

1. Size of GDP

Gross Domestic Product (GDP) is the standard measure of the value of final goods and services produced by a country during a period. While GDP is the single most important indicator to capture these economic activities, it is not a good measure of societies' well-being and only a limited measure of people's material living standards. The sections and indicators that follow better address this and other related issues and this is one of the primary purposes of this publication.

Countries calculate GDP in their own currencies. In order to compare across countries these estimates have to be converted into a common currency. Often the conversion is made using current exchange rates but these can give a misleading comparison of the true volumes of final goods and services in GDP. A better approach is to use purchasing power parities (PPPs). PPPs are currency converters that control for differences in the price levels of products between countries and so allow an international comparison of the volumes of GDP and of the size of economies.

Definition

What does gross domestic product mean? "Gross" signifies that no deduction has been made for the depreciation of machinery, buildings and other capital products used in production. "Domestic" means that it is production by the resident institutional units of the country. The products refer to final goods and services, that is, those that are purchased, imputed or otherwise, as: final consumption of households, non-profit institutions serving households and government; fixed assets; and exports (minus imports).

GDP at market prices can be measured in three different ways:

- as output less intermediate consumption (i.e. value added) plus taxes on products (such as VAT) less subsidies on products;
- as the income earned from production, equal to the sum of: employee compensation; the gross operating surplus of enterprises and government; the gross mixed income of unincorporated enterprises; and net taxes on production and imports (VAT, payroll tax, import duties, etc., less subsidies);
- or as the expenditure on final goods and services minus imports: final consumption expenditures, gross capital formation, and exports less imports.

Comparability

Comparability is good but in some countries, for example in specific areas such as the own account production of software or financial intermediation services (indirectly measured) (FISIM), differences remain, which can impact on comparisons of GDP. The measurement of the non-observed economy (NOE, often referred to as the informal, grey, shadow, economy) can also have an impact on comparability, although for OECD economies, in general, this is not thought to be significant. (See also "Reader's guide", relating to PPP based comparisons.)

For some countries, the latest year has been estimated by the Secretariat. Historical data have also been estimated for those countries that revise their methodologies but only supply revised data for some years. This estimation process mechanically links the new and old series to preserve growth rates.

Source

- OECD (2012), *National Accounts of OECD Countries*, OECD Publishing, <http://dx.doi.org/10.1787/2221433x>.

Online database

- OECD (2012), "Aggregate National Accounts: Gross domestic product", *OECD National Accounts Statistics* (database), <http://dx.doi.org/10.1787/data-00001-en>.

Further reading

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- Lequiller, F. and D. Blades (2007), *Understanding National Accounts*, OECD Publishing, <http://dx.doi.org/10.1787/9789264027657-en>.
- Lequiller, F. et al. (2003), *Report of the OECD Task Force on Software Measurement in the National Accounts*, OECD Publishing, <http://dx.doi.org/10.1787/334811030426>.
- OECD (2002), *Measuring the Non-Observed Economy: A Handbook*, International Labour Office/International Monetary Fund/International Statistical Committee of the Commonwealth of Independent States, OECD Publishing, <http://dx.doi.org/10.1787/9789264175358-en>.
- OECD (2000), *System of National Accounts, 1993 – Glossary*, OECD Publishing, <http://dx.doi.org/10.1787/9789264180871-en>.
- UN, OECD, IMF, World Bank and Eurostat (eds.) (1993 and 2008), *System of National Accounts*, United Nations, Geneva, <http://unstats.un.org/unsd/nationalaccount/sna.asp>.

Table 1.1. **Gross domestic product, current PPPs**

Billion US dollars

	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Australia	478	510	539	568	599	638	674	717	768	824	847	883	916	956 e
Austria	209	217	232	233	246	254	268	277	302	316	332	326	336	355
Belgium	249	259	283	293	310	314	325	337	361	379	397	396	412	427
Canada	770	825	874	910	938	989	1 049	1 132	1 201	1 263	1 299	1 276	1 333	1 396 e
Chile	137 e	138 e	147 e	156 e	162 e	172	189	206	226	243	257	257	276	299
Czech Republic	148	152	160	172	179	191	205	218	239	263	270	270	267	277
Denmark	139	143	154	158	165	164	174	180	196	206	219	211	224	229
Estonia	12	12	14	15	16	18	20	22	26	29	30	26	27	29
Finland	116	122	133	138	143	144	156	161	175	191	202	190	195	203
France	1 367	1 424	1 533	1 628	1 705	1 693	1 761	1 861	1 992	2 114	2 191	2 171	2 221	2 290
Germany	1 984	2 052	2 118	2 199	2 264	2 340	2 449	2 566	2 764	2 925	3 048	2 952	3 084	3 232
Greece	177 e	184 e	199 e	216 e	235 e	248 e	264 e	270	298	311	333	331	314	295
Hungary	109	113	121	136	149	155	164	171	184	190	205	202	204	213
Iceland	8	8	8	9	9	9	10	10	11	12	13	12	11	11
Ireland	89	98	110	118	130	139	149	161	181	197	188	178	182	189
Israel ¹	125	131	147	150	154	149	160	161	169	183	187	191	202	217
Italy	1 359	1 386	1 467	1 554	1 540	1 571	1 601	1 657	1 792	1 903	1 997	1 941	1 930	2 000
Japan	3 076	3 116	3 295	3 382	3 472	3 571	3 748	3 890	4 063	4 264	4 289	4 096	4 326	4 383 e
Korea	647	727	808	860	936	966	1 039	1 097	1 173	1 268	1 306	1 324	1 423	1 506
Luxembourg	18	21	23	24	26	27	30	32	37	41	41	40	43	46
Mexico	849 e	894 e	987 e	1 009 e	1 048 e	1 109	1 186	1 294	1 439	1 531	1 627	1 541	1 645	1 745 e
Netherlands	400	426	468	494	516	514	540	573	622	667	706	682	701	715
New Zealand	72	77	81	86	90	95	100	105	113	121	124	127	130 e	134 e
Norway	122	133	162	167	168	175	195	220	251	263	292	264	280	306
Poland	363	383	404	419	442	458	497	526	575	639	687	722	760	814
Portugal	159	170	182	190	199	203	209	225	243	257	265	265	271	270
Slovak Republic	56	56	59	65	70	73	79	87	99	113	125	122	127	131
Slovenia	31	33	35	37	39	41	44	47	51	55	59	56	55	57
Spain	751	792	858	919	994	1 040	1 108	1 189	1 340	1 446	1 511	1 477	1 466	1 485
Sweden	216	230	248	251	261	273	292	295	324	352	365	347	370	392
Switzerland	215	219	234	241	252	254	265	275	306	338	367	362	379	403
Turkey	536	518	589	561	572	588	688	781	895	976	1 068	1 038	1 137	1 292
United Kingdom	1 369	1 424	1 534	1 627	1 703	1 773	1 897	1 985	2 128	2 189	2 214	2 143	2 226	2 236
United States	8 741	9 301	9 899	10 234	10 590	11 089	11 798	12 564	13 315	13 962	14 219	13 898	14 419	14 991
Euro area	6 996	7 270	7 717	8 146	8 457	8 644	9 031	9 506	10 313	10 976	11 420	11 190	11 404	11 764
OECD-Total	25 098 e	26 295 e	28 107 e	29 219 e	30 324 e	31 436 e	33 335 e	35 293	37 859	40 030	41 279	40 320	41 895 e	43 525 e

1. Information on data for Israel: <http://dx.doi.org/10.1787/888932315602>.


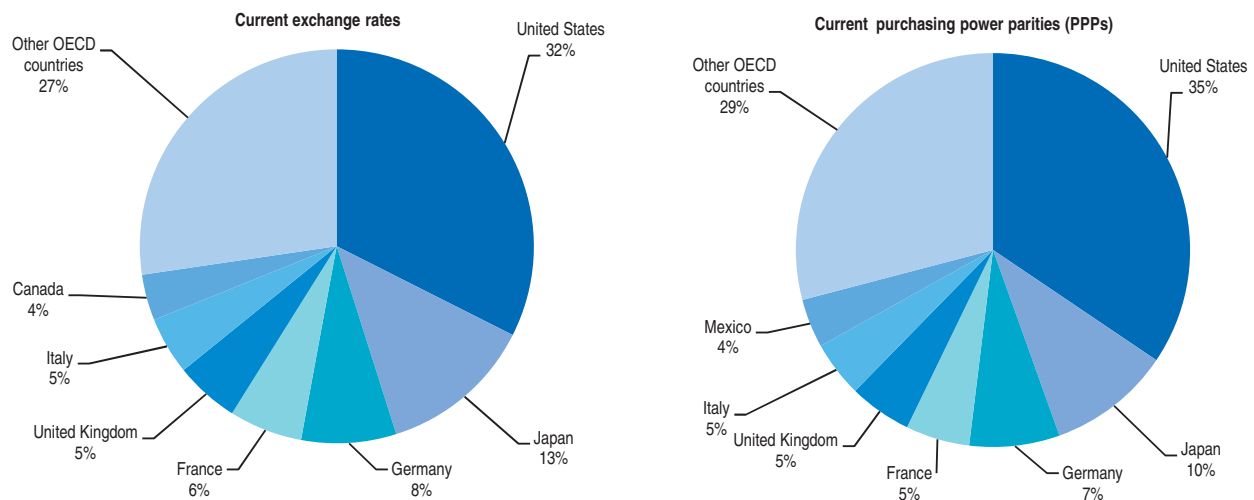

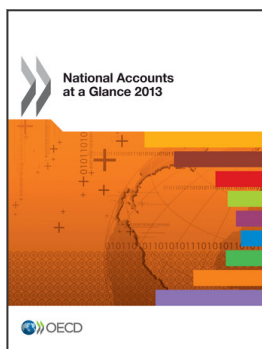
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Figure 1.1. **Gross domestic product, current exchange rates and current PPPs**

The seven largest economies in the OECD. Percentage of OECD total, 2011



StatLink  <http://dx.doi.org/10.1787/888932761532>



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