

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: the 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 (2010), *National Accounts of OECD Countries 2010, Volume I, Main Aggregates*, OECD Publishing, http://dx.doi.org/10.1787/na_vol_1-2010-en.

Online database

- OECD (2010), "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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- Ahmad, N. (2003), *Measuring Investment in Software*, OECD Publishing, <http://dx.doi.org/10.1787/335303788330>.
- OECD (2002), *Measuring the Non-Observed Economy: A Handbook*, OECD Publishing, <http://dx.doi.org/10.1787/9789264175358-en>.
- Lequiller, F. and D. Blades (2007), *Understanding National Accounts*, OECD Publishing, <http://dx.doi.org/10.1787/9789264027657-en>.
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Table 1.1. **Gross domestic product, current PPPs**

Billion US dollars

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Australia	422	448	475	512	540	570	602	640	676	721	775	830	848	870 e
Austria	194	199	208	216	231	232	244	252	266	275	300	314	332	321
Belgium	232	243	248	259	283	293	310	314	324	337	360	377	396	391
Canada	690	732	770	825	874	910	938	989	1 049	1 132	1 202	1 264	1 297	1 280
Chile	117	127	133	134	143	151	157	167	182	198	214	230	244	243
Czech Republic	141	142	144	147	154	165	172	184	197	208	230	254	269	265
Denmark	127	133	139	143	154	158	165	164	174	180	196	203	212	204
Finland	99	108	116	122	133	138	143	144	156	161	174	191	200	185
France	1 241	1 301	1 369	1 425	1 535	1 630	1 711	1 700	1 767	1 869	2 001	2 121	2 222	2 172
Germany	1 888	1 935	1 989	2 064	2 133	2 212	2 275	2 357	2 466	2 587	2 778	2 926	3 032	2 970
Greece	163	173	179	185	201	218	237	250	266	273	300	317	335	328
Hungary	97	104	111	115	124	138	150	156	165	171	185	192	209	198
Iceland	6	7	8	8	8	9	9	9	10	10	11	12	12	12
Ireland	71	80	89	97	109	118	130	138	148	161	180	198	191	179
Israel*	100	105	110	131	148	151	155	149	161	162	176	192	202	207
Italy	1 240	1 285	1 350	1 377	1 458	1 546	1 532	1 563	1 595	1 649	1 782	1 885	1 956	1 922
Japan	2 964	3 062	3 031	3 071	3 250	3 330	3 417	3 510	3 708	3 873	4 070	4 285	4 316	4 140 e
Korea	647	691	653	727	809	861	936	966	1 039	1 097	1 174	1 269	1 306	1 324
Luxembourg	17	17	18	21	23	24	26	27	30	32	37	41	44	42
Mexico	736 e	800 e	849 e	894 e	987 e	1 009 e	1 048 e	1 109	1 187	1 294	1 435	1 527	1 623	1 535 e
Netherlands	352	376	400	426	468	494	516	514	540	573	622	667	708	675
New Zealand	67	71	72	77	81	86	90	94	100	104	113	121	124	125 e
Norway	114	123	121	133	162	167	168	175	194	219	248	259	290	266
Poland	311	340	362	383	404	419	442	458	497	526	575	636	692	728
Portugal	141	150	159	170	182	190	198	202	208	225	242	254	268	261
Slovak Republic	48	52	56	56	59	65	70	73	79	87	99	112	125	122
Slovenia	27	29	31	33	35	37	39	41	44	47	51	55	59	56
Spain	659	700	750	792	859	920	994	1 039	1 108	1 188	1 338	1 447	1 503	1 500
Sweden	200	208	216	230	248	251	261	272	292	295	324	352	364	353
Switzerland	194	203	210	215	228	234	245	246	257	266	296	326	347	349
Turkey	466 e	511 e	535	518	589	561	572	588	688	781	895	961	1 040	1 040
United Kingdom	1 218	1 308	1 363	1 423	1 535	1 630	1 714	1 777	1 902	1 971	2 119	2 191	2 287	2 252
United States	7 784	8 279	8 741	9 301	9 899	10 234	10 590	11 089	11 812	12 580	13 336	13 995	14 297	14 044
Euro area	6 385	6 663	6 979	7 260	7 727	8 136	8 448	8 637	9 023	9 489	10 292	10 937	11 405	11 159
OECD-Total	22 527 e	23 778 e	24 735 e	25 933 e	27 721 e	28 811 e	29 907 e	31 001	32 904	34 844	37 397	39 526	40 847	40 052 e


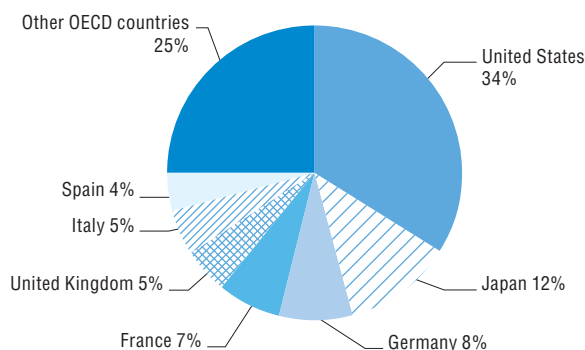
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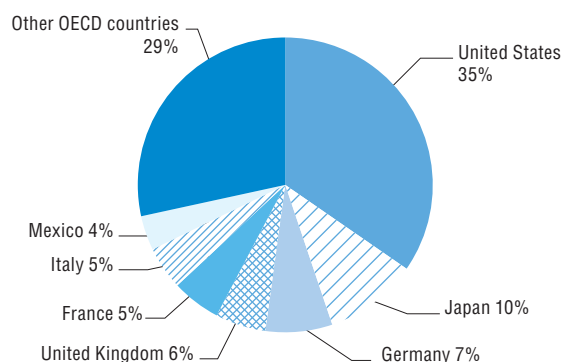
Figure 1.1. **Gross domestic product, current exchanges rates and current PPPs**

The seven largest economies in the OECD. Percentage of OECD total, 2009

Current exchange rates

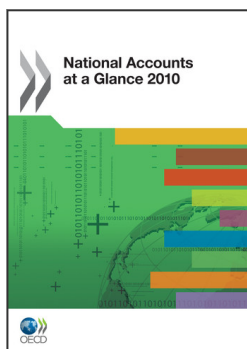


Current purchasing power parities (PPPs)



StatLink  <http://dx.doi.org/10.1787/888932351056>

* The statistical data for Israel are supplied by and under the responsibility of the relevant Israeli authorities. The use of such data by the OECD is without prejudice to the status of the Golan Heights, East Jerusalem and Israeli settlements in the West Bank under the terms of international law.



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