

TRADE IN VALUE ADDED

Trade in value added data are statistical estimates of the source(s) of the value (by country and industry) that is added in producing goods and services for export (and import). It recognises that growing global value chains mean that a country's exports increasingly rely on significant intermediate imports (and, so, value added by industries in upstream countries). The consequence of the significant growth in global value chains is a multiple counting of trade in intermediates that may distort trade policy analysis.

The joint OECD-WTO Trade in Value Added (TiVA) initiative addresses this issue by considering the value added by each country in the production of goods and services that are consumed worldwide.

Definition

The OECD-WTO database includes a number of indicators that help to better understand the nature of global value chains and how value and where value is created. These indicators are derived from an inter-country input-output table that is constructed by combining national input-output tables and international trade in goods and services statistics, and benchmarked to countries' latest national accounts figures.

The share of foreign value added embedded in exports reflects how much of a country's gross exports contains value added that is produced outside the domestic economy (and imported).

Domestic value added embodied in foreign final demand shows how much domestic value added is included, via direct final exports and via indirect exports of intermediates through other countries, in the demand of

foreign final consumers (households, charities, government, and as investment).

Foreign value added embodied in final domestic demand shows how much value added in final goods and services (purchased by households, government, non-profit institutions serving households and as investment) originates from abroad.

Comparability

The indicators in the TiVA database are estimates. The inter-country input-output tables from which the TiVA indicators are derived by necessity have to eliminate inconsistencies within and between official national statistics, and balance bilateral trade asymmetries to achieve a coherent picture of global production, trade and consumption of goods and services. This means that while for the countries for which data is presented, all data (including total exports and imports) are made consistent with official national accounts estimates, the bilateral trade positions presented in TiVA and those published by national statistics institutions may differ.

Overview

The foreign value added content of exports has generally increased over the past two decades, up to a weighted OECD average of 24.3%. Yet economies differ significantly in this respect. The share of foreign value added in exports clearly depends on economies' size and pattern of specialisation. Smaller economies tend to have higher shares of foreign value added embodied in their exports; larger economies have a wider variety of domestically sourced intermediate goods available and are therefore less reliant on foreign imports of intermediaries.

In particular, for Asian countries like India and Korea, but also for Poland, Hungary, Turkey and Luxembourg, the share of foreign value added in exports has increased substantially since the mid-1990s. The strong effects of the economic crisis has had on international trade is also evident in the decline of the share of foreign value added in gross exports from 2008 to 2009. This share recovered in 2011.

Sources

- OECD/WTO (2016), *OECD-WTO: Statistics on Trade in Value Added (Database)*.

Further information

Analytical publications

- OECD (2013), *Interconnected economies: Benefiting from Global Value Chains*, OECD Publishing.
- De Backer, K. and N. Yamano (2012), "International Comparative Evidence on Global Value Chains", OECD Science, Technology and Industry Working Papers, No. 2012/03, OECD Publishing.

Statistical publications

- OECD (2014), *OECD Statistics on International Trade in Services*, OECD Publishing.

Methodological publications

- OECD (2012), "Trade in Value-Added: Concepts, Methodologies, and Challenges (Joint OECD-WTO Note)", Paris.

Websites

- Measuring Trade in Value Added: An OECD-WTO joint initiative, www.oecd.org/trade/valueadded.



Foreign value added as a share of gross exports

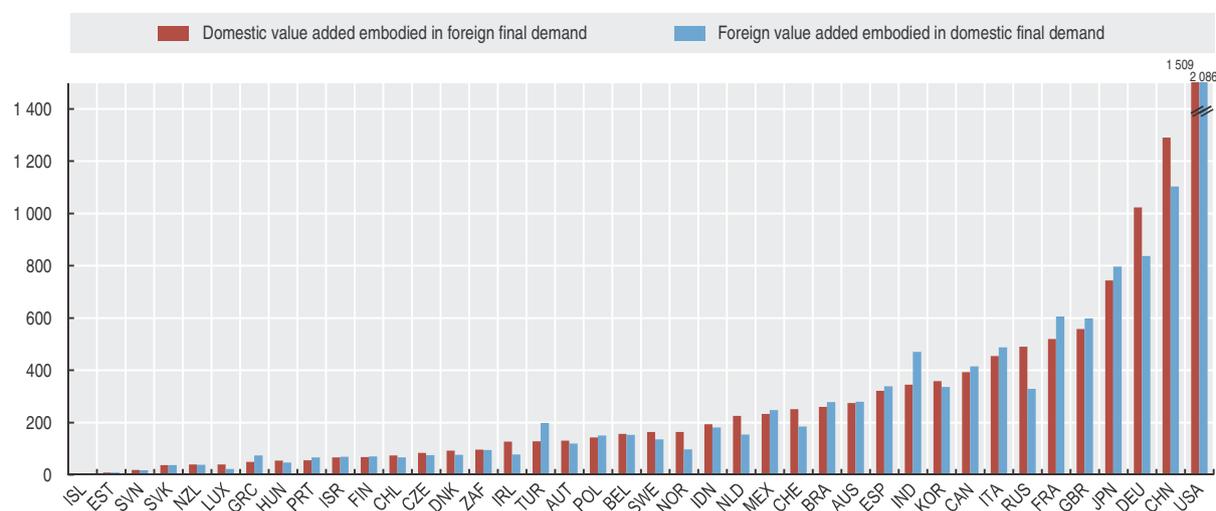
Percentage

	1995	2000	2005	2008	2009	2010	2011
Australia	12.1	15.9	12.2	13.8	13.1	13.0	14.1
Austria	21.4	24.8	26.5	28.1	24.7	26.4	27.8
Belgium	31.0	34.4	31.3	36.6	30.6	30.9	34.5
Canada	24.4	27.0	23.5	22.8	22.3	23.4	23.5
Chile	13.9	21.7	18.9	24.7	18.8	17.8	20.2
Czech Republic	30.6	38.7	42.6	42.3	40.2	44.1	45.3
Denmark	23.2	26.1	27.7	34.1	30.7	29.9	32.6
Estonia	36.0	44.6	42.7	33.0	28.4	33.0	35.2
Finland	24.2	30.6	31.8	33.6	30.6	31.8	34.7
France	17.3	22.8	23.4	24.8	21.6	23.7	25.1
Germany	14.9	20.2	21.3	24.8	21.9	23.3	25.5
Greece	16.4	23.9	21.3	25.3	20.7	21.8	25.0
Hungary	29.9	51.6	48.1	46.4	45.0	48.9	48.7
Iceland	17.4	24.2	29.0	29.6	30.4	31.2	33.2
Ireland	38.5	43.0	41.9	43.6	42.0	43.7	43.6
Israel	21.9	21.0	26.0	27.0	22.0	23.6	25.3
Italy	17.2	20.0	22.0	25.8	21.2	25.0	26.5
Japan	5.6	7.4	11.1	15.8	11.2	12.7	14.7
Korea	22.3	29.8	33.0	41.8	37.5	39.2	41.7
Luxembourg	41.0	52.9	54.7	58.9	55.2	57.5	59.0
Mexico	27.3	34.4	33.0	32.8	33.6	34.5	31.7
Netherlands	23.2	22.5	18.6	19.6	17.8	19.4	20.1
New Zealand	16.9	22.2	15.6	18.7	15.2	16.1	16.7
Norway	19.9	16.1	15.9	16.2	17.5	17.7	17.2
Poland	16.1	24.0	28.3	31.1	27.1	31.3	32.4
Portugal	27.4	30.2	31.8	33.8	28.6	31.6	32.8
Slovak Republic	31.9	44.2	47.2	46.5	43.6	45.9	46.8
Slovenia	32.3	36.5	37.9	36.2	31.1	34.9	36.2
Spain	19.2	25.8	26.3	27.6	22.2	24.8	26.9
Sweden	26.3	29.2	29.1	32.1	28.7	28.9	29.2
Switzerland	17.6	21.3	25.9	22.9	21.4	22.1	21.8
Turkey	8.9	13.1	21.0	25.0	21.6	22.6	25.7
United Kingdom	18.3	18.1	17.1	19.5	18.9	21.1	23.1
United States	11.5	12.6	13.1	15.6	11.6	13.4	15.0
EU 28	19.2	23.5	24.4	27.6	24.5	26.4	28.2
OECD	14.9	18.1	20.8	24.6	21.2	22.5	24.3
Brazil	7.8	11.5	11.7	12.5	10.0	10.3	10.8
China	33.4	37.3	37.4	31.8	30.8	32.0	32.2
India	9.4	11.3	17.5	22.7	21.0	22.3	24.1
Indonesia	12.6	17.4	16.6	14.6	11.1	11.1	12.0
Russian Federation	13.3	18.3	12.8	13.9	12.7	13.1	13.7
South Africa	13.2	17.8	19.5	23.8	18.8	17.9	19.5

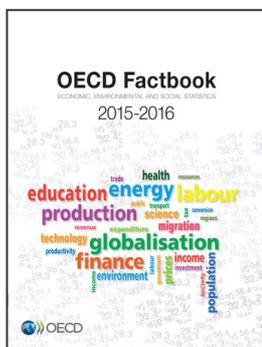
1 2 <http://dx.doi.org/10.1787/888933336694>

Value added in domestic and foreign final demand

Billion US dollars, 2011



1 2 <http://dx.doi.org/10.1787/888933335612>



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