

EVOLUTION OF GDP

Gross domestic product (GDP) is a broad measure of economic activity. Growth of real GDP, i.e. ignoring price changes, is widely used to assess governments' performance in managing their economies.

Definitions

Gross domestic product can be defined in three different ways: as the sum of labour incomes, net profits and depreciation; as the difference between gross output and intermediate consumption; or as the sum of consumption expenditures, fixed capital formation, changes in inventories and net exports. Real growth rates are obtained by converting GDP to constant prices and calculating the change from year to year.

The growth rates for OECD total and Euro area are averages of the growth rates of individual countries weighted by the relative size of each country's GDP in US dollars. Conversion to US dollars is done using purchasing power parities so that each country is weighted by the relative size of its real GDP. Note that OECD total GDP excludes the Czech Republic, Hungary, Poland and the Slovak Republic because growth rates for these countries are not available for the full period.

Comparability

The GDP statistics used for these growth rates have been compiled according to the 1993 *System of National Accounts* and GDP estimates at current prices are generally regarded as highly comparable between countries. However, there are no standard rules for converting current price GDP to constant prices, and there are some differences between countries in the ways that they convert government consumption and some types of capital equipment to constant prices.

An additional problem is that countries are moving to the use of chain indices instead of the traditional fixed-base indices. Chain indices are recommended in the *System of National Accounts*, because they use a more up-to-date weighting system, but their gradual introduction by countries at different dates inevitably impacts on comparability, both over time and between countries.

Long-term trends

Annual growth for OECD total averaged 2.7% from 1991 to 2004. Ireland and Korea substantially outperformed the average with annual growth of over 5%. Growth rates in Ireland were particularly impressive between 1995 and 2000 - the so-called Celtic Tiger period. Korea's growth was badly affected by the financial crisis in Asia; real GDP fell by nearly 7% in 1998 but Korea has since returned to high rates of growth. Luxembourg, Poland and the Slovak Republic all recorded growth of over 4% per year.

At the other end of the scale, four of the largest OECD economies - France, Germany, Italy and Japan - recorded average growth rates of 2% or less over the period.

The Czech Republic, Hungary, Poland and the Slovak Republic all experienced substantial falls in real GDP in the early years of their transition to market-based economies but generally began to achieve positive rates of growth during the second half of the 1990s. Their growth rates are now among the highest of all OECD countries and are expected to remain above the OECD average through 2007.

Sources

- OECD (2005), *National Accounts of OECD Countries*, OECD, Paris, www.sourceOECD.org/nationalaccounts.
- For non-member countries: *national sources*.

Further information

Analytical publications

- OECD (2005), *OECD Economic Outlook: December No. 78 - Volume 2005 Issue 2*, OECD, Paris.

Online databases

- National Accounts.
- OECD Economic Outlook Statistics.

Web sites

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

Real GDP growth

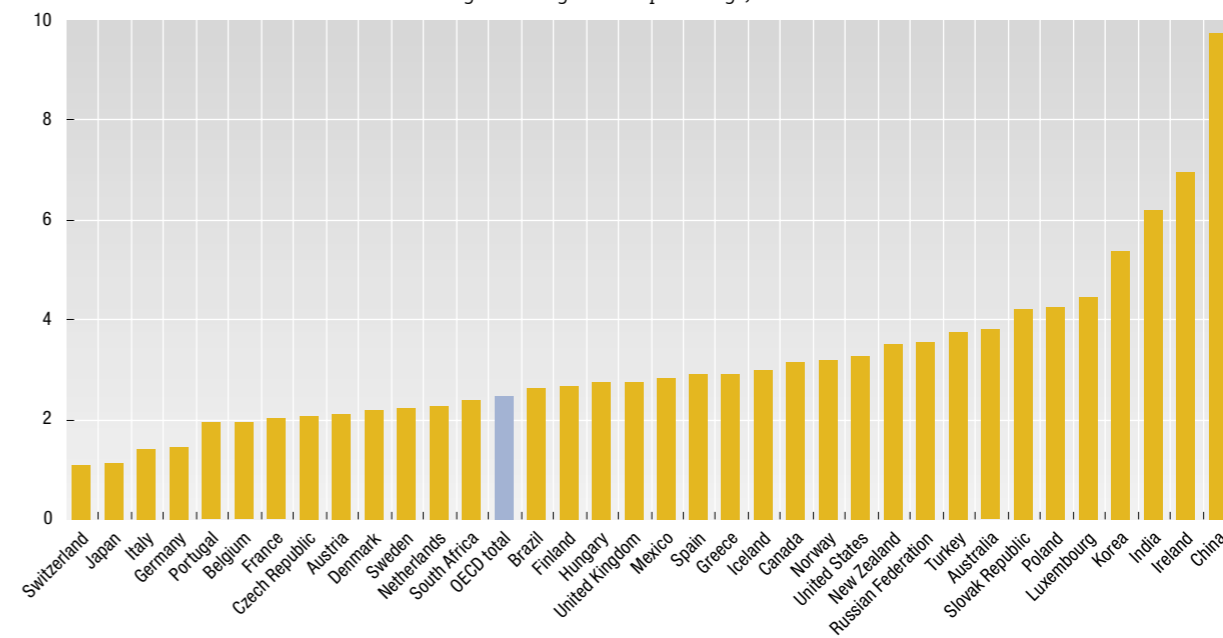
Annual growth in percentage

	1991	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Australia	0.3	4.3	3.8	4.5	5.3	3.8	2.1	3.9	3.2	3.8	3.0
Austria	3.6	1.9	2.6	1.8	3.6	3.3	3.4	0.8	1.0	1.4	2.4
Belgium	1.8	2.4	1.2	3.3	1.9	3.1	3.9	1.0	1.5	0.9	2.6
Canada	-2.1	2.8	1.6	4.2	4.1	5.6	5.3	1.8	3.1	2.0	2.9
Czech Republic	-11.6	5.9	4.2	-0.7	-1.1	1.2	3.9	2.6	1.5	3.2	4.7
Denmark	1.3	3.1	2.8	3.2	2.2	2.6	3.5	0.7	0.5	0.6	2.1
Finland	-6.4	3.4	3.8	6.2	5.0	3.4	5.0	1.0	2.2	2.4	3.6
France	1.2	2.4	1.1	2.4	3.6	3.3	4.1	2.1	1.2	0.8	2.3
Germany	5.1	1.9	1.0	1.8	2.0	2.0	3.2	1.2	0.1	-0.2	1.6
Greece	3.1	2.1	2.4	3.6	3.4	3.4	4.5	4.6	3.8	4.6	4.7
Hungary	..	1.5	1.3	4.6	4.9	4.2	5.2	3.8	3.5	3.4	4.6
Iceland	0.0	0.4	5.0	5.3	5.5	4.2	5.0	3.3	-1.3	3.6	6.2
Ireland	1.9	9.6	8.3	11.7	8.5	10.7	9.2	6.2	6.1	4.4	4.5
Italy	1.4	2.9	1.1	2.0	1.8	1.7	3.0	1.8	0.4	0.3	1.2
Japan	3.4	2.0	3.4	1.8	-1.0	-0.1	2.4	0.2	-0.3	1.3	2.7
Korea	9.4	9.2	7.0	4.7	-6.9	9.5	8.5	3.8	7.0	3.1	4.6
Luxembourg	8.6	1.4	3.3	8.3	6.9	7.8	9.0	1.5	2.5	2.9	4.5
Mexico	4.2	-6.2	5.2	6.8	5.0	3.8	6.6	0.0	0.8	1.4	4.4
Netherlands	2.4	3.0	3.0	3.8	4.3	4.0	3.5	1.4	0.1	-0.1	1.7
New Zealand	-1.3	4.1	3.5	1.5	0.5	5.2	2.3	3.5	4.6	3.6	4.4
Norway	3.6	4.4	5.3	5.2	2.6	2.1	2.8	2.7	1.1	1.1	2.8
Poland	-7.0	7.0	6.0	6.8	4.8	4.1	4.0	1.0	1.4	3.8	5.3
Portugal	4.4	4.3	3.5	4.0	4.6	3.8	3.4	1.7	0.4	-1.1	1.0
Slovak Republic	..	5.8	6.1	4.6	4.2	1.5	2.0	3.8	4.6	4.5	5.5
Spain	2.5	2.8	2.4	3.9	4.5	4.7	5.0	3.5	2.7	3.0	3.1
Sweden	-1.1	3.9	1.3	2.3	3.7	4.5	4.3	1.1	2.0	1.7	3.7
Switzerland	-0.8	0.4	0.5	1.9	2.8	1.3	3.6	1.0	0.3	-0.3	2.1
Turkey	0.9	7.2	7.0	7.5	3.1	-4.7	7.4	-7.5	7.9	5.8	8.9
United Kingdom	-1.4	2.9	2.7	3.2	3.2	3.0	4.0	2.2	2.0	2.5	3.2
United States	-0.2	2.5	3.7	4.5	4.2	4.5	3.7	0.8	1.6	2.7	4.2
Euro area	2.7	2.5	1.5	2.6	2.9	2.9	3.7	1.9	0.9	0.7	2.1
OECD total	1.4	2.4	3.1	3.4	2.5	3.1	3.7	1.1	1.3	1.9	3.3
Brazil	1.0	4.2	2.7	3.3	0.1	0.8	4.4	1.3	1.9	0.5	4.9
China	9.2	10.5	9.6	8.8	7.8	7.1	8.0	7.5	8.3	9.5	9.5
India	1.3	7.3	7.8	4.8	6.5	6.1	4.4	5.8	4.0	8.5	6.9
Russian Federation	-3.6	1.4	-5.3	6.4	10.0	5.1	4.7	7.3	7.2
South Africa	-1.0	2.8	4.7	2.5	0.2	2.4	4.1	2.7	3.6	2.8	3.7

StatLink: <http://dx.doi.org/10.1787/677802652686>

Real GDP growth

Average annual growth in percentage, 1991-2004



StatLink: <http://dx.doi.org/10.1787/511708367123>