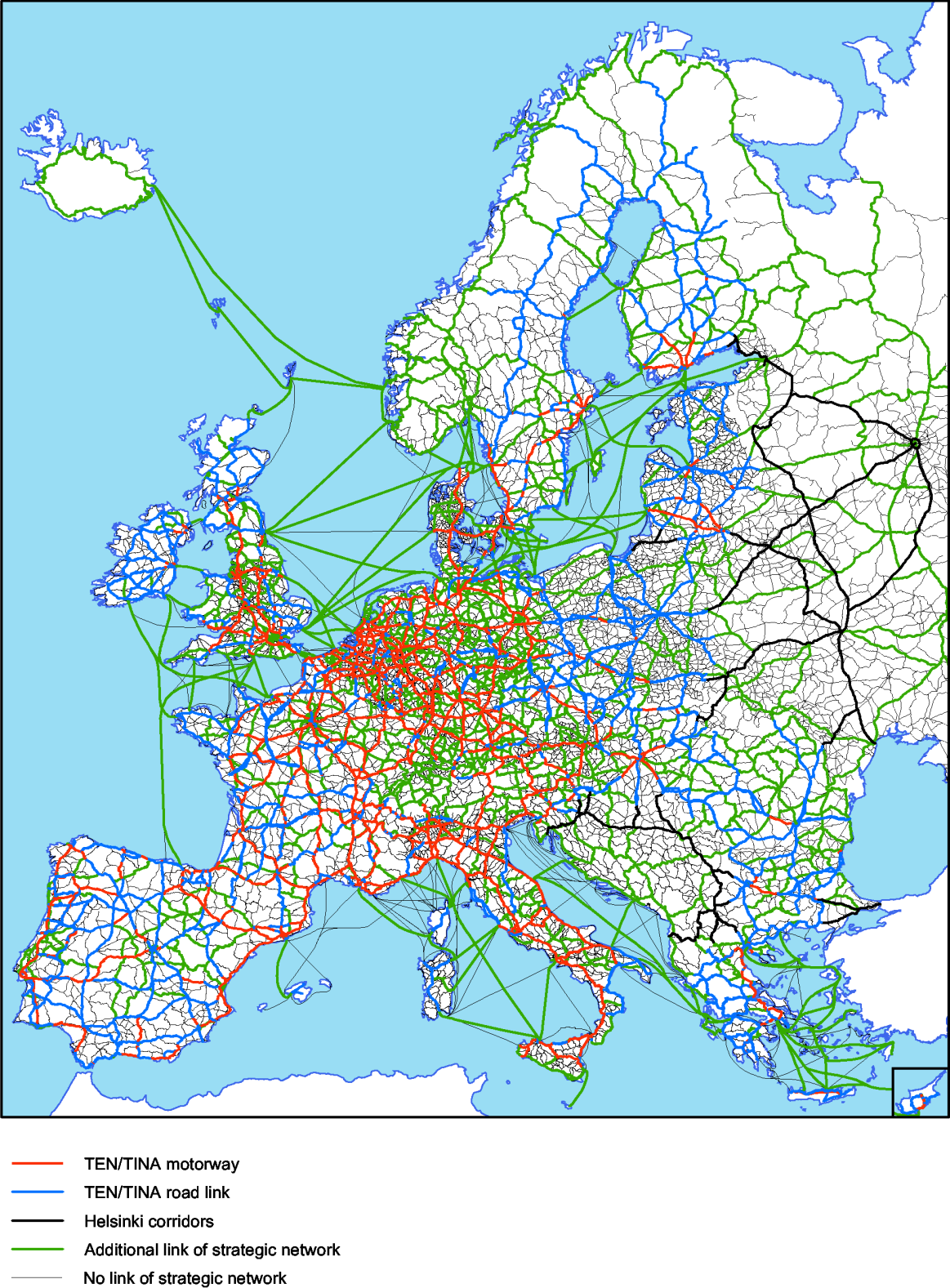


Figure 4.2. The IASON strategic road network in 2001



Figure 4.3. Road projects according to TEN/TINA outline plans





Figure 4.4. IASON rail network by link category in 1996



Figure 4.5. Railway projects according to TEN/TINA outline plans

### *Air network*

The generation of the strategic air network had to be different from the generation of the road and rail networks (Fürst et al., 1999, 37). This is because air networks do not consist of physical link infrastructure. The only physical infrastructure are the airports. Therefore, the generation of the strategic air network started with the definition of airports of strategic interest.

The airports forming the base of the strategic air network are all airports contained in the TEN and TINA programme. In addition, important airports in eastern Europe and other non-EU countries are included to guarantee connectivity of these regions (Figure 4.6).

The criterion for an airport to be a node in the air network is that it has at least one regular daily flight. Eight smaller airports (according to the TEN nomenclature so-called 'Regional and Accessibility Points') have only charter flights or flights on demand and have been excluded from the strategic network.

All in all there are about 330 airports establishing nodes of the air network. All regular flight connections between these airports form the 1996 air network. The information has been extracted from the *Air Traffic Databank* produced and maintained by Mkmetric (1998). The air network contains only non-stop relations between two airports. This means, for example, a flight from Madrid to Berlin via Frankfurt is divided into two flights, the first one from Madrid to Frankfurt and the second one from Frankfurt to Berlin. Furthermore, outward and return flights are stored as two separate relations. In total, there are 4,156 relations stored in the database. Charter flights, non-regular flights or tourist flights are not included.

Average travel times (expressed as scheduled flight times as average travel time calculated over all flights over all wind exposures over all kind of planes), terminal times and the number of flights (expressed as a frequency index over the year) are associated with each flight connection.

The creation of past air networks is a difficult task. There is no source available which gives air networks for the past for entire Europe. Therefore simple assumptions had to be made about the air networks for 1981, 1986 and 1991. The basic assumption is that regional airports played a minor or no role at all in the beginning of the 1980s. This was reflected by adding a time penalty on 1996 air travel times for flights going from or to regional airports: the time penalty was 30 percent for 1981, 20 percent for 1986 and 10 percent for 1991. Moreover, some of the regional airports and so the flight relations to or from these airports were dropped from the past networks.

The generation of the future air network is a difficult task as well. Because the basic characteristic of the air network is that all airlines design their own flight connection system on own responsibilities, there are no official plans or even planning authorities for the development of the air network. Given that and the focus of the project on changing rail and road infrastructures, the future air networks will be the same as the current air network, i.e. no changes will be implemented, except of different assumptions on terminal times.

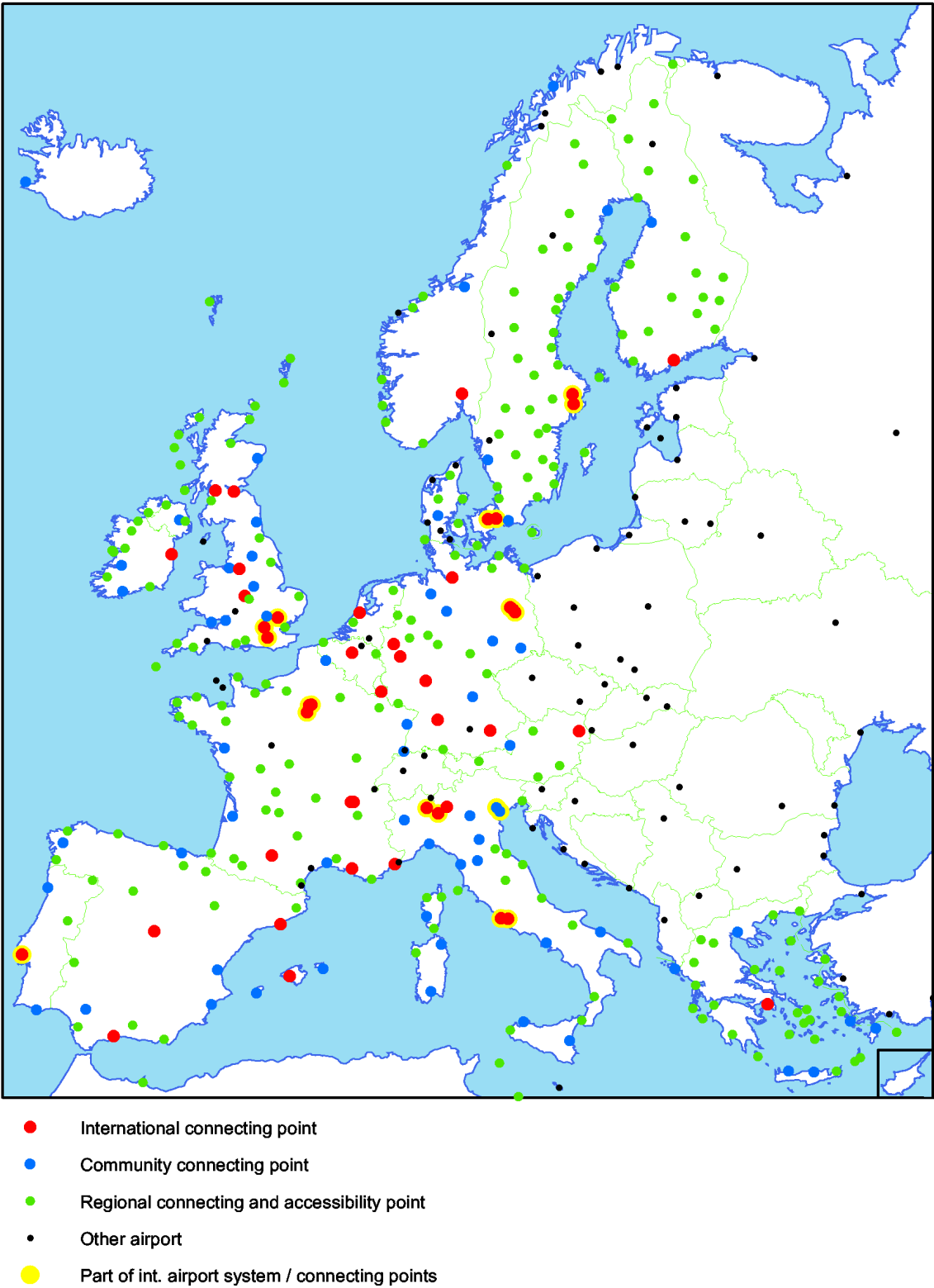


Figure 4.6. Airports by international importance

### *Waterway network*

The waterway network contains all navigable rivers, canalised rivers and canals and about 400 inland and coastal ports. For central Europe all lock facilities are included, whereas for eastern and southern Europe only some important locks are available. Besides inland waterways, also the most important coastal sea waterways between coastal ports are incorporated.

In addition to the currently existing waterways, all inland waterway projects of the trans-European transport network programme of the European Union as specified in Decision 1692/96/EC of the European Parliament and of the Council are included in the database.

The waterway network database contains information on the type of the waterway (free flowing river, canalised river, canal, see Figure 4.7), on the inclusion into the TEN and TINA programmes, on the waterway class, and on the lock dimensions (i.e. number and location of lock chambers). Via the waterway classes and lock dimensions, additional information on maximal permitted ship dimensions (height, width, length and draught) can be linked to the network. Information on waterway classes and lock dimensions are taken from Binnenschifffahrts-Verlag (1995; 1997, for central Europa) and UN (1994, for the rest of Europe).

Since only a very limited number of new inland waterways were built in the past and will be build in the future, network evolution mainly refers to upgrading of rivers and canals with respect to waterway class and lock capacity. For the past it was checked which waterway class was assigned to a certain river or canal segment, and how the lock dimensions have changed over time. Expected future improvements, such as projects for upgrading rivers and locks as laid down in the TEN implementation report, will be assigned to the database.

### **4.3 Future Work**

The information currently available in the transport network database will have to be checked against the latest publications by the European Commission (2001) regarding the development of the trans-European transport networks, e.g. with respect to delayed projects or new priority projects.

A detailed description of the updated road, rail, air and inland waterways networks to be used in IASON will be presented in IASON Deliverable D3. Deliverable D3 will also contain a detailed description of the socio-economic and network database and explain the tools and macros to extract and pre-process the data to fit the input requirements of the two models.

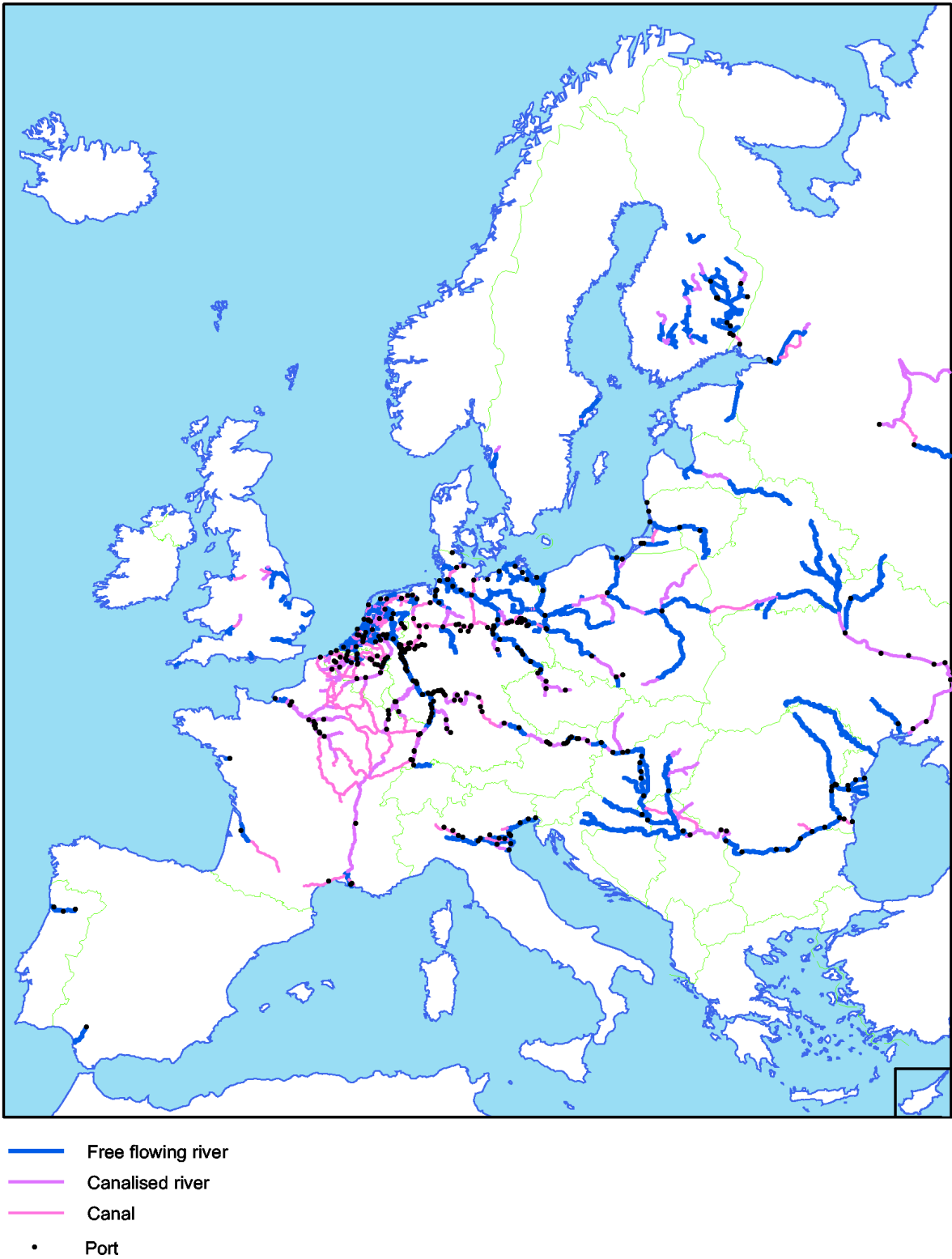


Figure 4.7. Inland waterways by type

## 5 Possible Scenarios

A scenario in IASON will be a time-sequenced programme consisting of a combination of policies in the fields of transport, economy and migration. In technical terms, a scenario will be any combination of assumptions about the development of the trans-European network infrastructure, European/national transport policies, total European GDP, European/national transfer policies, total European migration and European/national migration policies.

Two fundamental groups of policies can be distinguished in scenario applications, either considered separately or together in a certain scenario. The first group of policies affect the European transport infrastructure and its use. The second group change the socio-economic macro-trends assumed for the transport scenarios. Both groups of scenarios are outlined in the following paragraphs.

### 5.1 Transport Infrastructure Scenarios

The group of transport infrastructure scenarios can be further subdivided into *Network Scenarios* and *European/national transport policies*.

#### *Network scenarios*

Network scenarios consist of assumptions about the development of the trans-European transport networks in the form of backcasts of the road, rail, air and inland waterways networks representing their evolution between 1981 and 1996 as well as forecasts of their development between 1996 and 2021, both in five-year increments (see Fürst et al., 2000).

The *Do-Nothing Scenario* is defined as a development in which no network changes are implemented after 1996. Other scenarios, in which specific subsets of the TEN are implemented are:

- *TEN Scenario*: all links specified in the TEN/TINA masterplans are implemented.
- *Rail TEN Scenario*: only rail TEN links are implemented.
- *Road TEN Scenario*: only road TEN links are implemented.
- *Priority Projects Scenario*: all TEN priority projects are implemented
- *High-Speed Rail Scenario*: only high-speed rail links are implemented.

In addition, any individual TEN/TINA or non-TEN/TINA project, or any combination of road, rail, air or inland waterway projects can be examined by simulating a scenario with and one without the project or combination of projects.

#### *European/national transport policies*

Transport policy scenarios consist of assumptions about regulatory or fiscal policy decisions affecting the use of the trans-European and other transport networks. Transport policies that can be examined with the extended models under development will be:

- changes in national speed limits
- changes in local speed limits in agglomerations or on specified road links
- changes in fuel prices
- changes in rail fares
- changes in rail travel times
- changes in air travel times
- changes in the number of daily flight connections
- changes in toll charges
- changes in car ownership/purchase taxes
- changes in ferry fares
- changes in border waiting times and cultural barriers
- changes in waiting times at ferry ports
- changes in waiting times at road-rail interchanges
- changes in statutory rest periods for drivers

## 5.2 Socio-Economic Scenarios

In addition to the transport scenarios, the socio-economic macro trends assumed for the transport scenarios can be changed. The most important macro trends considered refer to the overall development of the European economy and to the future development of immigration into the European Union (see Section 2.4.1).

### *European GDP*

European GDP scenarios consist of assumptions about the future performance of the European economy as a whole. These assumptions have the form of observed values of GDP for each economic sector for the European Union as a whole and for the non-EU countries considered for the years 1981 to 1997 and of forecasts of the same for the years 1998 to 2021. In the scenarios assuming an enlargement of the European Union by the present candidate countries, the European GDP assumptions refer to the enlarged EU and the remaining countries, respectively.

### *European/national transfer policies*

Transfer policy scenarios consist of assumptions about transfer payments by the European Union via the Structural Funds and the Common Agricultural Policy or by national governments to assist specific regions. These assumptions have the form of annual transfers received by any of the regions in the European Union during the period 1981 to 1997 and forecasts of the same for the period 1998 to 2021. These data only need to be provided for those regions that actually received aid in the past or are assumed to receive aid in the future.

### *European migration*

European migration scenarios consist of assumptions about immigration and outmigration across Europe's borders. These assumptions have the form of total observed annual immigra-



tion from the non-EU countries to the European Union and total annual outmigration to these countries from the European Union for the years 1981 to 1997 and of forecasts of the same for the years 1998 to 2021.

In the scenarios assuming an enlargement of the European Union by the present candidate countries, the European GDP assumptions refer to the enlarged EU and the remaining countries, respectively.

#### *European/national migration policies*

Migration policy scenarios consist of assumptions about immigration policies by European countries. Given the expected rapid population growth and lack of economic opportunity in many origin countries, total European immigration will be largely a function of migration policy decisions by national governments. These assumptions have the form of upper limits for annual immigration from non-EU countries to the countries of the European Union for the years 1981 to 1997 and of forecasts of the same for the years 1998 to 2021.

### **5.3 Scenario Applications**

As indicated above, the above transport and socio-economic scenarios can be simulated each separately or in any reasonable combination. However, the above paragraphs outline the range of scenario applications that can be simulated with the CGEurope and SASI models and should be seen as first suggestions for possible applications. The actual number of scenarios applied and their definition and selection will be decided on in co-operation with the other cluster partners and the Commission services.

## 6 Conclusions

This report *Methodology for the Assessment of Spatial Economic Impacts of Transport Projects and Policies* sets up a methodological framework for the assessment of spatial economic impacts of transport projects and policies, by describing the extension and refinement of the two already existing European-level regional economic models, SASI and CGEurope. Furthermore, the report defines the system of regions, the sectoral categorisation, gives an overview about the models' requirements to the common data basis as well as gives first hints on baseline and alternative future year scenarios to be applied.

The existing SASI model will be updated and extended in IASON in several dimensions relating to model theory, model data and model technique: (i) New ideas from growth theory as well as new evidence on firm location will be reviewed and transformed into operational indicators of locational advantage and disadvantage and incorporated into the econometric approach by forecasting rates of change rather than levels, modelling productivity endogenously, applying new indicators of accessibility incorporating wage levels and/or production costs and by modelling migration flows instead of net migration. In addition, efforts will be made to make the model more policy-relevant by extending the range of policies that can be simulated and expanding the cohesion indicators used. (ii) The model will be spatially more disaggregate and include the candidate countries in eastern Europe and use more recent and additional regional and transport network data. (iii) The model software will be extended and made more user-friendly and include more visual output.

Compared to the previous version of CGEurope the new version to be implemented in IASON has been enhanced in several ways: (i) The previous version had only two sectors (tradable and non-tradable), while the new one differentiates between six sectors, including one sector producing the transport service using factors and intermediate inputs; (ii) The previous version took only transport costs in inter-regional trade into account, while the new one also includes costs of private passenger travel; (iii) The new version of CGEurope models the use of resources for transport in a more sophisticated way than the previous one by including explicitly an activity producing the transport service; and finally (iv) The transport network from which the cost measurement is derived is much more refined, based on the networks developed within SASI, SCENES and ETIS.

Links between the SASI and CGEurope models have been established for a combined analysis of the transport projects and policies using these two models. The SASI model will provide transport cost and cost changes information for input into the CGEurope model, while the CGEurope model will provide socio-economic data so that the SASI model will have demand data that is consistent with transport cost accounting. The enhanced regression model can now be used to calculate the transport impacts of the network changes. The changes in transport costs will be incorporated into the multiregional general equilibrium framework. Reduced costs of intermediate goods will result in changes to final goods prices and hence demand. This will then change sectoral output and employment, investment. The changes in prices will also cause changes in the patterns of household expenditure and firms activity, which will be used to identify the distributional effects across regional households.

The structure of the enhanced SASI and CGEurope models will enable the indirect spatial economic impacts to be analysed in several different ways. Firstly, the impacts on the different industrial and service sectors can be identified, both within the EU member states and

across the non-member countries. This will enable the impacts on European industrial competitiveness to be assessed. Furthermore, the changes in employment and economic activity for each region will enable the distribution of indirect impacts and changes in growth prospects across the different regions to be determined. Estimated welfare effects by region will provide information for the socio-economic distributional analysis.

At the operational level, the extended SASI and CGEurope models will be compatible and comparable with respect to the following dimensions:

- the system of regions,
- the socio-economic base data,
- the sectoral classification of industries,
- the representation of transport networks,
- the transport scenarios simulated.

The agreement on these model characteristics will facilitate the exchange of input data and a comparison between the impacts of transport policy scenarios predicted by the two models.

The data requirement of the models are enormous. They range from socio-economic indicators of regional GDP by sector, employment, input and output coefficients to behavioural parameters for CGEurope calibration. Some of the required statistical information is already available from the existing databases. Other data, such as regional GDP by sector and employment shares can be extracted from national and international statistical offices.

Transport data inputs such as data on passenger flows, households' travel expenditures, and information for converting travel times and travel lengths along shortest routes through the networks into travel costs have to come from the databases compiled in SCENES, TIPMAC and in the ETIS projects BRIDGES and CONCERT.

The simulation results of both models will be input to the cost-benefit analysis performed in other work packages of IASON as well as contributions to Task 3.1 of Work Package 3 "Network Effects" and to Work Package 5 "Synthesis of Findings and Recommendations".

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## Annex: IASON System of Regions

The column 'Status' in the table below represents the relationship of the regions to the European Union. 'Internal' indicates regions of EU member states. 'Candidate' indicates regions of accession countries. 'External' represents regions located in other European countries, which are neither EU member states nor accession countries. 'World' indicates regions outside Europe representing the rest of the world. For the latter regions no centroids were defined, since they are treated as exogenous regions to the models.

For Bulgaria, this common system of regions reflects the state of February, 1999; the new NUTS-2 level is still pending legislation anticipated in June/July 1999. The region system for Poland represents a temporary coding based in NUTS-2 equivalent regions, since new region codings for NUTS levels 1 and 3 are still under negotiation (Eurostat, 1999b).

*Table A-1. IASON system of regions*

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Österreich	1	Mittelburgenland	AT111	Internal	Güssing
	2	Nordburgenland	AT112	Internal	Eisenstadt
	3	Südburgenland	AT113	Internal	Oberwart
	4	Mostviertel-Eisenwurzen	AT121	Internal	Amstetten
	5	Niederösterreich-Süd	AT122	Internal	Wiener Neustadt
	6	Sankt-Pölten	AT123	Internal	St. Pölten
	7	Waldviertel	AT124	Internal	Zwettl
	8	Weinviertel	AT125	Internal	Poysdorf
	9	Wiener Umland/Nordteil	AT126	Internal	Klosterneuburg
	10	Wiener Umland/Südteil	AT127	Internal	Mödling
	11	Wien	AT13	Internal	Wien
	12	Klagenfurt-Villach	AT211	Internal	Klagenfurt
	13	Oberkärnten	AT212	Internal	Spittal
	14	Unterkärnten	AT213	Internal	St. Veit
	15	Graz	AT221	Internal	Graz
	16	Liezen	AT222	Internal	Liezen
	17	Östliche Obersteiermark	AT223	Internal	Kapfenberg
	18	Oststeiermark	AT224	Internal	Fürstenfeld
	19	West-Und Südsteiermark	AT225	Internal	Wolfsberg
	20	Westliche Obersteiermark	AT226	Internal	Murat
	21	Innviertel	AT311	Internal	Riet
	22	Linz-Wels	AT312	Internal	Linz
	23	Mühlviertel	AT313	Internal	Freistadt
	24	Steyr-Kirchdorf	AT314	Internal	Kirchdorf
	25	Traunviertel	AT315	Internal	Gmunden
	26	Lungau	AT321	Internal	Tamsweg
	27	Pinzgau-Pongau	AT322	Internal	Saalfelden
	28	Salzburg Und Umgebung	AT323	Internal	Salzburg
	29	Ausserfern	AT331	Internal	Reute
	30	Innsbruck	AT332	Internal	Innsbruck
	31	Osttirol	AT333	Internal	Lienz
	32	Tiroler Oberland	AT334	Internal	Landeck
	33	Tiroler Unterland	AT335	Internal	Kufstein
	34	Bludenz-Bregenzer Wald	AT341	Internal	Bludenz
	35	Rheintal-Bodenseegebiet	AT342	Internal	Dornbirn
Belgique/ België	36	Bruxelles/Brussel	BE1	Internal	Bruxelles
	37	Antwerpen	BE211	Internal	Antwerpen
	38	Mechelen	BE212	Internal	Mechelen
	39	Turnhout	BE213	Internal	Turnhout
	40	Hasselt	BE221	Internal	Hasselt
	41	Maaseik	BE222	Internal	Maaseik
	42	Tongeren	BE223	Internal	Tongeren
	43	Aalst	BE231	Internal	Aalst

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Belgique/ België (cont.)	44	Dendermonde	BE232	Internal	Dendermonde
	45	Eeklo	BE233	Internal	Eeklo
	46	Gent-Arrondissement	BE234	Internal	Gent
	47	Oudenaarde	BE235	Internal	Oudenaarde
	48	Sint-Niklaas	BE236	Internal	St.Niklaas
	49	Halle-Vilvoorde	BE241	Internal	Halle
	50	Leuven	BE242	Internal	Leuven
	51	Brugge	BE251	Internal	Brugge
	52	Diksmuide	BE252	Internal	Diksmuide
	53	Ieper	BE253	Internal	Ieper
	54	Kortrijk	BE254	Internal	Kortrijk
	55	Oostende	BE255	Internal	Oostende
	56	Roeselare	BE256	Internal	Roeselare
	57	Tielt	BE257	Internal	Tielt
	58	Veurne	BE258	Internal	Veurne
	59	Brabant Wallon	BE31	Internal	Wavre
	60	Ath	BE321	Internal	Ath
	61	Charleroi	BE322	Internal	Charleroi
	62	Mons	BE323	Internal	Mons
	63	Mouscron	BE324	Internal	Mouscron
	64	Soignies	BE325	Internal	La Louviere
	65	Thuin	BE326	Internal	Thuin
	66	Tournai	BE327	Internal	Tournai
	67	Huy	BE331	Internal	Huy
	68	Liege Arrondissement	BE332	Internal	Liege
	69	Verviers	BE333	Internal	Verviers
	70	Waremme	BE334	Internal	Waremme
	71	Arlon	BE341	Internal	Arlon
72	Bastogne	BE342	Internal	Bastogne	
73	Marche-En-Famenne	BE343	Internal	Marche-En-Famenne	
74	Neufchateau	BE344	Internal	Neufchateau	
75	Virton	BE345	Internal	Virton	
76	Dinant	BE351	Internal	Dinant	
77	Namur Arrondissement	BE352	Internal	Namur	
78	Philippeville	BE353	Internal	Philippeville	
Deutschland	79	Stuttgart	DE111	Internal	Stuttgart
	80	Böblingen	DE112	Internal	Böblingen
	81	Esslingen	DE113	Internal	Esslingen am Neckar
	82	Göppingen	DE114	Internal	Göppingen
	83	Ludwigsburg	DE115	Internal	Ludwigsburg
	84	Rems-Murr-Kreis	DE116	Internal	Waiblingen
	85	Heilbronn	DE117	Internal	Heilbronn
	86	Heilbronn	DE118	Internal	Heilbronn
	87	Hohenlohekreis	DE119	Internal	Künzelsau
	88	Schwäbisch Hall	DE11A	Internal	Schwöbisch Hall
	89	Main-Tauber-Kreis	DE11B	Internal	Tauberbischofsheim
	90	Heidenheim	DE11C	Internal	Heidenheim an der Br
	91	Ostalbkreis	DE11D	Internal	Aalen
	92	Baden-Baden	DE121	Internal	Baden-Baden
	93	Karlsruhe	DE122	Internal	Karlsruhe
	94	Karlsruhe, Landkreis	DE123	Internal	Karlsruhe
	95	Rastatt	DE124	Internal	Rastatt
	96	Heidelberg	DE125	Internal	Heidelberg
	97	Mannheim	DE126	Internal	Mannheim
	98	Neckar-Odenwald-Kreis	DE127	Internal	Mosbach
	99	Rhein-Neckar-Kreis	DE128	Internal	Heidelberg
	100	Pforzheim	DE129	Internal	Pforzheim
101	Calw	DE12A	Internal	Calw	
102	Enzkreis	DE12B	Internal	Pforzheim	
103	Freudenstadt	DE12C	Internal	Freudenstadt	
104	Freiburg im Breisgau	DE131	Internal	Freiburg im Breisgau	
105	Breisgau-Hochschwarzwald	DE132	Internal	Freiburg	
106	Emmendingen	DE133	Internal	Emmendingen	
107	Ortenaukreis	DE134	Internal	Offenburg	
108	Rottweil	DE135	Internal	Rottweil	
109	Schwarzwald-Baar-Kreis	DE136	Internal	Villingen-Schwenning	
110	Tuttlingen	DE137	Internal	Tuttlingen	

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Deutschland (cont.)	111	Konstanz	DE138	Internal	Konstanz
	112	Lörrach	DE139	Internal	Lörrach
	113	Waldshut	DE13A	Internal	Waldshut-Tiengen
	114	Reutlingen	DE141	Internal	Reutlingen
	115	Tübingen, Landkreis	DE142	Internal	Tübingen
	116	Zollernalbkreis	DE143	Internal	Balingen
	117	Ulm	DE144	Internal	Ulm
	118	Alb-Donau-Kreis	DE145	Internal	Ulm
	119	Biberach	DE146	Internal	Biberach
	120	Bodenseekreis	DE147	Internal	Friedrichshafen
	121	Ravensburg	DE148	Internal	Ravensburg
	122	Sigmaringen	DE149	Internal	Sigmaringen
	123	Ingolstadt	DE211	Internal	Ingolstadt
	124	München	DE212	Internal	München
	125	Rosenheim	DE213	Internal	Rosenheim
	126	Altötting	DE214	Internal	Altötting
	127	Berchtesgadener Land	DE215	Internal	Bad Reichenhall
	128	Bad Tölz-Wolfratshausen	DE216	Internal	Bad Tölz
	129	Dachau	DE217	Internal	Dachau
130	Ebersberg	DE218	Internal	Ebersberg	
131	Eichstätt	DE219	Internal	Eichstätt	
132	Erding	DE21A	Internal	Erding	
133	Freising	DE21B	Internal	Freising	
134	Fürstenfeldbruck	DE21C	Internal	Fürstenfeldbruck	
135	Garmisch-Partenkirchen	DE21D	Internal	Garmisch-Partenkirchen	
136	Landsberg a. Lech	DE21E	Internal	Landsberg a. Lech	
137	Miesbach	DE21F	Internal	Miesbach	
138	Mühldorf am Inn	DE21G	Internal	Mühldorf am Inn	
139	München, Landkreis	DE21H	Internal	München	
140	Neuburg-Schrobenhausen	DE21I	Internal	Neuburg a.d. Donau	
141	Pfaffenhofen a. d. Ilm	DE21J	Internal	Pfaffenhofen	
142	Rosenheim.	DE21K	Internal	Rosenheim	
143	Starnberg	DE21L	Internal	Starnberg	
144	Traunstein	DE21M	Internal	Traunstein	
145	Weilheim-Schongau	DE21N	Internal	Weilheim	
146	Landshut.	DE221	Internal	Landshut	
147	Passau	DE222	Internal	Passau	
148	Straubing	DE223	Internal	Straubing	
149	Deggendorf	DE224	Internal	Deggendorf	
150	Freyung-Grafenau	DE225	Internal	Freyung	
151	Kelheim	DE226	Internal	Kelheim	
152	Landshut, Landkreis	DE227	Internal	Landshut	
153	Passau, Landkreis	DE228	Internal	Passau	
154	Regen	DE229	Internal	Regen	
155	Rottal-Inn	DE22A	Internal	Pfarrkirchen	
156	Straubing-Bogen	DE22B	Internal	Straubing	
157	Dingolfing-Landau	DE22C	Internal	Dingolfing	
158	Amberg	DE231	Internal	Amberg	
159	Regensburg	DE232	Internal	Regensburg	
160	Weiden i. d. Opf.	DE233	Internal	Weiden i.d. Opf	
161	Amberg-Sulzbach	DE234	Internal	Amberg	
162	Cham	DE235	Internal	Cham	
163	Neumarkt i.d. Opf	DE236	Internal	Neumarkt i.d. Opf.	
164	Neustadt a.d. Waldnaab	DE237	Internal	Neustadt a.d. Waldnaab	
165	Regensburg, Landkreis	DE238	Internal	Regensburg	
166	Schwandorf	DE239	Internal	Schwandorf	
167	Tirschenreuth	DE23A	Internal	Tirschenreuth	
168	Bamberg	DE241	Internal	Bamberg	
169	Bayreuth	DE242	Internal	Bayreuth	
170	Coburg	DE243	Internal	Coburg	
171	Hof	DE244	Internal	Hof	
172	Bamberg, Landkreis	DE245	Internal	Bamberg	
173	Bayreuth, Landkreis	DE246	Internal	Bayreuth	
174	Coburg, Landkreis	DE247	Internal	Coburg	
175	Forchheim	DE248	Internal	Forchheim	
176	Hof, Landkreis	DE249	Internal	Hof	
177	Kronach	DE24A	Internal	Kronach	
178	Kulmbach	DE24B	Internal	Kulmbach	
179	Lichtenfels	DE24C	Internal	Lichtenfels	

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Deutschland (cont.)	180	Wunsiedel i. Fichtelgebirge	DE24D	Internal	Wunsiedel
	181	Ansbach	DE251	Internal	Ansbach
	182	Erlangen	DE252	Internal	Erlangen
	183	Fürth	DE253	Internal	Fürth
	184	Nürnberg	DE254	Internal	Nürnberg
	185	Schwabach	DE255	Internal	Schwabach
	186	Ansbach, Landkreis	DE256	Internal	Ansbach
	187	Erlangen-Höchstadt	DE257	Internal	Erlangen
	188	Fürth, Landkreis	DE258	Internal	Fürth
	189	Nürnberger Land	DE259	Internal	Lauf a.d. Pegnitz
	190	Neustadt a. d. Aisch-Bad	DE25A	Internal	Neustadt a. d. Aisch
	191	Roth	DE25B	Internal	Roth
	192	Weissenburg-Gunzenhausen	DE25C	Internal	Weissenburg in Bayern
	193	Aschaffenburg	DE261	Internal	Aschaffenburg
	194	Schweinfurt	DE262	Internal	Schweinfurt
	195	Würzburg	DE263	Internal	Würzburg
	196	Aschaffenburg, Landkreis	DE264	Internal	Aschaffenburg
	197	Bad Kissingen	DE265	Internal	Bad Kissingen
	198	Rhön-Grabfeld	DE266	Internal	Bad Neustadt a. d. S.
	199	Hassberge	DE267	Internal	Hassfurt
	200	Kitzingen	DE268	Internal	Kitzingen
	201	Miltenberg	DE269	Internal	Miltenberg
	202	Main-Spessart	DE26A	Internal	Karlstadt
	203	Schweinfurt, Landkreis	DE26B	Internal	Schweinfurt
	204	Würzburg, Landkreis	DE26C	Internal	Würzburg
	205	Augsburg	DE271	Internal	Augsburg
	206	Kaufbeuren	DE272	Internal	Kaufbeuren
	207	Kempten (Allgäu)	DE273	Internal	Kempten
	208	Memmingen	DE274	Internal	Memmingen
	209	Aichach-Friedberg	DE275	Internal	Aichach
	210	Augsburg, Landkreis	DE276	Internal	Augsburg
	211	Dillingen a.d. Donau	DE277	Internal	Dillingen a. d. Donau
	212	Günzburg	DE278	Internal	Günzburg
	213	Neu-Ulm	DE279	Internal	Neu-Ulm
	214	Lindau (Bodensee)	DE27A	Internal	Lindau
	215	Ostallgäu	DE27B	Internal	Marktoberdorf
	216	Unterallgäu	DE27C	Internal	Mindelheim
	217	Donau-Ries	DE27D	Internal	Donauwörth
	218	Oberallgäu	DE27E	Internal	Sonthofen
	219	Berlin-West, Stadt	DE301	Internal	Berlin
	220	Berlin-Ost, Stadt	DE302	Internal	Berlin
	221	Brandenburg a. d. Havel	DE401	Internal	Brandenburg a. d. Havel
	222	Cottbus	DE402	Internal	Cottbus
	223	Frankfurt (Oder)	DE403	Internal	Frankfurt/ Oder
	224	Potsdam	DE404	Internal	Potsdam
	225	Barnim	DE405	Internal	Eberswalde
	226	Dahme-Spreewald	DE406	Internal	Löbben-Spreewald
	227	Elbe-Elster	DE407	Internal	Herzberg-Elster
228	Havelland	DE408	Internal	Rathenow	
229	Märkisch-Oderland	DE409	Internal	Seelow	
230	Oberhavel	DE40A	Internal	Oranienburg	
231	Oberspreewald-Lausitz	DE40B	Internal	Senftenberg	
232	Oder-Spree	DE40C	Internal	Beeskow	
233	Ostprignitz-Ruppin	DE40D	Internal	Neuruppin	
234	Potsdam-Mittelmark	DE40E	Internal	Belzig	
235	Prignitz	DE40F	Internal	Perleberg	
236	Spree-Neisse	DE40G	Internal	Forst-Lausitz	
237	Teltow-Fläming	DE40H	Internal	Luckenwalde	
238	Uckermark	DE40I	Internal	Prenzlau	
239	Bremen	DE501	Internal	Bremen	
240	Bremerhaven	DE502	Internal	Bremerhaven	
241	Hamburg	DE6	Internal	Hamburg	
242	Darmstadt	DE711	Internal	Darmstadt	
243	Frankfurt am Main	DE712	Internal	Frankfurt am Main	
244	Offenbach am Main	DE713	Internal	Offenbach am Main	
245	Wiesbaden	DE714	Internal	Wiesbaden	
246	Bergstrasse	DE715	Internal	Heppenheim-Bergstrasse	
247	Darmstadt-Dieburg	DE716	Internal	Darmstadt	
248	Gross-Gerau	DE717	Internal	Gross-Gerau	

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Deutschland (cont.)	249	Hochtaunuskreis	DE718	Internal	Bad Homburg v. d. Höh
	250	Main-Kinzig-Kreis	DE719	Internal	Hanau
	251	Main-Taunus-Kreis	DE71A	Internal	Hofheim am Taunus
	252	Odenwaldkreis	DE71B	Internal	Erbach
	253	Offenbach, Landkreis	DE71C	Internal	Offenbach
	254	Rheingau-Taunus-Kreis	DE71D	Internal	Bad Schwalbach
	255	Wetteraukreis	DE71E	Internal	Friedberg Hessen
	256	Giessen, Landkreis	DE721	Internal	Giessen
	257	Lahn-Dill-Kreis	DE722	Internal	Wetzlar
	258	Limburg-Weilburg	DE723	Internal	Limburg an der Lahn
	259	Marburg-Biedenkopf	DE724	Internal	Marburg
	260	Vogelsbergkreis	DE725	Internal	Lauterbach
	261	Kassel	DE731	Internal	Kassel
	262	Fulda	DE732	Internal	Fulda
	263	Hersfeld-Rotenburg	DE733	Internal	Bad Hersfeld
	264	Kassel, Landkreis	DE734	Internal	Kassel
	265	Schwalm-Eder-Kreis	DE735	Internal	Homburg
	266	Waldeck-Frankenberg	DE736	Internal	Korbach
	267	Werra-Meißner-Kreis	DE737	Internal	Eschwege
	268	Greifswald	DE801	Internal	Greifswald
	269	Neubrandenburg	DE802	Internal	Neubrandenburg
	270	Rostock	DE803	Internal	Rostock
	271	Schwerin	DE804	Internal	Schwerin
	272	Stralsund	DE805	Internal	Stralsund
	273	Wismar	DE806	Internal	Wismar
	274	Bad Doberan	DE807	Internal	Bad Doberan
	275	Demmin	DE808	Internal	Demmin
	276	Güstrow	DE809	Internal	Güstrow
	277	Ludwigslust	DE80A	Internal	Ludwigslust
	278	Mecklenburg-Strelitz	DE80B	Internal	Neustrelitz
	279	Müritz	DE80C	Internal	Waren
	280	Nordvorpommern	DE80D	Internal	Grimmen
	281	Nordwestmecklenburg	DE80E	Internal	Grevesmühlen
	282	Ostvorpommern	DE80F	Internal	Anklam
	283	Parchim	DE80G	Internal	Parchim
	284	Rügen	DE80H	Internal	Bergen
	285	Ücker-Randow	DE80I	Internal	Pasewalk
286	Braunschweig	DE911	Internal	Braunschweig	
287	Salzgitter	DE912	Internal	Salzgitter	
288	Wolfsburg	DE913	Internal	Wolfsburg	
289	Gifhorn	DE914	Internal	Gifhorn	
290	Göttingen	DE915	Internal	Göttingen	
291	Goslar	DE916	Internal	Goslar	
292	Helmstedt	DE917	Internal	Helmstedt	
293	Northeim	DE918	Internal	Northeim	
294	Osterode am Harz	DE919	Internal	Osterode	
295	Peine	DE91A	Internal	Peine	
296	Wolfenbüttel	DE91B	Internal	Wolfenbüttel	
297	Hannover	DE921	Internal	Hannover	
298	Diepholz	DE922	Internal	Diepholz	
299	Hameln-Pyrmont	DE923	Internal	Hameln	
300	Hannover, Landkreis	DE924	Internal	Hannover	
301	Hildesheim	DE925	Internal	Hildesheim	
302	Holz Minden	DE926	Internal	Holz Minden	
303	Nienburg (Weser)	DE927	Internal	Nienburg	
304	Schaumburg	DE928	Internal	Stadthagen	
305	Celle	DE931	Internal	Celle	
306	Cuxhaven	DE932	Internal	Cuxhaven	
307	Harburg	DE933	Internal	Winsen	
308	Lüchow-Dannenberg	DE934	Internal	Lüchow	
309	Lüneburg, Landkreis	DE935	Internal	Lüneburg	
310	Osterholz	DE936	Internal	Osterholz-Scharmbeck	
311	Rotenburg (Wümme)	DE937	Internal	Rotenburg	
312	Soltau-Fallingb. Stadel	DE938	Internal	Fallingb. Stadel	
313	Stade	DE939	Internal	Stade	
314	Ülzen	DE93A	Internal	Ülzen	
315	Verden	DE93B	Internal	Verden	
316	Delmenhorst	DE941	Internal	Delmenhorst	
317	Emden	DE942	Internal	Emden	

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Deutschland (cont.)	318	Oldenburg	DE943	Internal	Oldenburg
	319	Osnabrück	DE944	Internal	Osnabrück
	320	Wilhelmshaven	DE945	Internal	Wilhelmshaven
	321	Ammerland	DE946	Internal	Westerstede
	322	Aurich	DE947	Internal	Aurich
	323	Cloppenburg	DE948	Internal	Cloppenburg
	324	Emsland	DE949	Internal	Meppen
	325	Friesland	DE94A	Internal	Jever
	326	Grafschaft Bentheim	DE94B	Internal	Nordhorn
	327	Leer	DE94C	Internal	Leer
	328	Oldenburg , Landkreis	DE94D	Internal	Oldenburg
	329	Osnabrück, Landkreis	DE94E	Internal	Osnabrück
	330	Vechta	DE94F	Internal	Vechta
	331	Wesermarsch	DE94G	Internal	Brake (Unterweser)
	332	Wittmund	DE94H	Internal	Wittmund
	333	Düsseldorf	DEA11	Internal	Düsseldorf
	334	Duisburg	DEA12	Internal	Duisburg
	335	Essen	DEA13	Internal	Essen
	336	Krefeld	DEA14	Internal	Krefeld
	337	Mönchengladbach	DEA15	Internal	Mönchengladbach
	338	Mülheim a.d.Ruhr	DEA16	Internal	Mülheim
	339	Oberhausen	DEA17	Internal	Oberhausen
	340	Remscheid	DEA18	Internal	Remscheid
	341	Solingen	DEA19	Internal	Solingen
	342	Wuppertal	DEA1A	Internal	Wuppertal
	343	Kleve	DEA1B	Internal	Kleve
	344	Mettmann	DEA1C	Internal	Mettmann
	345	Neuss	DEA1D	Internal	Neuss
	346	Viersen	DEA1E	Internal	Viersen
	347	Wesel	DEA1F	Internal	Wesel
	348	Aachen	DEA21	Internal	Aachen
	349	Bonn	DEA22	Internal	Bonn
	350	Köln	DEA23	Internal	Köln
	351	Leverkusen	DEA24	Internal	Leverkusen
	352	Aachen, Landkreis	DEA25	Internal	Aachen
	353	Düren	DEA26	Internal	Dueren
	354	Erftkreis	DEA27	Internal	Bergheim
	355	Euskirchen	DEA28	Internal	Euskirchen
356	Heinsberg	DEA29	Internal	Heinsberg	
357	Oberbergischer Kreis	DEA2A	Internal	Gummersbach	
358	Rheinisch-Bergischer-Kreis	DEA2B	Internal	Bergisch-Gladbach	
359	Rhein-Sieg-Kreis	DEA2C	Internal	Siegburg	
360	Boitrop	DEA31	Internal	Boitrop	
361	Gelsenkirchen	DEA32	Internal	Gelsenkirchen	
362	Münster	DEA33	Internal	Münster	
363	Borken	DEA34	Internal	Borken	
364	Coesfeld	DEA35	Internal	Coesfeld	
365	Recklinghausen	DEA36	Internal	Recklinghausen	
366	Steinfurt	DEA37	Internal	Steinfurt	
367	Warendorf	DEA38	Internal	Warendorf	
368	Bielefeld	DEA41	Internal	Bielefeld	
369	Gütersloh	DEA42	Internal	Gütersloh	
370	Herford	DEA43	Internal	Herford	
371	Höxter	DEA44	Internal	Höxter	
372	Lippe	DEA45	Internal	Detmold	
373	Minden-Lübbecke	DEA46	Internal	Minden	
374	Paderborn	DEA47	Internal	Paderborn	
375	Bochum	DEA51	Internal	Bochum	
376	Dortmund	DEA52	Internal	Dortmund	
377	Hagen	DEA53	Internal	Hagen	
378	Hamm	DEA54	Internal	Hamm	
379	Herne	DEA55	Internal	Herne	
380	Ennepe-Ruhr-Kreis	DEA56	Internal	Schwelm	
381	Hochsauerlandkreis	DEA57	Internal	Meschede	
382	Märkischer Kreis	DEA58	Internal	Lüdenscheid	
383	Olpe	DEA59	Internal	Olpe	
384	Siegen-Wittgenstein	DEA5A	Internal	Siegen	
385	Soest	DEA5B	Internal	Soest	
386	Unna	DEA5C	Internal	Unna	

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Deutschland (cont.)	387	Koblenz	DEB11	Internal	Koblenz
	388	Ahrweiler	DEB12	Internal	Bad Neuenahr-Ahrweiler
	389	Altenkirchen (Westerwald)	DEB13	Internal	Altenkirchen
	390	Bad Kreuznach	DEB14	Internal	Bad Kreuznach
	391	Birkenfeld	DEB15	Internal	Birkenfeld
	392	Cochem-Zell	DEB16	Internal	Cochem
	393	Mayen-Koblenz	DEB17	Internal	Koblenz
	394	Neuwied	DEB18	Internal	Neuwied
	395	Rhein-Hunsrück-Kreis	DEB19	Internal	Simmern(Hunsrück)
	396	Rhein-Lahn-Kreis	DEB1A	Internal	Bad Ems
	397	Westerwaldkreis	DEB1B	Internal	Montabaur
	398	Trier	DEB21	Internal	Trier
	399	Bernkastel-Wittlich	DEB22	Internal	Wittlich
	400	Bitburg-Prüm	DEB23	Internal	Bitburg
	401	Daun	DEB24	Internal	Daun
	402	Trier-Saarburg	DEB25	Internal	Trier
	403	Frankenthal(Pfalz)	DEB31	Internal	Frankenthal(Pfalz)
	404	Kaiserslautern	DEB32	Internal	Kaiserslautern
	405	Landau in der Pfalz	DEB33	Internal	Landau in der Pfalz
	406	Ludwigshafen am Rhein	DEB34	Internal	Ludwigshafen am Rhein
	407	Mainz	DEB35	Internal	Mainz
	408	Neustadt an der Weinstras	DEB36	Internal	Neustadt an der Wein
	409	Pirmasens	DEB37	Internal	Pirmasens
	410	Speyer	DEB38	Internal	Speyer
	411	Worms	DEB39	Internal	Worms
	412	Zweibrücken	DEB3A	Internal	Zweibrücken
	413	Alzey-Worms	DEB3B	Internal	Alzey-Worms
	414	Bad Dürkheim	DEB3C	Internal	Bad Dürkheim
	415	Donnersbergkreis	DEB3D	Internal	Kirchheim-Bolanden
	416	Germersheim	DEB3E	Internal	Germersheim
	417	Kaiserslautern, Landkreis	DEB3F	Internal	Kaiserslautern
	418	Kusel	DEB3G	Internal	Kusel
	419	Südliche Weinstrasse	DEB3H	Internal	Landau i. d. Pfalz
	420	Ludwigshafen, Landkreis	DEB3I	Internal	Ludwigshafen a. Rhein
	421	Mainz-Bingen	DEB3J	Internal	Mainz
	422	Südwestpfalz	DEB3K	Internal	Pirmasens
	423	Stadtverband Saarbrücken	DEC01	Internal	Saarbrücken
	424	Merzig-Wadern	DEC02	Internal	Merzig
	425	Neunkirchen	DEC03	Internal	Neunkirchen
	426	Saarlouis	DEC04	Internal	Saarlouis
	427	Saarpfalz-Kreis	DEC05	Internal	Homburg
	428	Sankt Wendel	DEC06	Internal	St. Wendel
	429	Chemnitz	DED11	Internal	Chemnitz
	430	Plauen	DED12	Internal	Plauen
	431	Zwickau	DED13	Internal	Zwickau
	432	Annaberg	DED14	Internal	Annaberg-Buchholz
	433	Chemnitzer Land	DED15	Internal	Glauchau
	434	Freiberg	DED16	Internal	Freiberg
	435	Vogtlandkreis	DED17	Internal	Reichenbach
	436	Mittlerer Erzgebirgkreis	DED18	Internal	Marienberg
	437	Mittweida	DED19	Internal	Mittweida
	438	Stollberg	DED1A	Internal	Stollberg (Erzgebirge)
	439	Aue-Schwarzenberg	DED1B	Internal	Aue
	440	Zwickauer Land	DED1C	Internal	Werdau
	441	Dresden	DED21	Internal	Dresden
442	Görlitz	DED22	Internal	Görlitz	
443	Hoyerswerda	DED23	Internal	Hoyerswerda	
444	Bautzen	DED24	Internal	Bautzen	
445	Meissen	DED25	Internal	Meissen	
446	Niederschlesischer Oberla	DED26	Internal	Görlitz	
447	Riesa-Grossenhain	DED27	Internal	Grossenhain	
448	Löbau-Zittau	DED28	Internal	Zittau	
449	Sächsische Schweiz	DED29	Internal	Pirna	
450	Weisseritzkreis	DED2A	Internal	Dippoldiswalde	
451	Kamenz	DED2B	Internal	Kamenz	
452	Leipzig	DED31	Internal	Leipzig	
453	Delitzsch	DED32	Internal	Delitzsch	
454	Döbeln	DED33	Internal	Döbeln	
455	Leipziger Land	DED34	Internal	Leipzig	



Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Deutschland (cont.)	456	Muldentalkreis	DED35	Internal	Grimma
	457	Torgau-Oschatz	DED36	Internal	Torgau
	458	Dessau	DEE11	Internal	Dessau
	459	Anhalt-Zerbst	DEE12	Internal	Zerbst
	460	Bernburg	DEE13	Internal	Bernburg
	461	Bitterfeld	DEE14	Internal	Bitterfeld
	462	Köthen	DEE15	Internal	Köthen
	463	Wittenberg	DEE16	Internal	Wittenberg
	464	Halle/Saale Stadtkreis	DEE21	Internal	Halle
	465	Burgenlandkreis	DEE22	Internal	Naumburg
	466	Mansfelder Land	DEE23	Internal	Eisleben
	467	Merseburg-Querfurt	DEE24	Internal	Merseburg
	468	Saalkreis	DEE25	Internal	Halle
	469	Sangerhausen	DEE26	Internal	Sangerhausen
	470	Weissenfels	DEE27	Internal	Weissenfels
	471	Magdeburg	DEE31	Internal	Magdeburg
	472	Aschersleben-Stassfurt	DEE32	Internal	Aschersleben
	473	Bördekreis	DEE33	Internal	Oschersleben
	474	Halberstadt	DEE34	Internal	Halberstadt
	475	Jerichower Land	DEE35	Internal	Burg
	476	Ohrekreis	DEE36	Internal	Haldensleben
	477	Stendal	DEE37	Internal	Stendal
	478	Quedlinburg	DEE38	Internal	Quedlinburg
	479	Schönebeck	DEE39	Internal	Schönebeck
	480	Wernigerode	DEE3A	Internal	Wernigerode
	481	Altmarkkreis Salzwedel	DEE3B	Internal	Salzwedel
	482	Flensburg	DEF01	Internal	Flensburg
	483	Kiel	DEF02	Internal	Kiel
	484	Lübeck	DEF03	Internal	Lübeck
	485	Neumünster	DEF04	Internal	Neumünster
	486	Dithmarschen	DEF05	Internal	Heide
	487	Herzogtum Lauenburg	DEF06	Internal	Ratzeburg
	488	Nordfriesland	DEF07	Internal	Husum
	489	Ostholstein	DEF08	Internal	Eutin
	490	Pinneberg	DEF09	Internal	Pinneberg
	491	Plön	DEF0A	Internal	Plön
	492	Rendsburg-Eckernförde	DEF0B	Internal	Rendsburg
	493	Schleswig-Flensburg	DEF0C	Internal	Schleswig
	494	Segeberg	DEF0D	Internal	Bad Segeberg
	495	Steinburg	DEF0E	Internal	Itzehoe
	496	Stormarn	DEF0F	Internal	Bad Oldesloe
	497	Erfurt	DEG01	Internal	Saalfeld
	498	Gera	DEG02	Internal	Gera
	499	Jena	DEG03	Internal	Jena
	500	Suhl	DEG04	Internal	Suhl
	501	Weimar	DEG05	Internal	Weimar
	502	Eichsfeld	DEG06	Internal	Heiligenstadt
	503	Nordhausen	DEG07	Internal	Nordhausen
	504	Unstrut-Hainich-Kreis	DEG09	Internal	Mühlhausen/Th.
	505	Kyffhäuserkreis	DEG0A	Internal	Sondershausen
	506	Schmalkalden-Meiningen	DEG0B	Internal	Meiningen
	507	Gotha	DEG0C	Internal	Gotha
	508	Sömmerda	DEG0D	Internal	Sömmerda
	509	Hildburghausen	DEG0E	Internal	Hildburghausen
	510	Ilm-Kreis	DEG0F	Internal	Arnstadt
	511	Weimarer Land	DEG0G	Internal	Apolda
	512	Sonneberg	DEG0H	Internal	Sonneberg
	513	Saalfeld-Rudolstadt	DEG0I	Internal	Saalfeld/Saale
	514	Saale-Holzland-Kreis	DEG0J	Internal	Eisenberg
515	Saale-Orla-Kreis	DEG0K	Internal	Schleiz	
516	Greiz	DEG0L	Internal	Greiz	
517	Altenburger Land	DEG0M	Internal	Altenburg	
518	Eisenach	DEGON	Internal	Eisenach	
519	Wartburgkreis	DEGOP	Internal	Bad Salzungen	

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Danmark	520	København Og Frederiksbe	DK001	Internal	København
	521	Københavns Amt	DK002	Internal	København
	522	Frederiksborg Amt	DK003	Internal	Helsingør
	523	Roskilde Amt	DK004	Internal	Roskilde
	524	Vestsjællands Amt	DK005	Internal	Slagelse
	525	Storstroems Amt	DK006	Internal	Naestved
	526	Bornholms Amt	DK007	Internal	Roenne
	527	Fyns Amt	DK008	Internal	Odense
	528	Soenderjyllands Amt	DK009	Internal	Aabenraa
	529	Ribe Amt	DK00A	Internal	Esbjerg
	530	Vejle Amt	DK00B	Internal	Vejle
	531	Ringkoebing Amt	DK00C	Internal	Holstebro
	532	Aarhus Amt	DK00D	Internal	Aarhus
	533	Viborg Amt	DK00E	Internal	Viborg
534	Nordjyllands Amt	DK00F	Internal	Alborg	
España	535	La Coruna	ES111	Internal	Santiago De Composte
	536	Lugo	ES112	Internal	Lugo
	537	Orense	ES113	Internal	Orense
	538	Pontevedra	ES114	Internal	Vigo
	539	Principado de Asturias	ES12	Internal	Oviedo
	540	Cantabria	ES13	Internal	Santander
	541	Alava	ES211	Internal	Vitoria
	542	Guipuzcoa	ES212	Internal	Donostia-San Sebastian
	543	Vizcaya	ES213	Internal	Bilbao
	544	Comunidad Foral De Navarr	ES22	Internal	Pamplona
	545	La Rioja	ES23	Internal	Logrono
	546	Huesca	ES241	Internal	Huesca
	547	Teruel	ES242	Internal	Teruel
	548	Zaragoza	ES243	Internal	Zaragoza
	549	Comunidad de Madrid	ES3	Internal	Madrid
	550	Avila	ES411	Internal	Avila
	551	Burgos	ES412	Internal	Burgos
	552	Leon	ES413	Internal	Leon
	553	Palencia	ES414	Internal	Palencia
	554	Salamanca	ES415	Internal	Salamanca
	555	Segovia	ES416	Internal	Segovia
	556	Soria	ES417	Internal	Soria
	557	Valladolid	ES418	Internal	Valladolid
	558	Zamora	ES419	Internal	Zamora
	559	Albacete	ES421	Internal	Albacete
	560	Ciudad Real	ES422	Internal	Ciudad Real
	561	Cuenca	ES423	Internal	Cuenca
	562	Guadalajara	ES424	Internal	Guadalajara
	563	Toledo	ES425	Internal	Toledo
	564	Badajoz	ES431	Internal	Badajoz
	565	Caceres	ES432	Internal	Caceres
	566	Barcelona	ES511	Internal	Barcelona
	567	Girona	ES512	Internal	Girona
	568	Lleida	ES513	Internal	Lleida
569	Tarragona	ES514	Internal	Tarragona	
570	Alicante	ES521	Internal	Alicante	
571	Castellon de la Plana	ES522	Internal	Castellon de la Plana	
572	Valencia	ES523	Internal	Valencia	
573	Islas Baleares	ES53	Internal	Palma	
574	Almeria	ES611	Internal	Almeria	
575	Cadiz	ES612	Internal	Cadiz	
576	Cordoba	ES613	Internal	Cordoba	
577	Granada	ES614	Internal	Granada	
578	Huelva	ES615	Internal	Huelva	
579	Jaen	ES616	Internal	Jaen	
580	Malaga	ES617	Internal	Malaga	
581	Sevilla	ES618	Internal	Sevilla	
582	Región de Murcia	ES62	Internal	Murcia	

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Suomi/ Finland	583	Etelae-Savo	FI131	Internal	Mikkeli
	584	Pohjois-Savo	FI132	Internal	Joensuu
	585	Pohjois-Karjala	FI133	Internal	Joensuu
	586	Kainuu	FI134	Internal	Kajaani
	587	Keski-Suomi	FI141	Internal	Jyvaeskyla
	588	Etelä-Pohjanmaa	FI142	Internal	Kajaani
	589	Pohjanmaa	FI143	Internal	Vaasa
	590	Keski-Pohjanmaa	FI144	Internal	Kokkola
	591	Pohjois-Pohjanmaa	FI151	Internal	Oulu
	592	Lappi	FI152	Internal	Rovaniemi
	593	Uusimaa	FI161	Internal	Helsinki
	594	Itä-Uusimaa	FI162	Internal	Kotka
	595	Varsinais-Suomi	FI171	Internal	Turku Abo
	596	Satakunta	FI172	Internal	Pori
	597	Kanta-Haeme	FI173	Internal	Hämeenlinna
	598	Pirkanmaa	FI174	Internal	Tampere
	599	Päijät-Häme	FI175	Internal	Lahti
	600	Kymenlaakso	FI176	Internal	Kouvola
	601	Etelä-Karjala	FI177	Internal	Lappeenranta
	602	Åland	FI2	Internal	Mariehamn
France	603	Paris	FR101	Internal	Paris
	604	Seine-et-Marne	FR102	Internal	Melun
	605	Yvelines	FR103	Internal	Versailles
	606	Essonne	FR104	Internal	Evry
	607	Hauts-De-Seine	FR105	Internal	Boulogne-Billancourt
	608	Seine-Saint-Denis	FR106	Internal	St. Denis
	609	Val-de-Marne	FR107	Internal	Saint-Maur
	610	Val d'Oise	FR108	Internal	Pontoise
	611	Ardenes	FR211	Internal	Charleville-Mezieres
	612	Aube	FR212	Internal	Troyes
	613	Marne	FR213	Internal	Reims
	614	Haute-Marne	FR214	Internal	Chaumont
	615	Aisne	FR221	Internal	Saint-Quentin
	616	Oise	FR222	Internal	Beauvais
	617	Somme	FR223	Internal	Amiens
	618	Eure	FR231	Internal	Evreux
	619	Seine-Maritime	FR232	Internal	Le Havre
	620	Cher	FR241	Internal	Bourges
	621	Eure-et-Loir	FR242	Internal	Chartres
	622	Indre	FR243	Internal	Chateauroux
	623	Indre-et-Loire	FR244	Internal	Tours
	624	Loir-et-Cher	FR245	Internal	Blois
	625	Loiret	FR246	Internal	Orleans
	626	Calvados	FR251	Internal	Caen
	627	Manche	FR252	Internal	Saint-Lo
	628	Orne	FR253	Internal	Alencon
	629	Cote-d'Or	FR261	Internal	Dijon
	630	Nievre	FR262	Internal	Nevers
	631	Saone-Et-Loire	FR263	Internal	Macon
	632	Yonne	FR264	Internal	Auxerre
	633	Nord	FR301	Internal	Lille
	634	Pas-de-Calais	FR302	Internal	Aras
	635	Meurthe-et-Moselle	FR411	Internal	Nancy
	636	Meuse	FR412	Internal	Verdun-sur-Meuse
	637	Moselle	FR413	Internal	Metz
	638	Vosges	FR414	Internal	Epinal
	639	Bas-Rhin	FR421	Internal	Strasbourg
640	Haut-Rhin	FR422	Internal	Colmar	
641	Doubs	FR431	Internal	Besancon	
642	Jura	FR432	Internal	Lons-Le-Saunier	
643	Haute-Saone	FR433	Internal	Vesoul	
644	Territoire de Belfort	FR434	Internal	Belfort	
645	Loire-Atlantique	FR511	Internal	Nantes	
646	Maine-et-Loire	FR512	Internal	Angers	
647	Mayenne	FR513	Internal	Laval	
648	Sarthe	FR514	Internal	Le Mans	
649	Vendee	FR515	Internal	La Roche-sur-Yon	

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
France (cont.)	650	Cotes d'Amor	FR521	Internal	Saint-Brieuc
	651	Finistere	FR522	Internal	Brest
	652	Ille-et-Vilaine	FR523	Internal	Rennes
	653	Morbihan	FR524	Internal	Lorient
	654	Charente	FR531	Internal	Angouleme
	655	Charente-Maritime	FR532	Internal	La Rochelle
	656	Deux-Sevres	FR533	Internal	Niort
	657	Vienne	FR534	Internal	Poitiers
	658	Dordogne	FR611	Internal	Perigueux
	659	Gironde	FR612	Internal	Bordeaux
	660	Landes	FR613	Internal	Mont-De-Marsan
	661	Lot-et-Garonne	FR614	Internal	Agen
	662	Pyrenees-Atlantiques	FR615	Internal	Pau
	663	Ariege	FR621	Internal	Foix
	664	Aveyron	FR622	Internal	Rodez
	665	Haute-Garonne	FR623	Internal	Toulouse
	666	Gers	FR624	Internal	Auch
	667	Lot	FR625	Internal	Cahors
	668	Hautes-Pyrenees	FR626	Internal	Tarbes
	669	Tarn	FR627	Internal	Albi
	670	Tarn-et-Garonne	FR628	Internal	Montauban
	671	Correze	FR631	Internal	Brive-la-Gaillarde
	672	Creuse	FR632	Internal	Gueret
	673	Haute-Vienne	FR633	Internal	Limoges
	674	Ain	FR711	Internal	Bourg-En-Bresse
	675	Ardeche	FR712	Internal	Privas
	676	Drome	FR713	Internal	Valence
	677	Iser	FR714	Internal	Grenoble
	678	Loire	FR715	Internal	Saint-Etienne
	679	Rhone	FR716	Internal	Lyon
	680	Savoie	FR717	Internal	Chambery
	681	Haute-Savoie	FR718	Internal	Annecy
	682	Allier	FR721	Internal	Moulins
	683	Cantal	FR722	Internal	Aurillac
	684	Haute-Loire	FR723	Internal	Le Puy
	685	Puy-De-Dome	FR724	Internal	Clermont-Ferrant
	686	Aude	FR811	Internal	Carcassonne
	687	Gard	FR812	Internal	Nimes
	688	Herault	FR813	Internal	Montpellier
	689	Lozere	FR814	Internal	Mende
	690	Pyrenees-Orientales	FR815	Internal	Perpignan
	691	Alpes-de-Haute-Provence	FR821	Internal	Digne
	692	Hautes-Alpes	FR822	Internal	Gap
	693	Alpes-Maritimes	FR823	Internal	Nice
	694	Bouches-du-Rhone	FR824	Internal	Marseille
	695	Var	FR825	Internal	Toulon
	696	Vaucluse	FR826	Internal	Avignon
	697	Corse-du-Sud	FR831	Internal	Ajaccio
	698	Haute-Corse	FR832	Internal	Bastia

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Ellada	699	Evros	GR111	Internal	Alexandroupolis
	700	Xanthi	GR112	Internal	Xanthi
	701	Rodopi	GR113	Internal	Komotini
	702	Drama	GR114	Internal	Drama
	703	Kavala	GR115	Internal	Kavalla
	704	Imathia	GR121	Internal	Veroia
	705	Thessaloniki	GR122	Internal	Thessaloniki
	706	Kilkis	GR123	Internal	Kilkis
	707	Pella	GR124	Internal	Yiannitsa
	708	Pieria	GR125	Internal	Katerini
	709	Serres	GR126	Internal	Serres
	710	Chalkidiki	GR127	Internal	Salonika
	711	Grevena	GR131	Internal	Grevena
	712	Kastoria	GR132	Internal	Kastoria
	713	Kozani	GR133	Internal	Kozani
	714	Florina	GR134	Internal	Florina
	715	Karditsa	GR141	Internal	Karditsa
	716	Larisa	GR142	Internal	Larisa
	717	Magnisia	GR143	Internal	Volos
	718	Trikala	GR144	Internal	Trikala
	719	Arta	GR211	Internal	Arta
	720	Thesprotia	GR212	Internal	Parga
	721	Ioannina	GR213	Internal	Ioannina
	722	Preveza	GR214	Internal	Preveza
	723	Zakynthos	GR221	Internal	Zakynthos
	724	Kerkyra	GR222	Internal	Liapathes
	725	Kefallinia	GR223	Internal	Argostolion
	726	Lefkada	GR224	Internal	Levkas
	727	Aitoloakarnania	GR231	Internal	Aitolikon
	728	Achaia	GR232	Internal	Patrai
	729	Ileia	GR233	Internal	Pirgos
	730	Voiotia	GR241	Internal	Amfiklia
	731	Evvoia	GR242	Internal	Chalkis
	732	Evrytania	GR243	Internal	Karpenision
	733	Fthoitida	GR244	Internal	Lamia
	734	Fokida	GR245	Internal	Amfissa
	735	Argolida	GR251	Internal	Navplion
	736	Arkadia	GR252	Internal	Tripolis
	737	Korinthia	GR253	Internal	Korinthos
	738	Lakonia	GR254	Internal	Sparti
	739	Messinia	GR255	Internal	Kalamai
	740	Attiki	GR3	Internal	Athinai
	741	Lesvos	GR411	Internal	Mytilini
	742	Samos	GR412	Internal	Samos
	743	Chios	GR413	Internal	Chios
	744	Dodekanisos	GR421	Internal	Rodos
	745	Kyklades	GR422	Internal	Ermupolis
	746	Irakleio	GR431	Internal	Iraklion
	747	Lasithi	GR432	Internal	Sitia
748	Rethymni	GR433	Internal	Rethimnon	
749	Chania	GR434	Internal	Kissamos	
Ireland	750	Border	IE011	Internal	Sligo
	751	Midland	IE012	Internal	Port Laoise
	752	West	IE013	Internal	Galway
	753	Dublin	IE021	Internal	Dublin
	754	Mid-East	IE022	Internal	Naas
	755	Mid-West	IE023	Internal	Limerick
	756	South-East	IE024	Internal	Waterford
	757	South-West	IE025	Internal	Cork

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Italia	758	Torino	IT111	Internal	Torino
	759	Vercelli	IT112	Internal	Vercelli
	760	Biella	IT113	Internal	Biella
	761	Verbano-Cusio-Ossola	IT114	Internal	Verbania
	762	Novara	IT115	Internal	Novara
	763	Cuneo	IT116	Internal	Cuneo
	764	Asti	IT117	Internal	Asti
	765	Alessandria	IT118	Internal	Alessandria
	766	Valle d'Aosta	IT12	Internal	Aosta
	767	Imperia	IT131	Internal	San Remo
	768	Savona	IT132	Internal	Sanona
	769	Genova	IT133	Internal	Genova
	770	La Spezia	IT134	Internal	La Spezia
	771	Varese	IT201	Internal	Varese
	772	Como	IT202	Internal	Como
	773	Lecco	IT203	Internal	Lecco
	774	Sondrio	IT204	Internal	Sondrio
	775	Milano	IT205	Internal	Milano
	776	Bergamo	IT206	Internal	Bergamo
	777	Brescia	IT207	Internal	Brescia
	778	Pavia	IT208	Internal	Pavia
	779	Lodi	IT209	Internal	Lodi
	780	Cremona	IT20A	Internal	Cremona
	781	Mantova	IT20B	Internal	Mantova
	782	Bolzano-Bozen	IT311	Internal	Bozen
	783	Trento	IT312	Internal	Trento
	784	Verona	IT321	Internal	Verona
	785	Vicenza	IT322	Internal	Vicenza
	786	Belluno	IT323	Internal	Belluno
	787	Treviso	IT324	Internal	Treviso
	788	Venezia	IT325	Internal	Venezia
	789	Padova	IT326	Internal	Padua
	790	Rovigo	IT327	Internal	Rovigo
	791	Pordenone	IT331	Internal	Pordenone
	792	Udine	IT332	Internal	Udine
	793	Gorizia	IT333	Internal	Gorizia
	794	Trieste	IT334	Internal	Trieste
	795	Piacenza	IT401	Internal	Piacenza
	796	Parma	IT402	Internal	Parma
	797	Reggio Nell'Emilia	IT403	Internal	Reggio
	798	Modena	IT404	Internal	Modena
	799	Bologna	IT405	Internal	Bologna
	800	Ferrara	IT406	Internal	Ferrara
	801	Ravenna	IT407	Internal	Ravenna
	802	Forli-Cesena	IT408	Internal	Forli
	803	Rimini	IT409	Internal	Rimini
	804	Massa-Carrara	IT511	Internal	Massa
	805	Lucca	IT512	Internal	Lucca
	806	Pistoia	IT513	Internal	Pistoia
	807	Firenze	IT514	Internal	Florenz
	808	Prato	IT515	Internal	Prato
	809	Livorno	IT516	Internal	Livorno
	810	Pisa	IT517	Internal	Pisa
	811	Arezzo	IT518	Internal	Arezzo
	812	Siena	IT519	Internal	Siena
	813	Grosseto	IT51A	Internal	Grosseto
	814	Perugia	IT521	Internal	Perugia
	815	Terni	IT522	Internal	Terni
	816	Pesaro E Urbino	IT531	Internal	Pesaro
	817	Ancona	IT532	Internal	Ancona
	818	Macerata	IT533	Internal	Macerata
	819	Ascoli Piceno	IT534	Internal	Ascoli Piceno
	820	Viterbo	IT601	Internal	Viterbo
	821	Rieti	IT602	Internal	Rieti
	822	Rom	IT603	Internal	Rom
	823	Latina	IT604	Internal	Latina
	824	Frosinone	IT605	Internal	Frosinone
	825	L'Aquila	IT711	Internal	L'Aquila

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Italia (cont.)	826	Teramo	IT712	Internal	Teramo
	827	Pescara	IT713	Internal	Pescara
	828	Chieti	IT714	Internal	Chieti
	829	Isernia	IT721	Internal	Isernia
	830	Campobasso	IT722	Internal	Campobasso
	831	Caserta	IT801	Internal	Caserta
	832	Benevento	IT802	Internal	Benevento
	833	Napoli	IT803	Internal	Napoli
	834	Avellino	IT804	Internal	Avellino
	835	Salerno	IT805	Internal	Salerno
	836	Foggia	IT911	Internal	Foggia
	836	Foggia	IT911	Internal	Foggia
	837	Bari	IT912	Internal	Bari
	838	Taranto	IT913	Internal	Tarent
	839	Brindisi	IT914	Internal	Brindisi
	840	Lecce	IT915	Internal	Lecce
	841	Potenza	IT921	Internal	Potenza
	842	Matera	IT922	Internal	Matera
	843	Cosenza	IT931	Internal	Cosenza
	844	Crotone	IT932	Internal	Crotone
	845	Catanzaro	IT933	Internal	Catanzaro
	846	Vibo Valentia	IT934	Internal	Vibo Valentia
	847	Reggio di Calabria	IT935	Internal	Reggio di Calabria
	848	Trapani	ITA01	Internal	Trapani
	849	Palermo	ITA02	Internal	Palermo
	850	Messina	ITA03	Internal	Messina
	851	Agrigento	ITA04	Internal	Agrigento
	852	Caltanissetta	ITA05	Internal	Caltanissetta
	853	Enna	ITA06	Internal	Enna
	854	Catania	ITA07	Internal	Catania
	855	Ragusa	ITA08	Internal	Ragusa
	856	Siracusa	ITA09	Internal	Siracusa
	857	Sassari	ITB01	Internal	Sassari
	858	Nuoro	ITB02	Internal	Nuoro
	859	Oristano	ITB03	Internal	Oristano
	860	Cagliari	ITB04	Internal	Cagliari
Luxembourg	861	Luxembourg	LU	Internal	Luxembourg
Nederland	862	Oost-Groningen	NL111	Internal	Winschoten
	863	Delfzijl en Omgeving	NL112	Internal	Appingedam
	864	Overig Groningen	NL113	Internal	Haren
	865	Noord-Friesland	NL121	Internal	Leeuwarden
	866	Zuidwest-Friesland	NL122	Internal	Sneek
	867	Zuidoost-Friesland	NL123	Internal	Drachten
	868	Noord-Drenthe	NL131	Internal	Assen
	869	Zuidoost-Drenthe	NL132	Internal	Emmen
	870	Zuidwest-Drenthe	NL133	Internal	Hoogeveen
	871	Noord-Overijssel	NL211	Internal	Zwolle
	872	Zuidwest-Overijssel	NL212	Internal	Deventer
	873	Twente	NL213	Internal	Enschede
	874	Veluwe	NL221	Internal	Apeldoorn
	875	Achterhoek	NL222	Internal	Doetinchen
	876	Arnhem/Nijmegen	NL223	Internal	Arnhem
	877	Zuidwest-Gelderland	NL224	Internal	Hertogenbosch
	878	Flevoland	NL23	Internal	Lelystad
	879	Utrecht	NL31	Internal	Utrecht
	880	Kop Van Noord-Holland	NL321	Internal	Hoorn
	881	Alkmaar en Omgeving	NL322	Internal	Alkmaar
	882	Ijmond	NL323	Internal	Ijmuiden
	883	Agglomeratie Haarlem	NL324	Internal	Haarlem
	884	Zaanstreek	NL325	Internal	Zaanstad
	885	Groot-Amsterdam	NL326	Internal	Amsterdam
	886	Het Gooi en Vechtstreek	NL327	Internal	Hilversum
	887	Aggl. Leiden en Bollenstr	NL331	Internal	Leiden
	888	Agglomeratie S-Gravenhage	NL332	Internal	Den Haag
	889	Delft en Westland	NL333	Internal	Delft
	890	Oost Zuid-Holland	NL334	Internal	Gouda

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Nederland (cont.)	891	Groot-Rijnmond	NL335	Internal	Rotterdam
	892	Zuidoost Zuid-Holland	NL336	Internal	Dodrecht
	893	Zeeuwsch-Vlaanderen	NL341	Internal	Terneuzen
	894	Overig Zeeland	NL342	Internal	Middelburg
	895	West-Noord-Brabant	NL411	Internal	Rosendaal en Nispen
	896	Midden-Noord-Brabant	NL412	Internal	Tilburg
	897	Noordoost-Noord-Brabant	NL413	Internal	Oss
	898	Zuidoost-Noord-Brabant	NL414	Internal	Eindhoven
	899	Noord-Limburg	NL421	Internal	Venlo
	900	Midden-Limburg	NL422	Internal	Roermond
	901	Zuid-Limburg	NL423	Internal	Maastricht
Portugal	902	Minho-Lima	PT111	Internal	Viana Do Castelo
	903	Cavado	PT112	Internal	Braga
	904	Ave	PT113	Internal	Santo Tirso
	904	Ave	PT113	Internal	Santo Tirso
	905	Grande Porto	PT114	Internal	Porto
	906	Tamega	PT115	Internal	Vila Real
	907	Entre Douro E Vouga	PT116	Internal	Sao Joao De Madeira
	908	Douro	PT117	Internal	Mirandela
	909	Alto Tras-Os-Montes	PT118	Internal	Braganca
	910	Baixo Vouga	PT121	Internal	Aveiro
	911	Baixo Mondego	PT122	Internal	Coimbra
	912	Pinhal Litoral	PT123	Internal	Pombal
	913	Pinhal Interior Norte	PT124	Internal	Penela
	914	Dao-Lafoes	PT125	Internal	Viseu
	915	Pinhal Interior Sul	PT126	Internal	Serta
	916	Serra da Estrela	PT127	Internal	Gois
	917	Beira Interior Norte	PT128	Internal	Guarda
	918	Beira Interior Sul	PT129	Internal	Castelo Branco
	919	Cova da Beira	PT12A	Internal	Covilha
	920	Oeste	PT131	Internal	Leiria
	921	Grande Lisboa	PT132	Internal	Lisboa
	922	Peninsula De Setubal	PT133	Internal	Setubal
	923	Medio Tejo	PT134	Internal	Abrantes
	924	Leziria do Tejo	PT135	Internal	Santarem
	925	Alentejo Litoral	PT141	Internal	Sines
	926	Alto Alentejo	PT142	Internal	Portalegre
	927	Alentejo Central	PT143	Internal	Evora
	928	Baixo Alentejo	PT144	Internal	Beja
	929	Algarve	PT15	Internal	Faro
Sverige	930	Stockholms Län	SE011	Internal	Stockholm
	931	Uppsala Län	SE021	Internal	Uppsala
	932	Södermanlands Län	SE022	Internal	Nyköping
	933	Östergötlands Län	SE023	Internal	Linköping
	934	Örebro Län	SE024	Internal	Örebro
	935	Västmanlands Län	SE025	Internal	Västeras
	936	Blekinge Län	SE041	Internal	Karlskrona
	937	Skane Län	SE044	Internal	Malmö
	938	Värmlands Län	SE061	Internal	Karlstadt
	939	Dalarnas Län	SE062	Internal	Falun
	940	Gävleborgs Län	SE063	Internal	Gävle
	941	Västernorrlands Län	SE071	Internal	Örnsköldsvik
	942	Jämtlands Län	SE072	Internal	Östersund
	943	Västerbottens Län	SE081	Internal	Umea
	944	Norrbotens Län	SE082	Internal	Lulea
	945	Jönköpings Län	SE091	Internal	Jönköping
	946	Kronobergs Län	SE092	Internal	Växjö
	947	Kalmar Län	SE093	Internal	Kalmar
	948	Gotlands Län	SE094	Internal	Visby
	949	Hallands Län	SE0A1	Internal	Halmstad
950	Västra Götalands Län	SE0A2	Internal	Göteborg	



Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
United Kingdom	951	Hartlepool a. Stockton-On	UKC11	Internal	Stockton-on-Tees
	952	South Teesside	UKC12	Internal	Middlesbrough
	953	Darlington	UKC13	Internal	Darlington
	954	Durham Cc	UKC14	Internal	Durham
	955	Northumberland	UKC21	Internal	Blyth
	956	Tyneside	UKC22	Internal	Newcastle upon Tyne
	957	Sunderland	UKC23	Internal	Sunderland
	958	West Cumbria	UKD11	Internal	Workington
	959	East Cumbria	UKD12	Internal	Carlisle
	960	Halton and Warrington	UKD21	Internal	Warrington
	961	Cheshire Cc	UKD22	Internal	Chester
	962	Greater Manchester South	UKD31	Internal	Manchester
	963	Greater Manchester North	UKD32	Internal	Bolton
	964	Blackburn with Darwen	UKD41	Internal	Blackburn
	965	Blackpool	UKD42	Internal	Blackpool
	966	Lancashire Cc	UKD43	Internal	Preston
	967	East Merseyside	UKD51	Internal	Kirkby
	968	Liverpool	UKD52	Internal	Liverpool
	969	Sefton	UKD53	Internal	Southport
	970	Wirral	UKD54	Internal	Birkenhead
	971	Kingston Upon Hull	UKE11	Internal	Kingston upon Hull
	972	East Riding of Yorkshire	UKE12	Internal	Bridlington
	973	Lincolnshire	UKE13	Internal	Scunthorpe
	974	York	UKE21	Internal	York
	975	North Yorkshire	UKE22	Internal	Harrogate
	976	Barnsley, Doncaster, Roth	UKE31	Internal	Rotherham
	977	Sheffield	UKE32	Internal	Sheffield
	978	Bradford	UKE41	Internal	Bradford
	979	Leeds	UKE42	Internal	Leeds
	980	Calderdale, Kirklees, Wak	UKE43	Internal	Wakefield
	981	Derby	UKF11	Internal	Derby
	982	East Derbyshire	UKF12	Internal	Chesterfield
	983	South and West Derbyshire	UKF13	Internal	Buxton
	984	Nottingham	UKF14	Internal	Nottingham
	985	North Nottinghamshire	UKF15	Internal	Mansfield
	986	South Nottinghamshire	UKF16	Internal	Newark-on-Trent
	987	Leicester	UKF21	Internal	Leicester
	988	Leicestershire Cc, Rutlan	UKF22	Internal	Hinckley
	989	Northamptonshire	UKF23	Internal	Northampton
	990	Lincolnshire	UKF3	Internal	Lincoln
	991	Herefordshire	UKG11	Internal	Hereford
	992	Worcestershire	UKG12	Internal	Worcester
	993	Warwickshire	UKG13	Internal	Warwick
	994	Telford and Wrekin	UKG21	Internal	Telford
	995	Shropshire Cc	UKG22	Internal	Shrewsbury
	996	Stoke-on-Trent	UKG23	Internal	Stoke-on-Trent
	997	Staffordshire Cc	UKG24	Internal	Newcastle under-Lyme
	998	Birmingham	UKG31	Internal	Birmingham
	999	Solihull	UKG32	Internal	Solihull
	1000	Coventry	UKG33	Internal	Coventry
	1001	Dudley and Sandwell	UKG34	Internal	Dudley
	1002	Walsall and Wolverhampton	UKG35	Internal	Wolverhampton
	1003	Peterborough	UKH11	Internal	Peterborough
	1004	Cambridgeshire	UKH12	Internal	Cambridge
	1005	Norfolk	UKH13	Internal	Norwich
	1006	Suffolk	UKH14	Internal	Ipswich
	1007	Luton	UKH21	Internal	Luton
	1008	Bedfordshire Cc	UKH22	Internal	Bedford
	1009	Hertfordshire	UKH23	Internal	Watford
	1010	Southend-on-Sea	UKH31	Internal	Southend-on-Sea
	1011	Thurrok	UKH32	Internal	Grays
	1012	Essex Cc	UKH33	Internal	Chelmsford
	1013	Inner London-West	UKI11	Internal	London
	1014	Inner London-East	UKI12	Internal	London
	1015	Outer London-E.A.N. East	UKI21	Internal	London
	1016	Outer London-South	UKI22	Internal	London
	1017	Outer London-W.A. North W	UKI23	Internal	London
	1018	Berkshire	UKJ11	Internal	Reading

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
United Kingdom (cont.)	1019	Milton Keynes	UKJ12	Internal	Milton Keynes
	1020	Buckinghamshire Cc	UKJ13	Internal	Aylesbury
	1021	Oxfordshire	UKJ14	Internal	Oxford
	1022	Brighton and Hove	UKJ21	Internal	Brighton
	1023	East Sussex Cc	UKJ22	Internal	Hastings
	1024	Surrey	UKJ23	Internal	Guildford
	1025	West Sussex	UKJ24	Internal	Chichester
	1026	Portsmouth	UKJ31	Internal	Portsmouth
	1027	Southampton	UKJ32	Internal	Southampton
	1028	Hampshire Cc	UKJ33	Internal	Winchester
	1029	Isle of Wight	UKJ34	Internal	Newport
	1030	Medway	UKJ41	Internal	Chatham
	1031	Kent	UKJ42	Internal	Maidstone
	1032	Bristol	UKK11	Internal	Bristol
	1033	N. A. Ne. Somerset, South	UKK12	Internal	Bath
	1034	Gloucestershire	UKK13	Internal	Gloucester
	1035	Swindon	UKK14	Internal	Swindon
	1036	Wiltshire Cc	UKK15	Internal	Salisbury
	1037	Bournemouth and Poole	UKK21	Internal	Bournemouth
	1038	Dorset	UKK22	Internal	Dorchester
	1039	Somerset	UKK23	Internal	Taunton
	1040	Cornwall, Isle Of Scilly	UKK3	Internal	Truro
	1041	Plymouth	UKK41	Internal	Plymouth
	1042	Torbay	UKK42	Internal	Torquay
	1043	Devon Cc	UKK43	Internal	Exeter
	1044	Isle of Anglesey	UKL11	Internal	Holyhead
	1045	Gwynedd	UKL12	Internal	Caernarfon
	1046	Conwy and Denbighshire	UKL13	Internal	Colwyn Bay
	1047	South West Wales	UKL14	Internal	Llanelli
	1048	Central Valleys	UKL15	Internal	Rhondda
	1049	Gwent Valleys	UKL16	Internal	Abertillery
	1050	Bridgend, Neath Port Talb	UKL17	Internal	Neath
	1051	Swansea	UKL18	Internal	Swansea
	1052	Monmouthshire, Newport	UKL21	Internal	Monmouth
	1053	Cardiff, Vale of Glamorga	UKL22	Internal	Cardiff
	1054	Flintshire And Wrexham	UKL23	Internal	Wrexham
	1055	Powys	UKL24	Internal	Newtown
	1056	Aberdeenshire, North East	UKM11	Internal	Aberdeen
	1057	Angus, Dundee City	UKM21	Internal	Dundee
	1058	Clackmannanshire and Fife	UKM22	Internal	Dunfermline
	1059	East Lothian And Midlothi	UKM23	Internal	Dunbar
	1060	Scottish Borders	UKM24	Internal	Gordon
	1061	Edinburgh	UKM25	Internal	Edinburgh
	1062	Falkirk	UKM26	Internal	Falkirk
	1063	Perth, Kinross, Stirling	UKM27	Internal	Stirling
	1064	West Lothian	UKM28	Internal	Livingston
1065	East A. West Dunbartonshi	UKM31	Internal	Dumbarton	
1066	Dumfries and Galloway	UKM32	Internal	Dumfries	
1067	E.A.N. Ayrshire, Mainland	UKM33	Internal	Kilmarnock	
1068	Glasgow City	UKM34	Internal	Glasgow	
1069	Inverclyde, East Renfrews	UKM35	Internal	Paisly	
1070	North Lanarkshire	UKM36	Internal	Coatbridge	
1071	South Ayrshire	UKM37	Internal	Ayr	
1072	South Lanarkshire	UKM38	Internal	East Kilbride	
1073	Caithness,Sutherland,Ross	UKM41	Internal	Wick	
1074	Badenoch, Strathspey, Loc	UKM42	Internal	Inverness	
1075	Lochaber,Skye,Lochalsh,Ar	UKM43	Internal	Oban	
1076	Eilean Siar (Western Isle	UKM44	Internal	Stornoway	
1077	Orkney Islands	UKM45	Internal	Kirkwall	
1078	Shetland Islands	UKM46	Internal	Lerwick	
1079	Belfast	UKN01	Internal	Belfast	
1080	Outer Belfast	UKN02	Internal	Lisburn	
1081	East of Northern Ireland	UKN03	Internal	Ballymena	
1082	North of Northern Ireland	UKN04	Internal	Londonderry	
1083	W.A.S. of Northern Ireand	UKN05	Internal	Omagh	

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Shqipëria	1084	Shqipëria	AL	External	Tiranë
Bosna i Hercegovina	1085	Bosna i Hercegovina	BA	External	Sarajevo
Bългария	1086	Sofia Stolitsa	BG1	Candidate	Sofija
	1087	Varna	BG201	Candidate	Varna
	1088	Veliko Turnova	BG202	Candidate	Veliko Turnovo
	1089	Vidin	BG203	Candidate	Vidin
	1090	Vratsa	BG204	Candidate	Bjala Slatina
	1091	Gabrovo	BG205	Candidate	Gabrovo
	1092	Dobrich	BG206	Candidate	Dobrih
	1093	Lovech	BG207	Candidate	Lovech
	1094	Montana	BG208	Candidate	Michajlovgrad
	1095	Pleven	BG209	Candidate	Pleven
	1096	Razgrad	BG20A	Candidate	Razgrad
	1097	Ruse	BG20B	Candidate	Ruse
	1098	Silistra	BG20C	Candidate	Silistra
	1099	Targovishte	BG20D	Candidate	Targoviste
	1100	Shumen	BG20E	Candidate	Sumen
	1101	Blagoevgrad	BG301	Candidate	Blagoevgrad
	1102	Burgas	BG302	Candidate	Burgas
	1103	Kurdjali	BG303	Candidate	Kardzali
	1104	Kyustendil	BG304	Candidate	Kjustendil
	1105	Pazardzhik	BG305	Candidate	Pazardzik
	1106	Pernik	BG306	Candidate	Pernik
	1107	Plovdiv	BG307	Candidate	Plovdiv
	1108	Sliven	BG308	Candidate	Sliven
	1109	Smolyan	BG309	Candidate	Smoljan
	1110	Sofia	BG30A	Candidate	Botevgrad
	1111	Stara Zagora	BG30B	Candidate	Stara Zagora
	1112	Haskovo	BG30C	Candidate	Chaskovo
	1113	Yambol	BG30D	Candidate	Jambol
Belarus	1114	Minsk	BY001	External	Minsk
	1115	Witebsk	BY002	External	Witebsk
	1116	Mogiljow	BY003	External	Mogiljow
	1117	Gomel	BY004	External	Gomel
	1118	Brest	BY005	External	Brest
	1119	Grodno	BY006	External	Grodno
Schweiz	1120	Vaud	CH011	External	Lausanne
	1121	Valais	CH012	External	Sion
	1122	Geneve	CH013	External	Geneve
	1123	Bern	CH021	External	Bern
	1124	Freiburg	CH022	External	Fribourg
	1125	Solothurn	CH023	External	Solothurn
	1126	Neuchatel	CH024	External	Neuchatel
	1127	Jura	CH025	External	Delemont
	1128	Basel-Stadt	CH031	External	Basel
	1129	Basel-Landschaft	CH032	External	Liestal
	1130	Aargau	CH033	External	Aarau
	1131	Zürich	CH04	External	Zürich
	1132	Glarus	CH051	External	Glarus
	1133	Schaffhausen	CH052	External	Schaffhausen
	1134	Appenzell-Ausserrhoden	CH053	External	Herisau
	1135	Appenzell-Innerrhoden	CH054	External	Appenzell
	1136	St.Gallen	CH055	External	St.Gallen
	1137	Graubünden	CH056	External	Chur
	1138	Thurgau	CH057	External	Frauenfeld
	1139	Luzern	CH061	External	Luzern
	1140	Uri	CH062	External	Altdorf
	1141	Schwyz	CH063	External	Schwyz
	1142	Obwalden	CH064	External	Sarnen
	1143	Nidwalden	CH065	External	Stans
	1144	Zug	CH066	External	Zug
	1145	Ticino	CH07	External	Bellinzona

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Cyprus	1146	Cyprus	CY	Candidate	Nicosia
Česko	1147	Praha	CZ01	Candidate	Praha
	1148	Stredocesky	CZ02	Candidate	Kladno
	1149	Ceskokbudejovicky	CZ031	Candidate	Ceske Budejovice
	1150	Plzensky	CZ032	Candidate	Plzen
	1151	Karlovarsky	CZ041	Candidate	Karlovy Vary
	1152	Ustecky	CZ042	Candidate	Teplice
	1153	Liberecky	CZ051	Candidate	Liberec
	1154	Kralovehradecky	CZ052	Candidate	Hradec Kralove
	1155	Pardubicky	CZ053	Candidate	Pardubice
	1156	Jihlavsky	CZ061	Candidate	Jihlava
	1157	Brnensky	CZ062	Candidate	Brno
	1158	Olomoucky	CZ071	Candidate	Olomouc
	1159	Zlinsky	CZ072	Candidate	Zlin
	1160	Ostravsky	CZ08	Candidate	Ostrava
Eesti	1161	Pohja-Eesti	EE001	Candidate	Tallin
	1162	Kesk-Eesti	EE002	Candidate	Paide
	1163	Kirde-Eesti	EE003	Candidate	Kohtla-Jaerve
	1164	Laeaene-Eesti	EE004	Candidate	Paernu
	1165	Louna-Eesti	EE005	Candidate	Tartu
Hrvatska	1166	Hrvatska	HR	External	Zagreb
Magyarország	1167	Budapest	HU011	Candidate	Budapest
	1168	Pest	HU012	Candidate	Goedoelloe
	1169	Fejer	HU021	Candidate	Szekesfehervar
	1170	Komarom-Esztergom	HU022	Candidate	Tatabanya
	1171	Veszprem	HU023	Candidate	Veszprem
	1172	Gyor-Moson-Sopron	HU031	Candidate	Gyoeer
	1173	Vas	HU032	Candidate	Szombathely
	1174	Zala	HU033	Candidate	Zalaegerszeg
	1175	Baranya	HU041	Candidate	Pecs
	1176	Somogy	HU042	Candidate	Kaposvar
	1177	Tolna	HU043	Candidate	Szekszard
	1178	Borsod-Abauj-Zemplen	HU051	Candidate	Miskolc
	1179	Heves	HU052	Candidate	Eger
	1180	Nograd	HU053	Candidate	Salgotarjan
	1181	Hajdu-Bihar	HU061	Candidate	Debrecen
	1182	Jasz-Nagykun-Szolnok	HU062	Candidate	Szolnok
	1183	Szabolcs-Szatmar-Bereg	HU063	Candidate	Nyiregyhaza
1184	Bacs-Kiskun	HU071	Candidate	Kecskemet	
1185	Bekes	HU072	Candidate	Bekescsaba	
1186	Csongrad	HU073	Candidate	Szeged	
Island	1187	Island	IS	External	Reykjavik
Liechtenstein	1188	Liechtenstein	LI	External	Vaduz
Lietuva	1189	Alytaus (Apskritis)	LT001	Candidate	Alytus
	1190	Kauno (Apskritis)	LT002	Candidate	Kaunas
	1191	Klaipedos (Apskritis)	LT003	Candidate	Klaipeda
	1192	Marijampoles (Apskritis)	LT004	Candidate	Marijampole
	1193	Panevezio (Apskritis)	LT005	Candidate	Panevezys
	1194	Siauliu (Apskritis)	LT006	Candidate	Siauliai
	1195	Taurages (Apskritis)	LT007	Candidate	Taurage
	1196	Telsiu (Apskritis)	LT008	Candidate	Plunge
	1197	Utenos (Apskritis)	LT009	Candidate	Utena
	1198	Vilniaus (Apskritis)	LT00A	Candidate	Vilnius
	Latvija	1199	Riga	LV001	Candidate
1200		Vidzeme	LV002	Candidate	Valmiera
1201		Kurzeme	LV003	Candidate	Liepaja
1202		Kurzeme	LV004	Candidate	Jelgava
1203		Latgale	LV005	Candidate	Daugavpils

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Malta	1204	Malta	MA	Candidate	Valetta
Moldova	1205	Moldova	MD	External	Chisinau
Republica Makedonija	1206	Makedonija	MK	External	Skopje
Norge	1207	Oslo	NO011	External	Oslo
	1208	Akershus	NO012	External	Lillestroem
	1209	Hedmark	NO021	External	Hamar
	1210	Oppland	NO022	External	Lillehammer
	1211	stfold	NO031	External	Moss
	1212	Buskerud	NO032	External	Drammen
	1213	Vestfold	NO033	External	Tonsberg
	1214	Telemark	NO034	External	Skien
	1215	Aust-Agder	NO041	External	Arendal
	1216	Vest-Agder	NO042	External	Kristiansand
	1217	Rogaland	NO043	External	Stavanger
	1218	Hordaland	NO051	External	Bergen
	1219	Sogn Og Fjordane	NO052	External	Hermansverk
	1220	Mre Og Romsdal	NO053	External	Molde
	1221	Sr-Trndelag	NO061	External	Trondheim
	1222	Nord-Trndelag	NO062	External	Steinkjer
	1224	Troms	NO072	External	Tromso
	1225	Finnmark	NO073	External	Vadso
Polska	1226	Dolnoslaskie	PL01	Candidate	Wroclaw
	1227	Kujawsko-Pomorskie	PL02	Candidate	Torun
	1228	Lubelskie	PL03	Candidate	Lublin
	1229	Lubuskie	PL04	Candidate	Zielona Gora
	1230	Lubuskie	PL05	Candidate	Lodz
	1231	Malopolskie	PL06	Candidate	Krakow
	1232	Mazowieckie	PL07	Candidate	Warszawa
	1233	Opolskie	PL08	Candidate	Opole
	1234	Podkarpackie	PL09	Candidate	Rzeszow
	1235	Podlaskie	PL0A	Candidate	Bialystok
	1236	Pomorskie	PL0B	Candidate	Gdansk
	1237	Slaskie	PL0C	Candidate	Katowice
	1238	Swietokrzyskie	PL0D	Candidate	Kielce
	1239	Warminsko-Mazurskie	PL0E	Candidate	Elblag
	1240	Wielkopolskie	PL0F	Candidate	Poznan
	1241	Zachodniopomorskie	PL0G	Candidate	Szczecin
Romnia	1242	Bacau	RO011	Candidate	Bacau
	1243	Botosani	RO012	Candidate	Botosani
	1244	Iasi	RO013	Candidate	Iasi
	1245	Neamt	RO014	Candidate	Piatra-Neamt
	1246	Suceava	RO015	Candidate	Suceava
	1247	Vaslui	RO016	Candidate	Vaslui
	1248	Braila	RO021	Candidate	Braila
	1249	Buzau	RO022	Candidate	Buzau
	1250	Constanta	RO023	Candidate	Constanta
	1251	Galati	RO024	Candidate	Galati
	1252	Tulcea	RO025	Candidate	Tulcea
	1253	Vrancea	RO026	Candidate	Focsani
	1254	Arges	RO031	Candidate	Pitesti
	1255	Calarasi	RO032	Candidate	Calarasi
	1256	Dambovita	RO033	Candidate	Tirgoviste
	1257	Giurgiu	RO034	Candidate	Giurgiu
	1258	Ialomita	RO035	Candidate	Slobozia
	1259	Prahova	RO036	Candidate	Ploiesti
	1260	Teleorman	RO037	Candidate	Alexandria
	1261	Dolj	RO041	Candidate	Craiova
	1262	Gorj	RO042	Candidate	Tirgu Jiu
	1263	Mehedinti	RO043	Candidate	Drobeta-Turnu Severi
	1264	Olt	RO044	Candidate	Slatina
	1265	Valcea	RO045	Candidate	Rimnicu Vilcea
	1266	Arad	RO051	Candidate	Arad

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
România (cont.)	1267	Caras-Severin	RO052	Candidate	Resita
	1268	Hunedoara	RO053	Candidate	Deva
	1269	Timis	RO054	Candidate	Timisoara
	1270	Bihor	RO061	Candidate	Oradea
	1271	Bistrita-Nasaud	RO062	Candidate	Bistrita
	1272	Cluj	RO063	Candidate	Cluj-Napoca
	1273	Maramures	RO064	Candidate	Baia Mare
	1274	Satu Mare	RO065	Candidate	Satu Mare
	1275	Salaj	RO066	Candidate	Zalau
	1276	Alba	RO071	Candidate	Alba Iulia
	1277	Brasov	RO072	Candidate	Brasov
	1278	Covasna	RO073	Candidate	Sfintu Gheorghe
	1279	Harghita	RO074	Candidate	Miercurea-Ciuc
	1280	Mures	RO075	Candidate	Tirgu Mures
	1281	Sibiu	RO076	Candidate	Sibiu
1282	Bucuresti	RO081	Candidate	Bucuresti	
1283	Ilfov	RO082	Candidate	Afumati	
Rossija	1284	Archangelskaja Oblast	RU101	External	Archangelsk
	1285	Vologodskaja Oblast	RU102	External	Vologda
	1286	Murmanskaja Oblast	RU103	External	Murmansk
	1287	Karelijal, Republika	RU104	External	Petrozavodsk
	1288	Komi, Respublika	RU105	External	Uchta
	1289	Neneckij avtonomnyi okrug	RU106	External	Narjan Mar
	1290	Leningradskaja Oblast	RU201	External	Petrodvorec
	1291	Sankt-Peterburg, gorod	RU202	External	Sankt Peterburg
	1292	Novgorodskaja Oblast	RU203	External	Novgorod
	1293	Pskovskaja Oblast	RU204	External	Pskov
	1294	Brjanskaja Oblast	RU301	External	Brjansk
	1295	Vladimirskaja Oblast	RU302	External	Vladimir
	1296	Ivanovskaja Oblast	RU303	External	Ivanovo
	1297	Kaluzskaja Oblast	RU304	External	Kaluga
	1298	Kostromskaja Oblast	RU305	External	Kostroma
	1299	Moskva Oblast	RU306	External	Podolsk
	1300	Moskva, gorod	RU307	External	Moskva
	1301	Orlovskaja Oblast	RU308	External	Orjol
	1302	Rjasan Oblast	RU309	External	Rjasan
	1303	Smolenskaja Oblast	RU310	External	Smolensk
	1304	Tverskaja Oblast	RU311	External	Tver
	1305	Tulskaja Oblast	RU312	External	Tula
	1306	Jaroslavskaja Oblast	RU313	External	Jaroslavl
1307	Belgorodskaja Oblast	RU501	External	Belgorod	
1308	Kurskaja Oblast	RU502	External	Kursk	
1309	Lipeckaja Oblast	RU503	External	Lipetsk	
1310	Kaliningrad	RUA	External	Kaliningrad	
1311	Other Russia	RUB	External	Omsk	
Slovenija	1312	Pomurska	SI001	Candidate	Murska Sobota
	1313	Podravska	SI002	Candidate	Maribor
	1314	Koroska	SI003	Candidate	Ravne Na Koroskem
	1315	Savinjska	SI004	Candidate	Celje
	1316	Zasavska	SI005	Candidate	Trbovlje
	1317	Spodnje-posavska	SI006	Candidate	Brezice
	1318	Dolenjska	SI007	Candidate	Novo Mesto
	1319	Osrednjeslovenska	SI008	Candidate	Ljubljana
	1320	Gorenjska	SI009	Candidate	Kranj
	1321	Notranjsko-Kraska	SI00A	Candidate	Postojna
	1322	Goriska	SI00B	Candidate	Nova Gorica
	1323	Obalno-Kraska	SI00C	Candidate	Kozina

Table A-1. IASON system of regions (cont.)

Country	No	Region	NUTS-3 or equivalent code	Status	Centroid
Slovensko	1324	Bratislavsky Kraj	SK01	Candidate	Bratislava
	1325	Tmavsky Kraj	SK021	Candidate	Trnava
	1326	Trenciansky Kraj	SK022	Candidate	Trencin
	1327	Nitriansky Kraj	SK023	Candidate	Nitra
	1328	Zilinsky Kraj	SK031	Candidate	Zilina
	1329	Banskobystricky Kraj	SK032	Candidate	Banska Bystrica
	1330	Presovsky Kraj	SK041	Candidate	Presov
	1331	Kosicky Kraj	SK042	Candidate	Kosice
Türkiye	1332	Türkiye	TR	External	Istanbul
Ukraine	1333	Südwestliches Wirtschaftsgebiet	UA001	External	Kyiv
	1334	Südliches Wirtschaftsgebiet	UA002	External	Odessa
	1335	Donezk-Dnepr-Gebiet	UA003	External	Dnepropetrowsk
Yugoslavia	1336	Yugoslavia	YU	External	Beograd
Rest of the World	1337	Africa	AF	World	---
	1338	Asia	AS	World	---
	1339	Latin America	LA	World	---
	1340	Middle East	ME	World	---
	1341	North America	NA	World	---