

## GROSS DOMESTIC PRODUCT

For most OECD countries, the recent financial crisis led to the sharpest fall in economic activity (GDP) since the Great Depression.

### Definition

GDP is the standard measure of the value of goods and services produced by a country during a period. It can be decomposed into five key aggregates of final demand. Private final consumption expenditure includes households' final consumption – the expenditure incurred by resident households on individual consumption goods and services, including any goods that households produce and consume themselves and imputed rent – and the consumption of non-profit institutions serving households. Government final consumption consists of expenditure incurred by general government to provide consumption goods and services to individual households and to the community as a whole. Gross capital formation (investment) is the value of a producer's acquisitions (less disposals) of fixed assets and valuables during the year, plus changes in inventories. Exports consist of goods and services obtained by non-residents from residents and imports consist of goods and services obtained by residents from non-residents.

### Overview

The cumulative fall in real GDP experienced during the recession of 2008 and 2009 is unprecedented in recent history as demonstrated in the figures shown here. The contraction in GDP was sharper, more prolonged and more synchronised than in previous crises (starting everywhere in the first or second quarter of 2008). The cumulative fall in GDP reached 8 points in Japan, was around 6 points in the United Kingdom, Germany and Italy, and exceeded 3 points in France and the United States. By the third quarter of 2009, GDP had rebounded in all the countries shown with the exception of the United Kingdom.

The fall in real GDP for the OECD area (4.7 points between the first quarter of 2008 and the second quarter of 2009) mainly reflected the sharp decline in investment and exports, which more than offset the decline in import volumes. Government consumption significantly supported economic activity, although this support was more moderate in Japan. Real private consumption added to the decline in economic activity in the OECD area as a whole (especially in the United Kingdom) while it supported economic activity in France and Germany. Investment and international trade are significantly lower than pre-crisis levels for all selected countries. The crisis has not just affected OECD countries – as evidenced by a slowdown in GDP growth in China and by a much larger decline in GDP levels in the Russian Federation, mainly reflecting lower investment and private consumption.

The data shown here refer to quarterly national accounts aggregates at constant prices, as collected through the OECD Quarterly National Accounts database. For each country, the figure compares developments in real GDP during the recent recession and those experienced in the three previous decades. Data are indexed to the level achieved in the quarter preceding each recession, with quarters elapsed since then shown on the horizontal axis. The table shows the cumulated change of real seasonally adjusted GDP and its components between the first quarter of 2008 and the second quarter of 2009, for selected countries and regions.

### Comparability

Data on quarterly GDP and demand components are based on the 1993 *System of National Accounts* (SNA). This assures good comparability across countries. But there are some deviations in some areas, for example the treatment of financial intermediation services indirectly measured and the production of software for own-use. The United States for example includes expenditures on military products that have no dual civilian role, as investment rather than as government final consumption. Compared to other OECD countries, government final consumption (and GDP) in the United States includes consumption of fixed capital related to the depreciation of military products.

### Sources

- OECD (2009), *Quarterly National Accounts*, OECD, Paris.

### Further information

#### Analytical publications

- OECD (2009), *OECD Economic Outlook: June*. No. 85 – Volume 2009 issue 1, OECD, Paris.

#### Statistical publications

- OECD (2009), *Quarterly National Accounts*, OECD, Paris.

#### Methodological publications

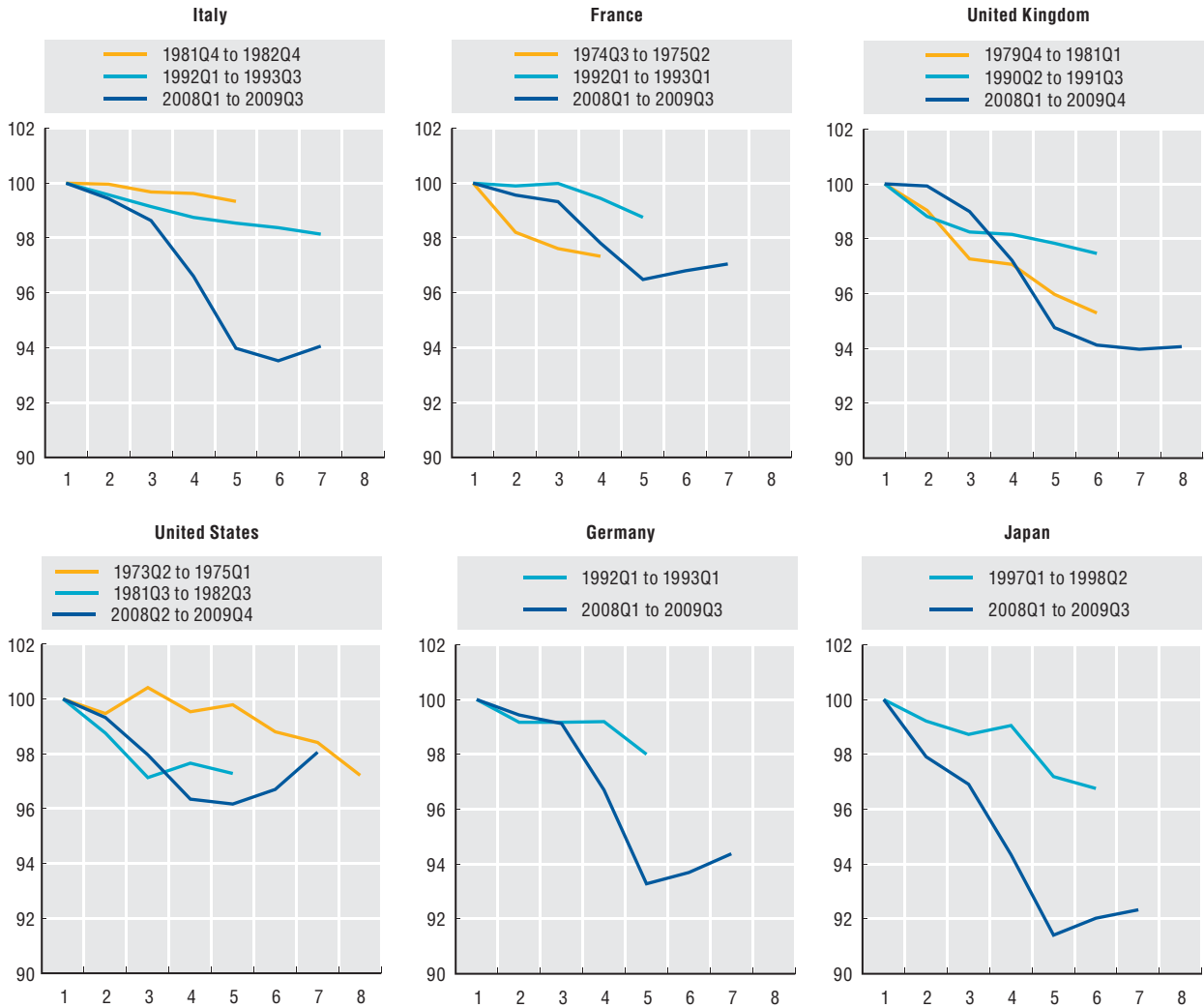
- OECD (2000), *OECD Glossaries, System of National Accounts, 1993 – Glossary*, OECD, Paris.

#### Web sites

- OECD National Accounts, [www.oecd.org/std/national-accounts](http://www.oecd.org/std/national-accounts).

**Changes in real GDP in recent crises**

Peak quarter = 100, seasonally adjusted



StatLink <http://dx.doi.org/10.1787/822810045362>

**Changes in real GDP and demand components in the 2008-09 recession**

Percentage, cumulative change between 2008Q1 and 2009Q2

|                    | Gross domestic product | Private final consumption expenditure | Government final consumption expenditure | Gross capital formation | Exports of goods and services | Imports of goods and services |
|--------------------|------------------------|---------------------------------------|--|-------------------------|-------------------------------|-------------------------------|
| Canada             | -3.1                   | -0.3                                  | 3.1                                      | -11.1                   | -19.2                         | -19.0                         |
| France             | -3.2                   | 0.9                                   | 1.8                                      | -8.4                    | -15.0                         | -12.5                         |
| Germany            | -6.3                   | 0.8                                   | 3.2                                      | -10.6                   | -18.2                         | -12.9                         |
| Italy              | -6.5                   | -2.6                                  | 2.2                                      | -15.8                   | -23.9                         | -19.0                         |
| Japan              | -8.0                   | -2.7                                  | 0.7                                      | -16.7                   | -32.1                         | -20.5                         |
| United Kingdom     | -5.9                   | -4.0                                  | 3.1                                      | -18.0                   | -13.3                         | -16.7                         |
| United States      | -3.5                   | -1.7                                  | 2.9                                      | -16.7                   | -12.6                         | -19.5                         |
| Euro area          | -5.1                   | -1.3                                  | 3.2                                      | -12.4                   | -17.8                         | -15.3                         |
| OECD total         | -4.7                   | -2.1                                  | 3.0                                      | -13.9                   | -15.7                         | -17.4                         |
| Russian Federation | -9.7                   | -3.2                                  | 2.2                                      | -21.0                   | -12.9                         | -35.1                         |

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