

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 – dwellings and machinery and equipment.

Definition

Gross fixed capital formation (GFCF) reflects 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 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. Comparability of these items has improved in recent years but the scope with which the various items are covered is smaller in some countries, particularly in the case of the own-account production of software.

Note that for Australia and New Zealand data refer to fiscal year.

Long-term trends

The total investment rate now averages 21% for the OECD as a whole but rates are substantially higher than this in Spain, Iceland, Korea and Australia and well below 20% in United Kingdom, Germany and Sweden. For the OECD as a whole, total investment rates are largely unchanged compared to 1994-1996. Particularly sharp falls occurred in Korea, the Czech Republic, Japan and Germany, although in Korea, the Czech Republic and Japan, investment rates remain well above the OECD average. Total investment rates are now much higher than at the beginning of the 1990s in Iceland, Ireland, Spain and Greece.

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 and Switzerland. Over the period shown, the machinery investment rates have fallen in most countries, with particularly sharp falls in Luxembourg, Korea, Ireland and the Netherlands, 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, Spain and the Slovak Republic recorded substantial increases over the period, but a number of countries recorded large falls: Luxembourg, Germany, Japan and Austria. 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.

Sources

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- For Russian Federation and South Africa: OECD (2008), *Main Economic Indicators*, OECD, Paris.
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- For Brazil: National sources and OECD (2008), *Main Economic Indicators*, OECD, Paris.

Further information

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Methodological publications

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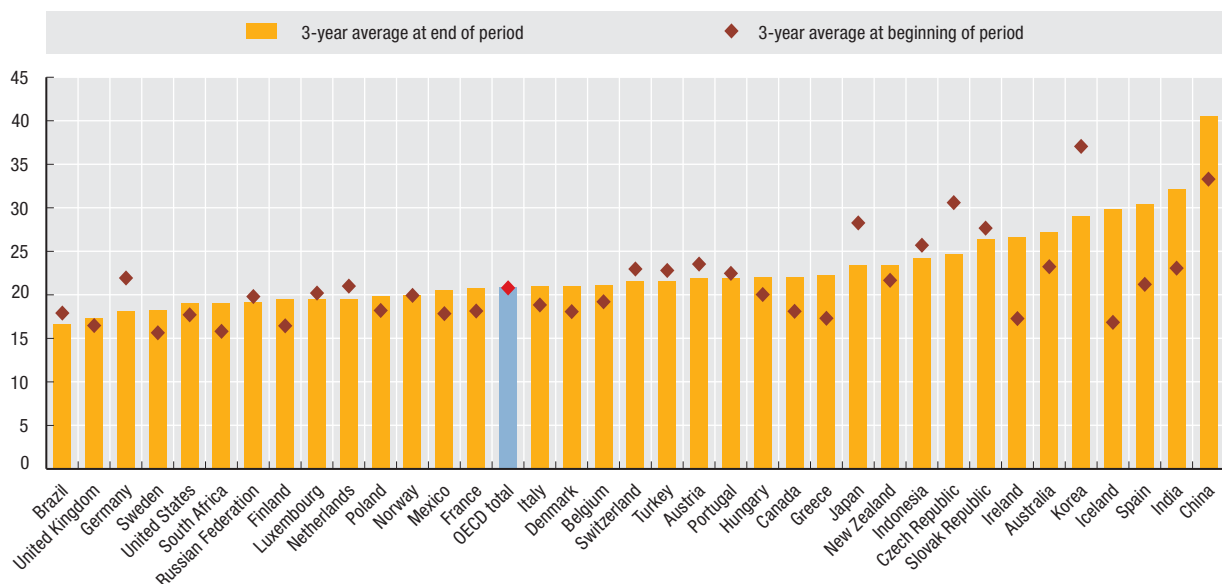

Gross fixed capital formation

As a percentage of GDP

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Australia	23.9	22.9	22.9	24.0	24.2	24.8	22.0	22.9	24.8	25.4	25.8	27.0	26.9	27.7
Austria	22.9	23.6	24.1	23.9	24.0	23.5	24.0	23.3	21.7	22.4	22.0	21.8	21.7	22.2
Belgium	18.9	19.3	19.4	20.0	20.2	20.6	20.8	20.4	19.2	18.8	19.6	20.4	21.0	21.7
Canada	18.8	17.6	17.9	19.8	19.9	19.8	19.2	19.6	19.5	19.6	20.3	21.3	22.3	22.6
Czech Republic	28.2	31.5	32.1	29.9	28.2	27.0	28.0	28.0	27.5	26.7	25.8	24.9	24.6	24.3
Denmark	17.2	18.4	18.6	19.6	20.4	19.8	20.2	19.8	19.6	19.3	19.3	19.5	21.3	22.2
Finland	15.6	16.6	17.1	18.3	19.0	19.0	19.4	19.5	17.9	18.1	18.2	18.9	19.3	20.3
France	18.4	18.1	17.9	17.5	17.9	18.8	19.5	19.5	18.8	18.8	19.3	20.0	20.8	21.5
Germany	22.6	21.9	21.3	21.0	21.1	21.3	21.5	20.0	18.3	17.9	17.5	17.4	18.2	18.7
Greece	17.1	17.0	17.8	18.1	19.4	20.8	21.6	21.6	22.5	23.7	22.6	21.6	22.5	22.5
Hungary	19.6	19.6	20.9	21.7	23.1	23.3	23.0	23.0	23.0	22.0	22.5	23.5	21.6	21.0
Iceland	15.9	15.7	18.9	19.7	24.0	21.8	22.9	21.5	18.2	19.9	23.5	28.4	33.7	27.5
Ireland	16.1	17.1	18.6	19.9	21.4	23.1	23.1	22.3	21.6	22.3	24.2	26.6	26.8	26.3
Italy	18.5	19.1	18.9	18.9	19.3	19.6	20.3	20.3	20.9	20.4	20.5	20.7	21.0	21.1
Japan	28.5	28.0	28.3	27.7	25.9	25.5	25.2	24.7	23.3	22.8	22.7	23.3	23.5	23.2
Korea	36.4	37.3	37.5	35.6	30.3	29.7	31.1	29.5	29.1	29.9	29.5	29.3	29.0	28.8
Luxembourg	20.6	19.9	20.1	21.7	21.8	23.5	20.8	22.6	22.6	22.2	21.1	20.4	18.5	19.6
Mexico	19.4	16.2	17.9	19.5	20.9	21.2	21.4	20.0	19.3	18.9	19.7	20.1	20.8	20.8
Netherlands	20.6	20.8	21.6	21.9	22.2	22.9	21.9	21.1	20.0	19.5	18.8	18.9	19.7	20.0
New Zealand	20.9	22.1	22.0	21.1	20.1	20.9	20.4	20.8	21.4	22.6	23.4	24.1	23.0	22.9
Norway	19.8	19.8	20.2	22.0	25.0	21.9	18.4	18.1	17.9	17.3	18.0	18.8	19.6	21.3
Poland	17.1	17.7	19.8	22.4	24.1	24.4	23.7	20.7	18.7	18.2	18.1	18.2	19.7	21.7
Portugal	21.9	22.5	23.0	25.2	26.5	26.8	27.1	26.5	25.0	22.9	22.6	22.2	21.7	21.8
Slovak Republic	26.4	24.8	31.8	33.9	35.7	29.5	25.8	28.6	27.4	24.8	24.0	26.5	26.5	26.1
Spain	20.7	21.5	21.4	21.8	23.0	24.6	25.8	26.0	26.3	27.2	28.0	29.4	30.7	31.0
Sweden	15.3	15.7	15.9	15.5	16.3	17.0	17.6	17.5	16.8	16.3	16.4	17.4	18.2	19.0
Switzerland	23.5	23.3	22.1	21.6	22.2	22.2	22.7	21.9	21.3	20.5	20.8	21.2	21.4	22.0
Turkey	22.9	22.2	23.3	24.6	22.9	18.9	20.4	15.9	16.7	17.0	20.3	21.0	22.3	21.5
United Kingdom	16.1	16.6	16.7	16.7	17.7	17.4	17.1	16.8	16.8	16.4	16.7	16.9	17.2	17.8
United States	17.2	17.7	18.2	18.6	19.1	19.6	19.9	19.2	17.9	17.9	18.5	19.2	19.3	18.4
EU27 total	..	19.7	19.6	19.5	20.0	20.4	20.6	20.2	19.6	19.4	19.6	20.0	20.7	21.3
OECD total	..	20.5	20.9	21.0	21.0	21.2	21.3	20.7	19.9	19.8	20.1	20.7	21.0	20.9
Brazil	18.5	18.3	16.9	17.4	17.0	15.7	16.8	17.0	16.4	15.3	16.1	15.9	16.4	17.5
China	34.5	33.0	32.4	31.8	33.0	33.5	34.3	34.6	36.3	39.2	40.6	41.0	40.7	40.0
India	..	..	..	23.3	22.7	23.2	22.9	23.3	23.7	24.4	27.5	30.4	32.0	33.8
Indonesia	24.8	25.6	26.7	25.5	22.9	18.1	19.9	19.7	19.4	19.5	22.4	23.6	24.1	24.9
Russian Federation	..	21.1	20.0	18.3	16.1	14.4	16.9	18.9	17.9	18.4	18.4	17.7	18.5	21.1
South Africa	15.2	15.9	16.3	16.5	17.1	15.5	15.1	15.1	15.0	15.9	16.2	17.1	18.8	21.1

 StatLink  <http://dx.doi.org/10.1787/540822520564>
Gross fixed capital formation

As a percentage of GDP


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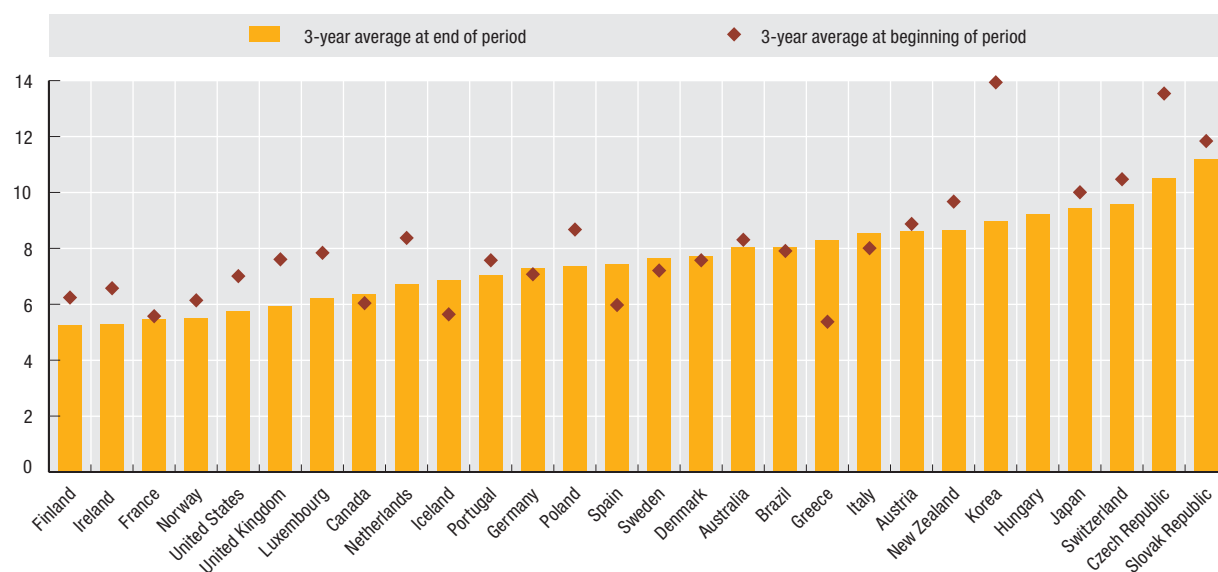

Gross fixed capital formation in machinery and equipment

As a percentage of GDP

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Australia	8.5	8.3	8.1	8.4	8.1	8.3	7.9	7.7	8.1	7.9	8.0	8.2	..	..
Austria	8.2	8.9	9.5	9.3	9.4	9.1	9.7	9.4	8.6	9.0	8.5	8.8	8.4	8.6
Canada	5.9	6.1	6.1	7.2	7.6	7.7	7.4	7.0	6.6	6.3	6.2	6.4	6.4	6.3
Czech Republic	..	13.2	14.3	13.1	12.4	12.7	13.8	13.9	13.5	12.1	11.7	10.8	10.7	10.0
Denmark	7.4	8.0	7.3	7.8	8.3	7.8	8.1	8.0	7.6	7.1	7.0	7.6	8.5	..
Finland	5.7	6.3	6.7	7.1	6.9	6.3	6.1	6.3	5.5	5.5	5.4	5.2	5.2	5.4
France	5.5	5.6	5.6	5.4	5.7	6.1	6.3	6.2	5.6	5.5	5.4	5.4	5.6	..
Germany	7.2	7.0	7.0	7.2	7.6	7.9	8.6	7.9	7.1	6.9	7.0	7.2	7.7	..
Greece	..	4.9	5.7	5.5	6.2	7.1	7.6	7.2	8.7	8.1	8.3	7.8	8.4	8.7
Hungary	..	..	..	..	..	..	10.7	10.0	9.2	9.2	9.4	9.1	..	..
Iceland	4.6	5.0	7.3	7.1	8.8	6.9	8.4	6.9	4.8	4.6	5.9	10.1	..	..
Ireland	6.2	6.8	6.7	6.7	7.4	7.9	7.5	6.2	5.6	5.0	5.0	5.6	5.0	5.3
Italy	7.6	8.2	8.2	8.4	8.9	9.1	9.5	9.3	9.3	8.6	8.6	8.5	8.5	..
Japan	9.3	10.0	10.7	10.7	10.0	10.0	10.0	9.9	8.9	8.9	9.0	9.6	9.7	..
Korea	13.6	14.1	14.1	12.2	8.4	10.3	12.8	11.0	10.4	9.6	9.2	9.0	9.0	8.9
Luxembourg	8.1	7.9	7.5	9.3	8.6	10.5	8.0	8.9	7.5	6.1	6.7	6.4	5.7	6.5
Netherlands	8.1	8.3	8.7	8.9	8.8	9.0	8.2	7.6	6.9	6.9	6.5	6.4	6.8	7.0
New Zealand	9.8	9.8	9.4	8.4	8.2	8.2	8.7	9.3	8.8	8.9	8.8	8.9	8.2	..
Norway	6.1	6.0	6.3	6.9	8.0	7.3	6.4	5.9	5.7	5.2	5.5	5.5	5.8	5.2
Poland	..	7.6	8.7	9.7	10.4	10.2	9.7	8.2	7.3	7.0	7.1	7.2	7.8	..
Portugal	7.6	7.4	7.7	8.6	9.3	9.4	9.5	8.9	7.8	7.1	7.1	6.9	7.1	..
Slovak Republic	11.5	10.8	13.2	15.0	15.9	12.7	10.8	13.2	13.1	12.0	11.2	12.7	10.8	10.1
Spain	5.6	6.0	6.3	6.8	7.5	7.9	8.1	7.6	7.0	6.9	6.9	7.1	7.4	7.8
Sweden	6.6	7.4	7.6	7.6	7.9	8.5	8.6	8.0	7.4	7.2	6.9	7.4	7.6	7.9
Switzerland	10.2	10.6	10.6	10.6	11.1	11.3	11.6	10.9	10.1	9.5	9.5	9.7	..	..
United Kingdom	7.2	7.6	8.0	7.7	8.5	8.1	7.9	7.4	6.8	6.1	6.2	6.0	5.8	6.0
United States	6.7	7.1	7.2	7.2	7.3	7.4	7.4	6.6	5.8	5.6	5.6	5.8	5.8	..
Brazil	..	8.8	7.4	7.5	6.9	6.1	7.2	7.8	7.3	7.2	7.7	7.9	8.5	..

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Gross fixed capital formation in machinery and equipment

As a percentage of GDP


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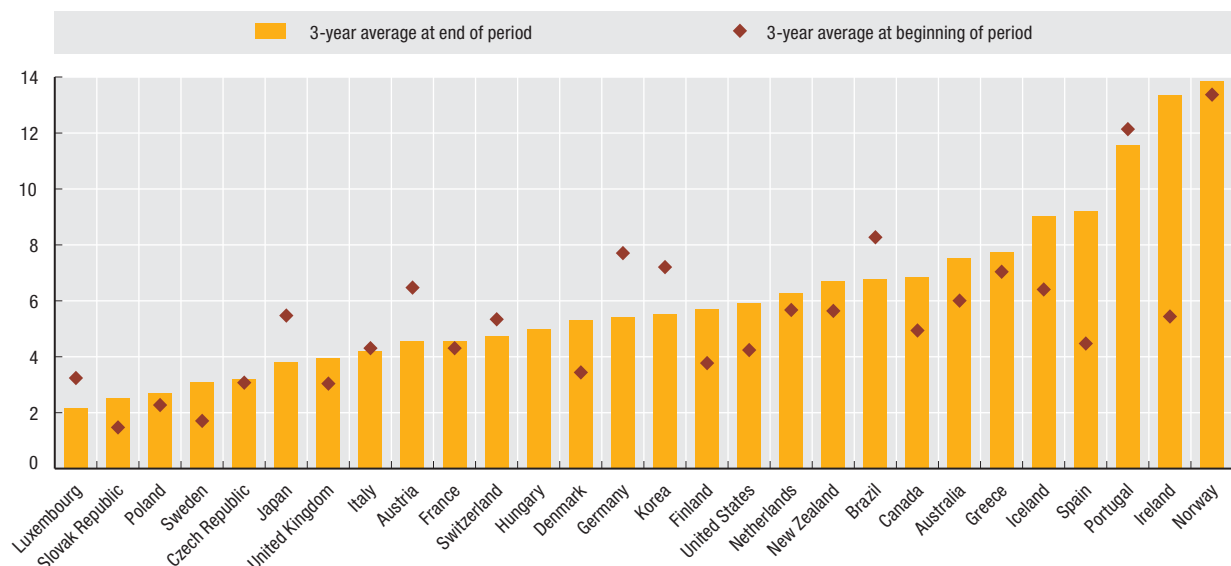

Gross fixed capital formation in housing

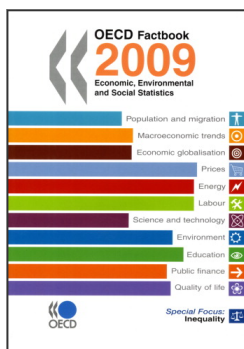
As a percentage of GDP

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
Australia	6.8	5.7	5.5	6.1	6.3	7.1	5.9	6.7	7.6	8.0	7.6	7.0	..	..
Austria	6.1	6.6	6.7	6.5	6.2	5.8	5.4	5.0	4.7	4.5	4.4	4.4	4.6	4.7
Canada	5.5	4.5	4.8	5.0	4.7	4.6	4.5	5.0	5.7	6.0	6.5	6.6	6.8	7.1
Czech Republic	..	2.7	3.2	3.3	3.4	3.3	3.4	3.1	3.1	3.0	3.1	3.0	3.0	3.6
Denmark	3.2	3.5	3.6	3.9	3.9	4.0	4.2	3.9	3.8	4.3	4.7	5.3	5.9	..
Finland	3.9	3.7	3.7	4.4	4.7	5.2	5.3	4.7	4.5	4.9	5.2	5.6	5.8	5.7
France	4.4	4.3	4.2	4.1	4.1	4.2	4.1	4.1	4.1	4.2	4.3	4.6	4.8	..
Germany	7.8	7.7	7.6	7.4	7.2	7.2	6.8	6.3	5.8	5.7	5.5	5.2	5.5	5.6
Greece	7.2	7.1	6.8	7.0	7.4	7.5	6.8	6.8	7.4	7.7	7.3	6.9	8.6	7.7
Hungary	..	..	..	..	..	..	3.5	4.4	4.8	5.0	5.4	4.6	..	..
Iceland	6.4	6.1	6.7	6.9	7.0	7.4	7.7	7.3	7.7	8.3	9.1	9.7	..	..
Ireland	5.0	5.3	6.0	6.7	7.2	8.0	8.3	8.6	8.8	10.6	12.2	13.6	14.0	12.5
Italy	4.5	4.3	4.1	3.9	3.7	3.7	3.8	3.8	3.8	3.9	4.0	4.2	4.4	..
Japan	5.5	5.2	5.7	5.0	4.3	4.3	4.3	4.0	3.9	3.8	3.8	3.8	3.8	..
Korea	7.3	7.3	7.0	6.5	6.0	5.1	4.3	4.7	5.0	5.5	5.7	5.8	5.5	5.3
Luxembourg	3.5	3.3	2.9	2.9	3.0	2.6	2.4	2.8	2.3	2.6	2.5	2.3	2.1	2.1
Netherlands	5.7	5.6	5.7	5.8	5.8	5.9	5.9	6.1	5.8	5.7	5.9	6.1	6.3	6.4
New Zealand	5.5	5.6	5.8	5.9	5.0	5.7	4.8	4.6	5.7	6.6	6.9	6.7	6.5	..
Norway	13.2	13.4	13.5	14.3	16.4	14.3	11.7	11.9	11.9	11.9	12.3	12.9	13.4	15.3
Poland	..	2.2	2.2	2.4	2.6	2.8	3.0	2.8	2.8	2.7	2.6	2.7	2.8	..
Portugal	11.7	12.3	12.4	13.6	13.8	13.6	13.8	14.0	13.4	12.2	12.0	11.6	11.1	..
Slovak Republic	..	1.2	1.4	1.8	3.0	3.9	4.5	3.5	3.3	3.0	2.8	2.9	2.3	2.4
Spain	4.2	4.4	4.8	4.7	5.0	5.5	6.1	6.5	7.1	7.8	8.4	8.9	9.4	9.3
Sweden	2.0	1.5	1.6	1.4	1.4	1.5	1.7	1.9	2.1	2.1	2.5	2.8	3.2	3.3
Switzerland	5.6	5.6	4.8	4.4	4.4	4.2	4.1	4.0	3.9	4.4	4.8	5.0	..	..
United Kingdom	3.1	3.1	2.9	2.9	2.9	2.8	2.8	2.9	3.2	3.4	3.7	3.8	4.0	4.1
United States	4.3	4.1	4.3	4.2	4.5	4.6	4.6	4.7	4.9	5.3	5.8	6.2	5.8	..
Brazil	..	8.0	8.2	8.6	8.8	8.3	8.3	7.9	7.7	6.8	7.0	6.7	6.6	..

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Gross fixed capital formation in housing

As a percentage of GDP


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