

## 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

All OECD countries now follow the 1993 System of National Accounts, although 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 (2009), *National Accounts of OECD Countries 2009, Volume I, Main Aggregates*, OECD Publishing, [http://dx.doi.org/10.1787/na\\_vol\\_1-2009-en-fr](http://dx.doi.org/10.1787/na_vol_1-2009-en-fr).

### Online database

- OECD (2009), "Aggregate national accounts: gross domestic product", *OECD National Accounts Statistics (database)*, <http://dx.doi.org/10.1787/data-00001-en>.

### Further reading

- Lequiller F., N. Ahmad, S. Varjonen, W. Cave and K.-H. Ahn (2003), *Report of the OECD Task Force on Software Measurement in the National Accounts*, OECD Publishing, <http://dx.doi.org/10.1787/334811030426>.
- 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>.
- OECD (2000), *System of National Accounts, 1993 – Glossary*, OECD Publishing, <http://dx.doi.org/10.1787/9789264180871-en>.
- UN, OECD, IMF, Eurostat (eds.) (1993), *System of National Accounts 1993*, United Nations, Geneva, <http://unstats.un.org/unsd/sna1993>.

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

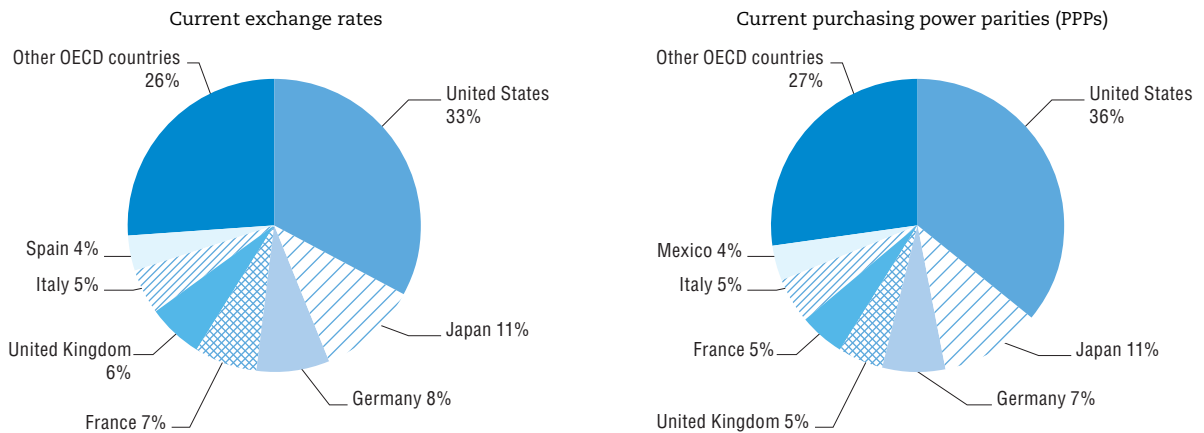
Billion US dollars

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008
Australia	392	412	437	464	497	525	552	585	622	656	697	743	795	830 e
Austria	187	194	199	208	216	230	232	244	252	266	275	291	309	316
Belgium	228	232	243	248	259	282	292	309	313	323	336	354	376	374
Canada	667	691	732	771	825	873	910	938	990	1 050	1 131	1 204	1 270	1 303 e
Czech Republic	133	141	143	144	147	154	165	172	184	197	208	226	248	257
Denmark	120	127	134	139	143	154	158	165	164	175	180	190	196	200
Finland	96	99	108	117	122	133	138	143	144	156	161	172	184	188
France	1 204	1 243	1 302	1 369	1 425	1 533	1 630	1 711	1 701	1 768	1 869	1 961	2 081	2 115
Germany	1 840	1 892	1 936	1 990	2 064	2 130	2 212	2 275	2 358	2 468	2 587	2 709	2 835	2 928
Greece	156	163	173	179	185	201	218	237	250	267	274	294	316	324
Hungary	93	97	104	111	115	124	138	150	156	165	171	181	189	193
Iceland	6	7	7	8	8	8	9	9	9	10	10	11	11	12
Ireland	65	71	80	89	97	109	118	130	138	148	160	177	195	186
Italy	1 202	1 242	1 285	1 351	1 377	1 456	1 546	1 532	1 564	1 596	1 649	1 737	1 813	1 849
Japan	2 831	2 964	3 061	3 032	3 071	3 246	3 331	3 417	3 510	3 710	3 873	4 081	4 293	4 356 e
Korea	603 e	657 e	699 e	658 e	731 e	806	860	936	964	1 041	1 097	1 195	1 300	1 358
Luxembourg	16	17	17	18	21	23	24	26	27	30	32	36	40	41
Mexico	688 e	737 e	800 e	849 e	894 e	986 e	1 009 e	1 048 e	1 108	1 186	1 294	1 402	1 485	1 537 e
Netherlands	334	352	376	400	426	468	494	516	515	541	573	607	644	681
New Zealand	64	67	70	71	76	80	85	89	93	99	103	109	115	115 e
Norway	103	114	123	122	133	162	167	168	175	194	219	243	252	278
Poland	287	311	340	363	383	404	419	442	458	497	526	566	614	674
Portugal	131	137	146	154	164	175	183	191	196	201	218	229	242	246
Slovak Republic	45	49	52	56	56	59	65	70	73	79	87	97	108	119
Spain	631	661	701	751	792	857	920	994	1 040	1 109	1 188	1 304	1 420	1 447
Sweden	193	200	207	215	229	246	249	259	269	289	292	313	335	344
Switzerland	189	194	203	210	215	228	234	245	246	258	266	290	314	332
Turkey	427 e	467 e	511 e	536	518	589	561	572	588	689	781	881	945	998
United Kingdom	1 146	1 220	1 308	1 363	1 423	1 533	1 631	1 714	1 778	1 900	1 969	2 068	2 167	2 200
United States	7 359	7 784	8 279	8 741	9 301	9 899	10 234	10 590	11 089	11 812	12 580	13 336	14 011	14 369
Euro area	6 178	6 394	6 664	6 978	7 256	7 711	8 131	8 442	8 636	9 021	9 483	10 044	10 644	10 910
OECD-Total	21 438 e	22 541 e	23 775 e	24 724 e	25 914 e	27 671 e	28 784 e	29 879 e	30 977	32 878	34 805	37 004	39 103	40 170 e

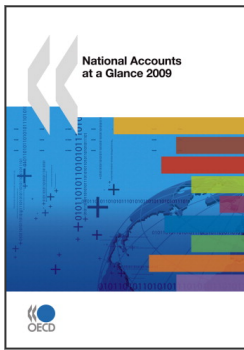
StatLink  <http://dx.doi.org/10.1787/740520054135>

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

The seven largest economies in the OECD. Percentage of OECD total, 2008



StatLink  <http://dx.doi.org/10.1787/738543187137>



**From:**  
**National Accounts at a Glance 2009**

**Access the complete publication at:**  
<https://doi.org/10.1787/9789264067981-en>

**Please cite this chapter as:**

OECD (2010), "Size of GDP", in *National Accounts at a Glance 2009*, OECD Publishing, Paris.

DOI: <https://doi.org/10.1787/9789264075108-3-en>

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