

## REAL VALUE ADDED BY ACTIVITY

Like its nominal counterpart, real value added can be derived as the difference between real output and real intermediate consumption, an approach known as double-deflation.

One of the major advantages of value added is that it avoids problems inherent in the measurement of gross output – gross in the sense that it counts the output of all production units including those that produce intermediate inputs for other units. Countries with fragmented production networks therefore will have, all other things equal, higher output than those with more consolidated networks, complicating international comparisons. Production networks have become increasingly globalised in recent years, further affecting temporal and cross-country comparability. Value added avoids these problems by measuring the value that a resident unit adds to that of the units that supply its inputs.

### Definition

Growth rates refer to volume estimates of gross value added. Value added at basic prices can be simply defined as the difference between gross output (at basic prices) and intermediate consumption (at purchasers' prices) and can be decomposed into the following components:

#### Overview

OECD countries have returned to positive growth rates of real value added for agriculture. Strategies such as “Food Harvest 2020” in Ireland have begun to show their results with 21.3% annual growth in real value added. The growth rate in real value added for agriculture in Spain on the other hand fell by minus 3.7%.

In the industry sector, declines in the growth rate greater than 10% were recorded only in Greece (minus 10.2%), while in Ireland growth was strong, 6.8% in 2014 rebounding from minus 0.4% in 2004.

Ten OECD countries registered negative growth rates in the construction sector: Austria, Estonia, Finland, France, Greece, Israel, Italy, Mexico, Portugal, and Spain; whereas the construction sector in Hungary and Sweden increased by more than 12%.

In Slovenia real value added by the real estate sector fell by 25.6% in contrast to a 9.5% increase in Ireland. The growth rate of real value added for the information and communication sector was positive in most OECD countries except Austria, Greece, Italy, Luxembourg and Portugal.

Finland, Mexico, Poland and the Slovak Republic showed strong increases in their real value added for financial and insurance activities with 11.6%, 9.1%, 9.4% and 10.7% annual growth rates, respectively.

compensation of employees; gross operating surplus; mixed income; and other taxes on production less subsidies on production.

The *System of National Accounts* recommends the basic price valuation for value added but it can also be measured on different price bases such as producers' prices and at factor cost.

### Comparability

All countries compile data according to the 2008 SNA “System of National Accounts, 2008” with the exception of Chile, Japan, and Turkey, where data are compiled according to the 1993 SNA. It's important to note however that differences between 2008 SNA and the 1993 SNA do not have a significant impact on comparability implying that data are highly comparable across countries.

However, not all countries produce value added on the basis of basic prices. Japan uses approximately market prices. New Zealand uses producer prices, and Iceland and the United States use factor costs.

Activity is based on the *International Standard Industrial Classification of All Economic Activities (ISIC Rev.4)* system except for Indonesia which is based on ISIC Rev.3. Countries generally collect information using their own industrial classification systems. The conversion from a national classification system to ISIC may create some comparability issues. That said, for most countries the activities presented here are generally comparable.

### Sources

- OECD (2015), *National Accounts of OECD Countries*, OECD Publishing.

### Further information

#### Analytical publications

- OECD (2015), *OECD Economic Outlook*, OECD Publishing.

#### Statistical publications

- OECD (2015), *National Accounts at a Glance*, OECD Publishing.

#### Methodological publications

- OECD, et al. (eds.) (2010), *System of National Accounts 2008*, United Nations, Geneva.

#### Online databases

- STAN: OECD Structural Analysis Statistics.

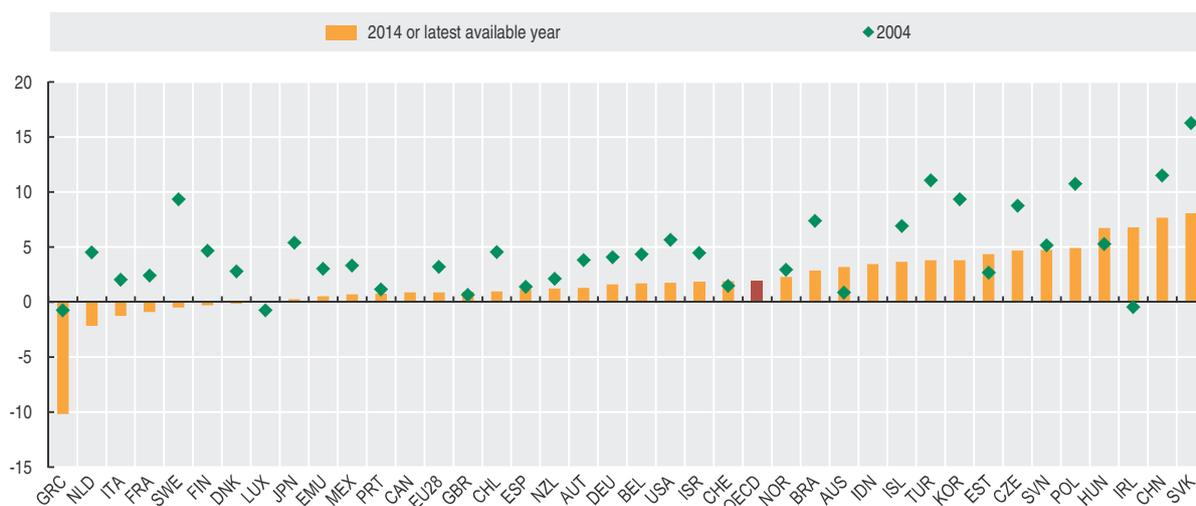
**Real value added by activity**

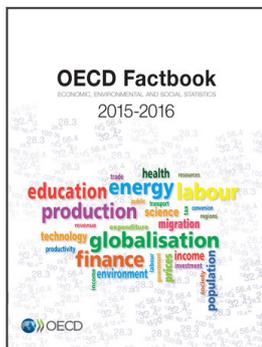
Annual growth in percentage, 2014 or latest available year

	Agriculture, hunting, forestry, fishing	Industry, including energy	Construction	Distributive trade, repairs, transport, accommodation and food services	Information and communication	Finance and insurance	Real estate	Professional, scientific, technical, administration and support services	Public administration, defence, education human health and social work	Other services
Australia	2.1	3.2	3.9	-0.2	2.4	5.3	3.6	-0.2	4.1	2.2
Austria	4.1	1.3	-2.0	-0.4	-2.7	-1.5	2.8	1.2	-0.2	0.4
Belgium	1.8	1.7	3.3	0.0	1.3	3.8	1.2	1.9	0.9	0.2
Canada	0.7	0.9	5.2	2.0	1.6	2.4	2.6	1.8	1.1	0.5
Chile	2.3	1.0	1.5	1.1	6.6	3.0	..	1.9	4.3	1.7
Czech Republic	5.9	4.7	3.4	1.5	5.9	-0.5	-0.3	4.9	0.3	0.9
Denmark	11.8	-0.1	3.4	0.8	8.5	1.1	-2.2	4.6	0.0	1.7
Estonia	5.1	4.4	-4.2	2.1	3.8	4.7	-2.3	6.1	0.3	0.8
Finland	-0.2	-0.3	-3.7	-1.2	5.1	11.6	0.6	-1.7	-1.5	-1.2
France	8.5	-0.9	-3.6	0.2	1.2	-0.8	1.0	0.7	1.0	0.4
Germany	7.5	1.6	2.6	1.3	2.4	0.6	1.0	2.4	1.0	0.1
Greece	10.9	-10.2	-4.9	7.2	-4.5	-4.4	1.6	-2.3	-0.4	1.1
Hungary	13.9	6.7	12.3	3.6	1.4	-2.9	-0.4	5.8	-2.1	4.3
Iceland	3.3	3.7	8.2	5.5	6.9	-1.0	1.6	5.8	0.7	2.8
Ireland	21.3	6.8	7.6	3.0	8.9	5.2	9.5	5.4	0.1	7.7
Israel	-3.5	1.9	-2.9	1.0	9.0	-5.0	4.1	7.3	0.7	4.4
Italy	-1.7	-1.2	-3.3	0.4	-1.7	-0.1	1.5	-2.3	0.1	0.3
Japan	2.7	0.3	3.7	0.6	4.3	4.5	0.2	..	-0.4	2.0
Korea	2.6	3.8	0.6	2.5	3.1	5.7	1.8	4.1	3.1	2.8
Luxembourg	13.5	-0.1	7.9	5.3	-5.3	2.1	7.6	8.6	2.5	2.6
Mexico	2.6	0.7	-4.9	2.3	4.8	9.1	0.9	2.9	0.8	2.0
Netherlands	3.4	-2.1	3.2	2.5	4.4	-3.0	3.9	3.3	0.1	0.6
New Zealand	-3.0	1.2	10.9	2.5	0.9	4.4	1.2	3.4	2.7	2.2
Norway	6.1	2.3	4.4	2.1	4.3	3.7	1.0	0.6	1.7	3.4
Poland	1.1	4.9	5.0	0.5	4.3	9.4	5.4	5.4	1.3	5.4
Portugal	1.2	0.8	-1.4	2.3	-1.4	-6.4	0.3	3.5	0.1	3.0
Slovak Republic	18.1	8.1	7.9	7.1	0.2	10.7	-25.6	-2.7	-5.7	3.2
Slovenia	10.0	4.8	9.5	3.5	1.4	-1.2	1.4	7.7	1.0	1.6
Spain	-3.7	1.2	-2.1	3.2	4.7	-1.0	1.2	3.4	-0.4	4.4
Sweden	2.9	-0.5	12.1	3.3	4.2	1.8	0.8	3.6	1.4	2.3
Switzerland	7.6	1.9	2.1	1.5	1.4	1.8	1.9	2.4	2.8	0.8
Turkey	-1.9	3.8	2.2	2.1	3.4	7.0	2.6	8.5	4.6	2.9
United Kingdom	13.1	1.0	7.7	4.6	0.6	-0.9	2.4	7.1	0.0	5.4
United States	12.1	1.8	1.9	1.3	4.0	4.6	1.4	2.0	0.6	1.5
Euro area	3.4	0.5	-0.9	1.3	2.0	-0.4	1.3	1.5	0.6	0.6
EU 28	3.8	0.9	1.6	1.9	2.0	-0.5	1.3	2.7	0.6	1.5
OECD	0.8	1.9	0.4	2.5	2.9	1.0	..	..	0.9	0.8
Brazil	5.6	2.9	8.3	-9.1	6.5	5.3	1.8	5.7	1.2	2.2
China	4.5	7.7	9.3	9.0	..	10.0	4.1	..	..	7.9
India	..	..	..	..	..	..	..	..	..	..
Indonesia	4.2	3.5	7.0	5.6	10.0	4.9	5.0	9.8	4.8	8.9
Russian Federation	..	..	..	..	..	..	..	..	..	..
South Africa	..	..	..	..	..	..	..	..	..	..

 1 2 <http://dx.doi.org/10.1787/888933336116>
**Real value added in industry, including energy**

Annual growth in percentage


 1 2 <http://dx.doi.org/10.1787/888933334934>



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