

INVESTMENT RATES

The share of total GDP that is devoted to investment in fixed assets is an important determinant of future economic growth. However, not all types of investment contribute to future GDP growth in the same way, and future GDP growth may also depend on expenditures that are conventionally considered as consumption (e.g. education, health).

Definition

The total of gross fixed capital formation (investment or GFCF) is here shown as a share of GDP. GFCF reflects the acquisition, less disposal, of fixed assets, i.e. products that are expected to be used in production for several years. Acquisitions include both purchases of assets (new or second-hand) and the construction of assets by producers for their own use. Disposals include sales of assets for scrap as well as sales of used assets in a working condition to other producers. New Zealand, Mexico and some Central European countries import substantial quantities of used assets, which are included in GFCF.

Fixed assets consist of machinery and equipment; dwellings and other buildings; roads, bridges, airfields and dams; orchards and tree plantations; improvements to land such as fencing, levelling and draining; draught animals and other animals that are kept for the milk and wool that they produce; computer software and databases; entertainment, literary or artistic originals, and expenditures on mineral exploration. What all these things have in common is that they contribute to future production. This may not be obvious in the case of dwellings but, in the national accounts, flats and houses are considered to produce services that are consumed by owners or tenants over the life of the building.

Overview

The total investment rate, for the period 2006-2008 averaged 21% for the OECD as a whole. Among OECD countries, investment rates are substantially higher in Spain, Iceland, Korea and Australia and significantly lower in United Kingdom, Germany, the United States, Sweden, and Luxembourg. These investment rates exceed 30% of GDP in Estonia and India, and 40% of GDP in China.

For the OECD as a whole, total investment rates are broadly unchanged compared to 1995-1997. Investment rates fell by 4 percentage points or more in Korea, Japan and the Slovak Republic where investment rates remain well above the OECD average as well as in Israel and Chile (where investment rates are comparatively lower). Total investment rates are now much higher than in 1995-1997 in Iceland, Spain, Ireland and Australia. Part of this rise may reflect an unsustainable boom in housing construction.

In calculating shares, GFCF and GDP are both valued at current market prices. Three-year averages refer to the years 2006 to 2008 (end of period); and 1995 to 1997 (beginning of period).

Comparability

When the *System of National Accounts* was revised in 1993, the scope of GFCF was widened to include mineral exploration, computer software and entertainment, as well as literary and artistic originals. Comparability of these items has improved in recent years but the coverage of the various items differs across countries. This applies particularly in the case of own-account production of software.

Data for Australia and New Zealand refer to fiscal years.

Sources

- OECD (2010), *National Accounts of OECD Countries*, OECD, Paris.
- For Russian Federation and South Africa: OECD (2010), *Main Economic Indicators*, OECD, Paris.
- For China: National Bureau of Statistics.
- For Brazil: National sources and OECD (2010), *Main Economic Indicators*, OECD, Paris.

Further information

Analytical publications

- OECD (2008), *OECD Economic Outlook, June No. 83* – Vol. 2008/1, OECD, Paris.

Statistical publications

- OECD (2009), *National Accounts at a Glance 2009*, OECD, Paris.

Methodological publications

- Ahmad, N. (2004), "Towards More Harmonised Estimates of Investment in Software", *OECD Economic Studies*, No. 37, 2003/2, OECD, Paris.
- OECD (2000), *OECD Glossaries, System of National Accounts, 1993 – Glossary*, OECD, Paris.
- UN, OECD, IMF, Eurostat (eds.) (1993), *System of National Accounts 1993*, United Nations, Geneva, <http://unstats.un.org/unsd/sna1993>.

Web sites

- OECD Economic Outlook – Sources and Methods, www.oecd.org/eco/sources-and-methods.

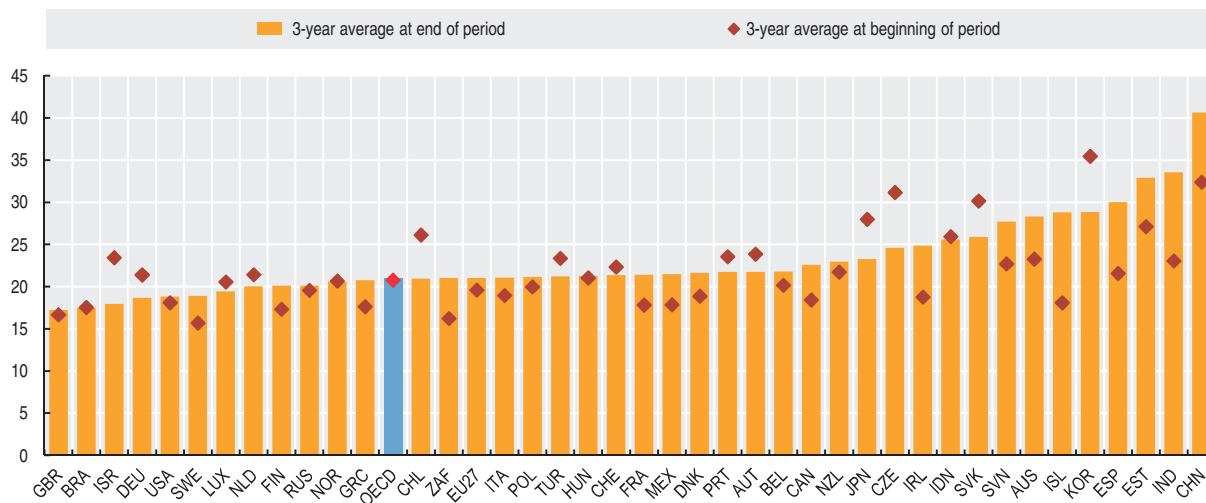

Gross fixed capital formation

As a percentage of GDP

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Australia	22.9	22.9	24.0	24.2	24.8	22.0	22.9	24.8	25.4	25.8	27.0	27.2	28.3	29.4
Austria	23.6	24.1	23.9	24.0	23.5	24.0	23.3	21.7	22.4	22.0	21.7	21.6	21.8	21.8
Belgium	19.9	20.1	20.5	20.6	20.7	21.1	20.8	19.1	18.8	19.8	20.7	21.0	21.7	22.6
Canada	17.6	17.9	19.8	19.9	19.8	19.2	19.6	19.5	19.6	20.3	21.3	22.4	22.6	22.7
Czech Republic	31.5	32.1	29.9	28.2	27.0	28.0	28.0	27.5	26.7	25.8	24.9	24.7	25.2	23.9
Denmark	18.4	18.6	19.6	20.4	19.8	20.2	19.8	19.6	19.3	19.3	19.5	21.7	22.3	20.9
Finland	16.6	17.1	18.3	19.0	19.0	19.4	19.5	18.0	18.1	18.2	18.9	19.3	20.4	20.6
France	18.1	17.9	17.5	17.9	18.8	19.5	19.5	18.8	18.8	19.3	20.0	20.7	21.6	21.9
Germany	21.9	21.3	21.0	21.1	21.3	21.5	20.0	18.3	17.9	17.5	17.4	18.2	18.8	19.0
Greece	17.0	17.8	18.1	19.4	20.8	21.6	21.6	22.5	23.3	22.2	20.6	21.5	21.4	19.4
Hungary	20.6	21.2	21.3	22.3	23.0	23.4	23.0	23.1	22.3	22.5	23.0	21.7	21.2	20.9
Iceland	15.7	18.9	19.7	24.0	21.8	22.9	21.5	18.2	20.0	23.5	28.4	34.0	28.2	24.2
Ireland	17.3	18.9	20.1	21.6	23.1	23.1	22.4	21.6	22.4	24.4	26.6	26.9	26.0	21.7
Italy	19.1	18.9	18.9	19.3	19.6	20.3	20.3	20.9	20.4	20.5	20.7	21.1	21.2	20.9
Japan	28.0	28.3	27.7	25.9	25.5	25.2	24.7	23.3	22.8	22.7	23.3	23.3	23.4	23.1
Korea	36.0	36.1	34.3	29.2	28.6	30.0	28.8	28.6	29.3	29.2	28.9	28.7	28.5	29.3
Luxembourg	19.9	20.1	21.7	21.8	23.5	20.8	22.6	22.6	22.2	21.5	20.5	19.1	19.9	19.3
Mexico	16.2	17.9	19.5	20.9	21.2	21.4	20.0	19.3	18.9	19.7	20.3	20.9	21.4	22.2
Netherlands	20.8	21.6	21.9	22.2	22.9	21.9	21.1	20.0	19.5	18.8	18.9	19.7	20.0	20.4
New Zealand	22.1	22.0	21.1	20.1	20.9	20.4	20.8	21.4	22.6	23.7	24.1	23.5	23.3	22.1
Norway	19.8	20.2	22.0	25.0	21.9	18.4	18.1	17.9	17.3	18.0	18.8	19.6	21.3	20.8
Poland	17.7	19.8	22.4	24.1	24.4	23.7	20.7	18.7	18.2	18.1	18.2	19.7	21.6	22.1
Portugal	22.5	23.0	25.2	26.5	26.8	27.1	26.5	25.0	22.9	22.6	22.2	21.7	21.8	21.7
Slovak Republic	24.8	31.8	33.9	35.8	29.5	25.8	28.5	27.4	24.8	24.0	26.6	26.5	26.2	24.9
Spain	21.5	21.4	21.8	23.0	24.6	25.8	26.0	26.3	27.2	28.0	29.4	30.6	30.7	28.8
Sweden	15.7	15.9	15.5	16.3	17.0	17.6	17.5	16.8	16.3	16.4	17.4	18.2	19.0	19.5
Switzerland	23.3	22.1	21.6	22.2	22.2	22.7	21.9	21.3	20.5	20.8	21.2	21.3	21.5	21.3
Turkey	22.2	23.3	24.6	22.9	18.9	20.4	15.9	16.7	17.0	20.3	21.0	22.3	21.4	19.9
United Kingdom	16.6	16.7	16.7	17.7	17.4	17.1	16.8	16.8	16.4	16.7	16.7	17.1	17.8	16.8
United States	17.7	18.1	18.5	19.1	19.7	20.0	19.4	18.2	18.2	18.8	19.5	19.7	18.9	17.9
EU27 total	19.7	19.6	19.5	20.1	20.4	20.6	20.2	19.6	19.5	19.6	20.0	20.7	21.3	21.1
OECD total	20.5	20.8	21.0	21.0	21.2	21.4	20.7	20.0	19.8	20.2	20.7	21.1	21.1	20.6
Brazil	18.3	16.9	17.4	17.0	15.7	16.8	17.0	16.4	15.3	16.1	15.9	16.4	17.4	18.7
Chile	25.1	26.4	26.9	25.8	20.4	20.2	21.0	20.5	20.1	19.3	21.2	19.0	19.9	24.0
China	33.0	32.4	31.8	33.0	33.6	34.3	34.6	36.3	39.2	40.6	41.0	40.7	40.1	41.1
Estonia	26.9	26.4	28.1	30.4	24.6	25.7	26.4	29.7	31.6	30.9	32.1	34.9	34.5	29.3
India	23.3	22.7	23.2	22.9	23.3	23.8	24.4	27.5	30.4	32.1	34.0	34.5
Indonesia	25.6	26.7	25.5	22.9	18.1	19.9	19.7	19.4	19.5	22.4	23.6	24.1	25.0	27.6
Israel	23.9	23.8	22.6	20.7	20.2	18.7	17.8	17.3	16.6	16.4	16.5	17.2	18.7	18.0
Russian Federation	20.6	20.2	17.9	15.9	14.5	16.6	18.7	17.8	18.2	18.1	17.5	18.2	20.7	21.5
Slovenia	21.8	22.5	23.8	24.9	26.6	26.1	24.7	23.1	24.0	24.9	25.5	26.5	27.7	28.9
South Africa	15.9	16.3	16.5	17.1	15.5	15.1	15.0	15.0	15.9	16.2	17.1	18.8	21.1	23.2

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Gross fixed capital formation

As a percentage of GDP


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