

INVESTMENT RATES

The share of total GDP that is devoted to investment in fixed assets is an important indicator of future economic growth, although not all types of investment contribute to future growth in the same way. The following tables show the total of gross fixed capital formation (investment or GFCF) as a share of GDP and two of the main components – *dwelling*s and *machinery and equipment*.

Definition

Gross fixed capital formation (GFCF) is the acquisition, less disposal, of fixed assets, i.e. products which 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

Long-term trends

The total investment rate now averages just over 21% for the OECD as a whole but rates are substantially higher than this in Korea, Spain, the Czech Republic and Australia and well below 20% in the United Kingdom, Sweden, Germany and Turkey. For the OECD as a whole, total investment rates are largely unchanged compared to 1992–1994. Particularly sharp falls occurred in Turkey, Germany and Japan, although in Japan, investment rates remain well above the OECD average. Total investment rates are now much higher than at the beginning of the 1990s in Ireland, Iceland and Spain.

Investment in machinery and equipment accounts for more than 30% of GFCF in most OECD countries, but investment rates tend to be higher than this in countries with a significant manufacturing base, such as Japan, Korea, Switzerland and the Czech Republic. Over the period shown, the machinery investment rates have fallen in most countries, with particularly sharp falls in Luxembourg, Korea, Netherlands and Poland, reflecting higher growth of service activities. Rates grew most in Greece and Iceland.

Investment rates in dwellings were particularly high at both the beginning and the end of the period in Norway and Portugal. Ireland, the Slovak Republic and Spain recorded substantial increases over the period, but a number of countries recorded large falls: Turkey, Luxembourg, Sweden, Japan and Korea. In the short term, rates of investment in dwellings are sensitive to the business cycle, but, over the long run, investment rates in dwellings reflect population growth rates either through natural growth or immigration, and rising affluence, as is evident for Ireland and Norway.

other producers: New Zealand, Mexico and some Central European countries import substantial quantities of used assets.

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, leveling 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 housing services which are consumed by owners or tenants over the life of the building.

In calculating the shares, gross fixed capital formation and GDP are both valued at current market prices.

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, literary and artistic originals. In several countries these three items are only partially covered. In the case of Turkey, which still adheres to the 1968 version of the SNA, they are not included at all

Sources

- OECD (2006), *National Accounts of OECD Countries*, OECD, Paris.
- For Brazil, Russian Federation and South Africa: OECD (2006), *Main Economic Indicators*, OECD, Paris.
- For China: National Bureau of Statistics.

Further information

Analytical publications

- OECD (2007), *OECD Economic Outlook: December* No. 80 – Volume 2006 Issue 2, 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>.


Websites

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

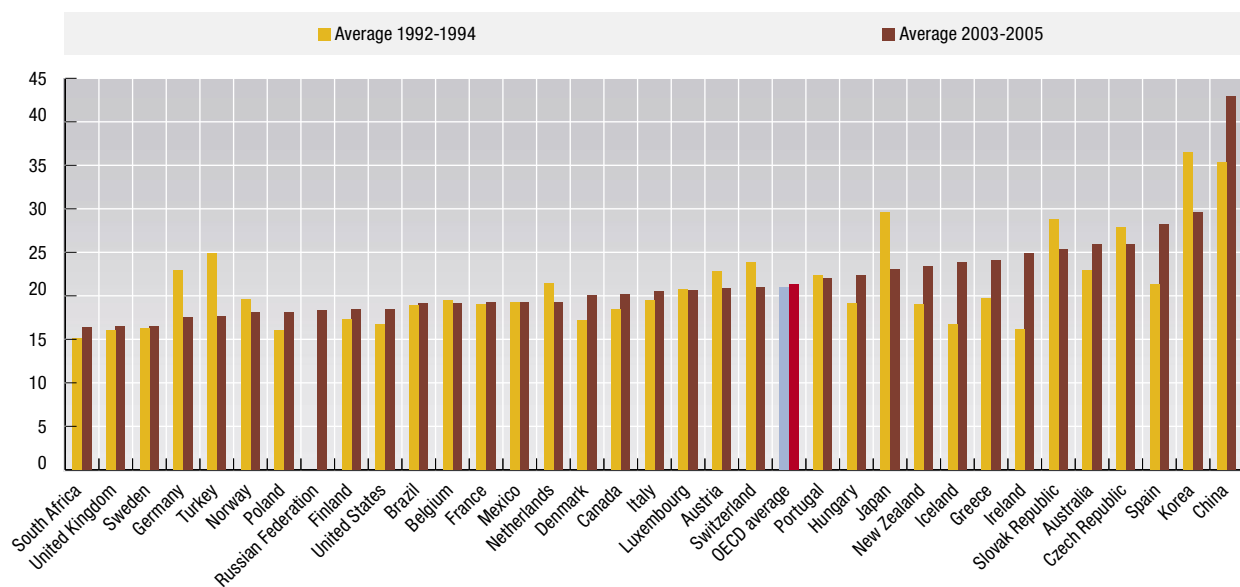
Gross fixed capital formation

As a percentage of GDP

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Australia	22.2	22.7	23.9	22.9	22.9	24.0	24.2	24.8	22.0	22.9	24.8	25.4	25.8	26.5
Austria	22.9	22.5	22.9	22.1	22.1	22.3	22.4	22.1	22.8	22.1	20.4	21.3	20.9	20.5
Belgium	20.1	19.4	18.9	19.3	19.4	20.0	20.2	20.6	20.8	20.4	19.2	18.8	18.8	19.9
Canada	18.7	18.0	18.8	17.6	17.9	19.8	19.9	19.8	19.2	19.6	19.5	19.6	20.2	20.7
Czech Republic	27.4	27.9	28.2	31.5	32.1	29.9	28.2	27.0	28.0	28.0	27.5	26.7	26.2	24.9
Denmark	17.6	16.9	17.2	18.4	18.6	19.6	20.4	19.8	20.2	19.8	19.6	19.5	19.8	20.7
Finland	19.8	16.4	15.6	16.6	17.1	18.3	19.0	19.0	19.4	19.5	17.9	18.1	18.3	18.8
France	20.1	18.7	18.4	18.1	17.9	17.4	17.9	18.8	19.5	19.5	18.8	18.8	19.2	19.7
Germany	23.6	22.5	22.6	21.9	21.3	21.0	21.1	21.3	21.5	20.0	18.3	17.8	17.4	17.3
Greece	20.9	19.9	18.3	18.3	19.1	19.4	20.8	22.2	23.2	22.8	22.8	24.3	24.4	23.4
Hungary	19.3	18.4	19.6	19.5	20.8	21.6	23.0	23.3	22.9	22.9	22.9	21.9	22.4	22.7
Iceland	18.1	16.3	15.9	15.7	18.9	19.7	23.8	21.4	22.5	21.3	17.7	19.8	23.3	28.4
Ireland	16.7	15.3	16.3	17.4	19.1	20.5	22.2	23.9	24.3	23.2	22.3	23.0	24.6	27.0
Italy	21.1	18.8	18.5	19.1	18.9	18.9	19.3	19.6	20.3	20.3	20.9	20.4	20.6	20.6
Japan	30.8	29.5	28.5	28.0	28.4	27.6	25.9	25.5	25.2	24.7	23.3	22.9	22.9	23.2
Korea	36.9	36.3	36.4	37.3	37.5	35.6	30.3	29.7	31.1	29.5	29.1	29.9	29.5	29.3
Luxembourg	19.7	21.9	20.6	19.9	20.1	21.7	21.8	23.5	20.8	22.6	22.3	21.5	20.6	19.7
Mexico	19.6	18.6	19.4	16.2	17.9	19.5	20.9	21.2	21.4	20.0	19.3	18.9	19.6	19.3
Netherlands	22.2	21.2	20.8	20.8	21.6	21.9	22.2	22.9	21.9	21.1	20.0	19.5	19.1	19.3
New Zealand	17.3	19.0	20.9	22.1	22.0	21.1	20.1	20.9	20.4	20.8	21.3	22.8	23.5	23.9
Norway	19.1	19.8	20.0	19.9	20.3	22.1	25.2	22.0	18.6	18.3	18.1	17.5	18.0	18.7
Poland	16.0	15.1	17.1	17.7	19.8	22.4	24.1	24.4	23.7	20.7	18.7	18.3	18.0	18.1
Portugal	23.4	21.9	21.9	22.5	23.0	25.2	26.5	26.8	27.1	26.5	25.0	22.5	22.2	21.4
Slovak Republic	30.7	29.5	26.2	24.6	31.4	33.6	35.7	29.3	25.7	28.5	27.3	25.0	24.1	26.8
Spain	22.6	20.8	20.7	21.5	21.4	21.8	23.0	24.6	25.8	26.0	26.3	27.2	28.1	29.3
Sweden	18.1	15.5	15.3	15.8	16.0	15.6	16.3	17.1	17.5	17.3	16.5	16.0	16.3	17.2
Switzerland	24.8	23.3	23.6	23.3	22.2	21.7	22.4	22.3	22.8	22.2	21.6	20.7	21.0	21.4
Turkey	23.6	26.5	24.6	23.8	25.1	26.4	24.6	21.9	22.4	18.2	16.6	15.5	17.8	19.6
United Kingdom	16.5	15.7	15.9	16.4	16.5	16.5	17.6	17.2	16.9	16.6	16.5	16.1	16.5	16.8
United States	16.2	16.7	17.2	17.7	18.2	18.6	19.1	19.6	19.9	19.2	17.9	17.9	18.4	19.1
EU15 average	20.3	19.2	18.9	19.2	19.5	20.0	20.7	21.3	21.5	21.2	20.5	20.3	20.5	20.8
OECD average	21.5	20.8	20.8	20.9	21.6	22.1	22.6	22.4	22.3	21.8	21.1	20.9	21.3	21.8
Brazil	16.7	19.1	20.8	20.6	19.3	19.9	19.7	18.9	19.3	19.5	18.3	17.8	19.6	19.9
China	32.2	37.6	36.1	34.7	34.2	33.6	35.0	35.7	36.5	37.3	38.8	42.1	43.8	..
Russian Federation	..	..	..	21.1	20.0	18.3	16.2	14.4	16.9	18.9	17.9	18.4	18.3	18.2
South Africa	15.7	14.7	15.1	15.9	16.3	16.5	17.1	15.5	15.1	15.0	15.0	15.9	16.2	17.0

 StatLink  <http://dx.doi.org/10.1787/718601115301>
Gross fixed capital formation


As a percentage of GDP


 StatLink  <http://dx.doi.org/10.1787/252125572446>

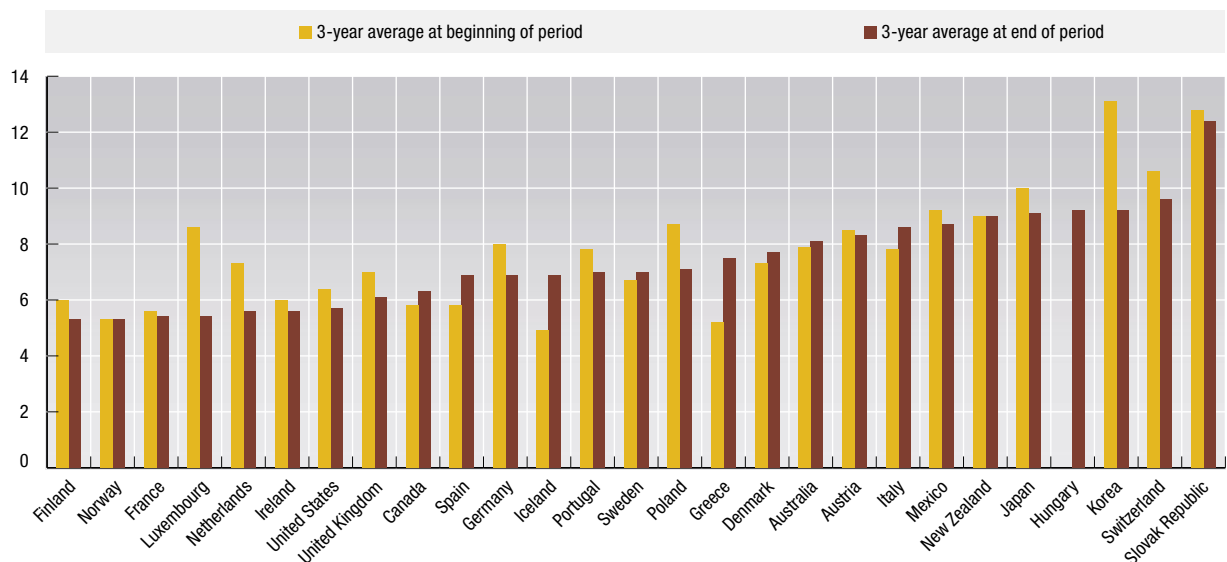

Gross fixed capital formation: machinery and equipment

As a percentage of GDP

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Australia	7.5	7.6	8.5	8.3	8.1	8.4	8.1	8.3	7.9	7.7	8.1	7.9	8.1	8.2
Austria	9.0	8.3	8.2	8.0	8.1	8.3	8.4	8.5	9.2	9.1	8.1	8.6	8.2	8.0
Canada	6.0	5.6	5.9	6.1	6.1	7.2	7.6	7.7	7.4	7.0	6.6	6.3	6.3	6.3
Denmark	7.5	7.0	7.4	8.0	7.3	7.8	8.3	7.8	8.1	8.0	7.6	7.4	7.5	8.1
Finland	6.6	5.8	5.7	6.3	6.7	7.1	6.9	6.3	6.1	6.3	5.5	5.5	5.4	5.1
France	5.9	5.5	5.5	5.6	5.6	5.4	5.7	6.1	6.3	6.2	5.6	5.5	5.3	5.4
Germany	9.2	7.7	7.2	7.0	7.0	7.2	7.6	7.9	8.6	7.9	7.1	6.8	6.9	7.1
Greece	..	..	..	4.7	5.5	5.4	5.9	6.7	7.3	6.8	6.7	7.4	7.5	7.5
Hungary	..	..	..	..	..	..	..	..	10.7	9.9	9.2	9.2	9.3	9.1
Iceland	5.7	4.3	4.6	5.0	7.3	7.1	8.8	7.0	8.5	7.0	4.9	4.6	6.0	10.2
Ireland	5.8	6.0	6.3	6.8	7.0	7.0	7.8	8.2	8.0	6.6	6.0	5.3	5.4	6.2
Italy	8.6	7.2	7.6	8.2	8.2	8.4	8.9	9.1	9.5	9.3	9.3	8.6	8.7	8.5
Japan	10.9	9.9	9.3	9.9	10.7	10.7	10.0	10.0	10.1	9.9	9.0	9.0	9.2	..
Korea	13.3	12.4	13.6	14.1	14.1	12.2	8.4	10.3	12.8	11.0	10.4	9.6	9.2	8.9
Luxembourg	7.7	9.9	8.1	7.9	7.5	9.3	8.6	10.5	8.0	8.9	7.2	5.5	5.4	5.3
Mexico	10.0	8.6	8.9	7.6	8.9	10.0	11.1	11.0	10.8	9.7	8.9	8.5	8.7	..
Netherlands	7.7	7.3	7.0	7.3	7.5	7.6	7.4	7.7	6.9	6.3	5.7	5.7	5.5	5.5
New Zealand	8.0	9.1	9.8	9.8	9.4	8.4	8.2	8.2	8.7	9.3	8.7	9.1	8.9	9.0
Norway	4.4	5.5	6.1	6.0	6.3	7.0	8.0	7.4	6.4	5.9	5.8	5.3	5.4	5.3
Poland	..	..	..	7.6	8.7	9.7	10.4	10.2	9.7	8.2	7.3	7.0	7.0	..
Portugal	8.4	7.4	7.6	7.4	7.7	8.6	9.3	9.4	9.5	8.9	7.8	7.1	7.1	6.7
Slovak Republic	..	13.4	12.1	11.4	14.1	16.8	17.8	12.9	11.0	13.5	13.3	12.4	11.4	13.3
Spain	6.5	5.3	5.6	6.0	6.3	6.8	7.5	7.9	8.1	7.6	7.0	6.9	6.8	7.0
Sweden	..	5.8	6.7	7.5	7.7	7.7	8.0	8.6	8.5	7.8	7.2	6.9	6.8	7.4
Switzerland	11.2	10.4	10.2	10.5	10.5	10.5	11.1	11.3	11.6	11.0	10.2	9.6	9.6	9.7
United Kingdom	7.1	6.8	7.2	7.7	8.1	7.8	8.6	8.3	8.0	7.5	6.9	6.2	6.1	5.9
United States	6.0	6.4	6.7	7.1	7.2	7.2	7.3	7.4	7.4	6.6	5.8	5.6	5.6	5.8

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Gross fixed capital formation in machinery and equipment

As a percentage of GDP


 StatLink  <http://dx.doi.org/10.1787/787321137747>

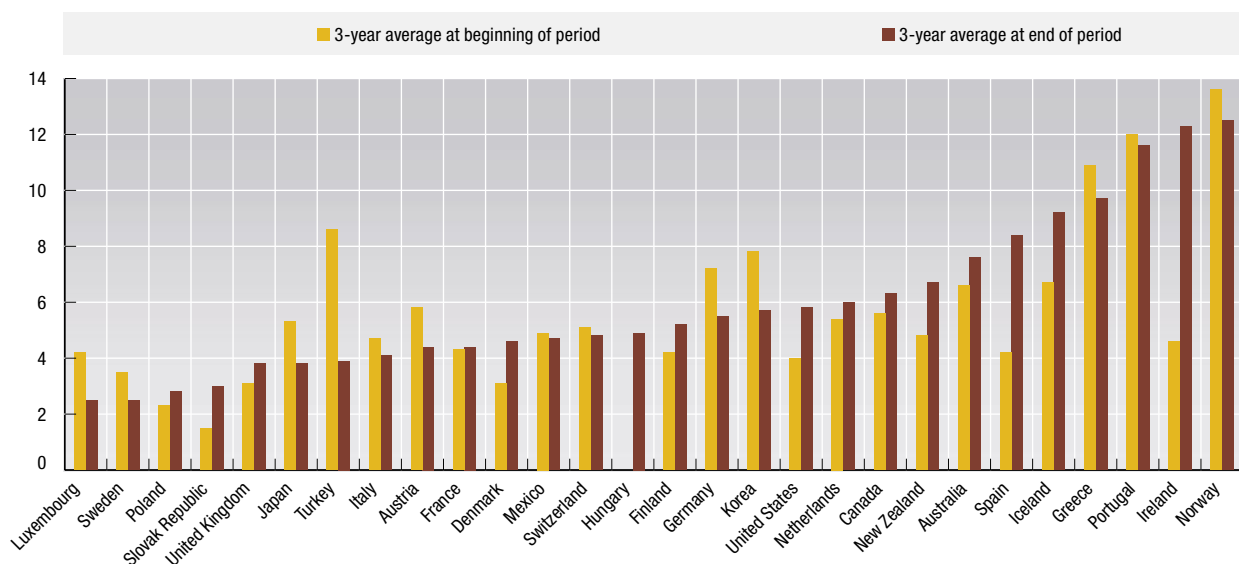
Gross fixed capital formation: housing

As a percentage of GDP

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Australia	6.3	6.7	6.8	5.7	5.5	6.1	6.3	7.1	5.9	6.7	7.6	8.0	7.6	7.1
Austria	5.6	5.8	6.1	6.6	6.6	6.5	6.1	5.8	5.3	4.9	4.6	4.4	4.4	4.3
Canada	5.8	5.5	5.5	4.5	4.8	5.0	4.7	4.6	4.5	5.0	5.7	6.0	6.5	6.5
Denmark	3.1	3.0	3.2	3.5	3.6	3.9	3.9	4.0	4.2	3.9	3.8	4.2	4.6	4.9
Finland	4.8	4.0	3.9	3.7	3.7	4.4	4.7	5.2	5.3	4.7	4.5	4.9	5.2	5.6
France	4.3	4.3	4.4	4.3	4.2	4.1	4.1	4.2	4.1	4.1	4.1	4.2	4.4	4.6
Germany	6.7	7.1	7.8	7.7	7.6	7.4	7.2	7.2	6.8	6.3	5.8	5.7	5.5	5.2
Greece	12.2	11.1	9.5	9.4	9.0	9.2	9.8	10.0	9.1	9.0	9.7	10.3	9.7	9.1
Hungary	..	..	..	..	..	..	..	..	3.5	4.4	4.8	5.0	5.3	4.5
Iceland	7.1	6.6	6.4	6.1	6.7	6.9	7.1	7.5	7.8	7.4	7.8	8.4	9.2	9.9
Ireland	4.7	4.1	5.0	5.3	6.0	6.7	7.2	8.0	8.4	8.7	8.8	10.6	12.3	13.9
Italy	4.8	4.7	4.5	4.3	4.1	3.9	3.7	3.7	3.8	3.8	3.8	3.9	4.0	4.3
Japan	5.1	5.2	5.5	5.2	5.7	5.0	4.3	4.3	4.3	4.0	3.9	3.8	3.8	..
Korea	7.9	8.1	7.3	7.3	7.0	6.5	6.0	5.1	4.3	4.7	5.0	5.5	5.7	5.9
Luxembourg	4.8	4.3	3.5	3.3	2.9	2.9	3.0	2.6	2.4	2.8	2.3	2.6	2.5	2.4
Mexico	4.6	5.0	5.1	4.8	4.6	4.6	4.6	4.7	4.8	4.7	4.7	4.6	4.7	..
Netherlands	5.3	5.4	5.6	5.6	5.7	5.8	5.8	5.9	5.9	6.1	5.8	5.7	6.1	6.3
New Zealand	4.2	4.7	5.5	5.6	5.8	5.9	5.0	5.7	4.8	4.6	5.6	6.6	6.9	6.7
Norway	13.8	13.7	13.3	13.5	13.5	14.4	16.5	14.3	11.8	12.0	12.0	12.0	12.4	13.1
Poland	..	..	..	2.2	2.2	2.4	2.6	2.8	3.0	2.8	2.8	2.7	2.9	..
Portugal	12.3	11.9	11.7	12.3	12.4	13.6	13.8	13.6	13.8	14.0	13.4	11.9	11.6	11.2
Slovak Republic	..	..	..	1.2	1.4	1.8	3.0	3.8	4.4	3.5	3.3	3.1	3.0	3.0
Spain	4.3	4.2	4.2	4.4	4.8	4.7	5.0	5.5	6.1	6.5	7.1	7.8	8.4	8.9
Sweden	5.2	3.3	2.0	1.5	1.6	1.4	1.4	1.5	1.8	2.0	2.1	2.2	2.5	2.8
Switzerland	4.8	4.9	5.7	5.6	4.9	4.5	4.5	4.3	4.2	4.1	3.9	4.4	4.8	5.1
Turkey	7.8	8.6	9.5	8.4	7.8	7.6	7.0	6.6	5.3	5.2	3.8	3.2	3.5	4.9
United Kingdom	3.1	3.1	3.1	3.1	2.9	2.9	2.9	2.8	2.9	3.0	3.3	3.5	3.8	4.0
United States	3.8	4.0	4.3	4.1	4.3	4.2	4.5	4.6	4.6	4.7	4.9	5.3	5.8	6.2

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Gross fixed capital formation in housing

As a percentage of GDP


 StatLink  <http://dx.doi.org/10.1787/108470463028>