

VALUE ADDED BY ACTIVITY

Value added reflects the contribution of labour and capital to production. The sum of value added in the economy equals GDP, so value added is also a measure of output and frequently used in productivity and structural analysis.

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. This is also a temporal problem as production networks can become more or less consolidated (through outsourcing for example) within a country from one year to another.

Definition

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

The importance of each activity varies across OECD countries with the most important sector groupings being industry; distributive trade, repairs, transport, accommodation and food services; and public administration, defence, education, and human health and social work activities. The share of industry in total value added has trended downward in recent decades. However, looking at changes in the share between 2002 and the most recent year, eight countries show an increase; most notably in Korea, the Czech Republic, and Hungary.

The share of industry also fell in non-member countries but remains at considerably higher levels than in most OECD countries, with the share for China and Indonesia remaining at over 30%. Norway, where mining and quarrying are large contributors to activity, Korea with consumer electronics, automotive, steel industries and shipbuilding, the Czech Republic with a strong automotive and energy sector come closest to these rates within the OECD.

As regards the share of financial and insurance activities, many OECD countries have regained or exceeded their 2002 levels, among them Luxembourg at 26.3%, representing the largest share of value added.

The share of agriculture in total value added within the OECD is generally small. In only five countries (Turkey, Iceland, New Zealand, Hungary and the Slovak Republic) does agriculture account for more than 4% of total value added.

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 the 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 (2002), *Measuring the Non-Observed Economy: A Handbook*, OECD Publishing.

Statistical publications

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

Online databases

- STAN: OECD Structural Analysis Statistics.

Websites

- OECD National Accounts, www.oecd.org/std/na.

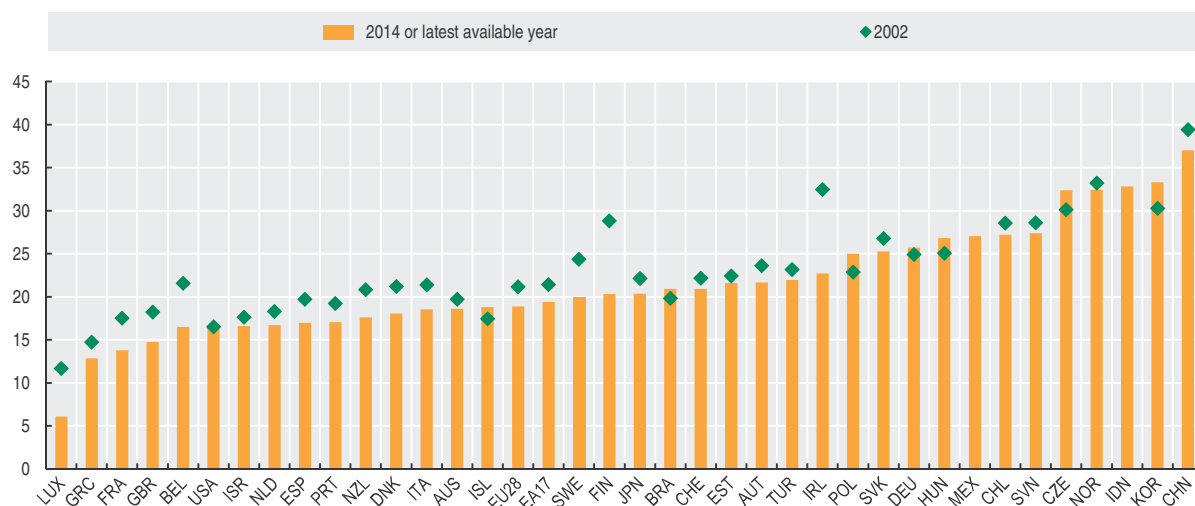
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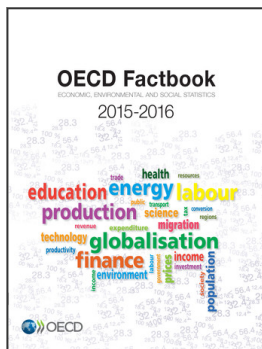
As a percentage of total value added, 2014 or latest available year

	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	2.5	18.6	8.4	16.5	3.0	9.0	12.1	9.8	17.4	2.7
Austria	1.4	21.7	6.4	22.9	3.3	4.6	9.9	9.5	17.4	2.9
Belgium	0.7	16.5	5.7	19.8	4.1	6.2	8.6	13.6	22.6	2.2
Canada	..	..	..	..	..	..	..	..	..	..
Chile	3.3	27.2	7.9	15.3	2.0	5.6	..	15.3	14.8	8.6
Czech Republic	2.7	32.4	5.6	18.0	4.9	4.5	8.3	6.7	14.8	2.2
Denmark	1.4	18.0	4.4	19.5	4.3	6.2	10.2	9.0	23.3	3.6
Estonia	3.4	21.6	6.5	22.7	5.3	3.8	10.1	9.2	14.8	2.6
Finland	2.8	20.3	6.2	16.2	5.5	3.0	12.3	8.4	22.1	3.1
France	1.7	13.8	5.7	17.7	4.9	4.5	12.9	12.8	23.2	3.0
Germany	0.7	25.7	4.6	15.5	4.9	4.1	11.1	11.1	18.2	4.1
Greece	3.8	12.8	2.9	24.9	3.2	4.6	17.8	5.2	20.6	4.2
Hungary	4.5	26.8	4.4	18.2	5.2	3.7	7.9	9.0	17.4	3.0
Iceland	6.9	18.8	4.9	17.9	4.9	7.4	9.4	7.4	19.5	3.0
Ireland	1.6	22.7	2.9	15.8	11.7	8.9	7.6	10.2	16.3	2.3
Israel	1.3	16.8	5.6	13.1	8.5	5.8	14.9	12.3	18.5	3.1
Italy	2.2	18.6	4.9	20.2	3.7	5.9	14.1	9.2	17.3	4.0
Japan	1.2	20.4	5.9	19.4	5.6	4.5	11.8	..	11.4	19.9
Korea	2.3	33.3	4.9	14.9	3.8	5.6	8.0	7.4	17.0	2.8
Luxembourg	0.3	6.1	5.8	17.3	6.3	26.3	8.0	11.9	15.9	2.0
Mexico	3.3	27.1	7.4	25.1	2.4	3.7	11.4	6.4	11.0	2.1
Netherlands	1.8	16.7	4.5	20.2	4.7	7.8	5.7	13.6	22.2	2.7
New Zealand	6.9	17.6	5.8	17.1	3.2	5.9	13.5	9.9	16.3	3.7
Norway	1.7	32.4	5.8	14.1	3.8	5.1	6.7	7.4	21.1	1.9
Poland	2.9	25.0	7.4	26.0	3.9	4.4	5.2	7.7	14.9	2.4
Portugal	2.3	17.1	4.5	24.7	3.4	5.2	12.8	6.9	20.2	2.9
Slovak Republic	4.4	25.3	8.4	22.1	4.4	4.2	6.7	7.4	13.6	3.6
Slovenia	2.2	27.4	5.7	20.2	4.1	4.0	6.9	9.8	17.0	2.7
Spain	2.5	17.0	5.4	24.1	4.3	4.1	12.0	7.4	18.8	4.3
Sweden	1.4	20.0	6.0	17.0	5.6	4.6	8.5	9.5	24.4	3.0
Switzerland	0.8	20.9	5.3	20.2	4.1	9.8	1.0	9.9	19.0	8.9
Turkey	8.0	22.0	5.1	29.8	2.1	3.4	11.0	6.2	10.7	1.7
United Kingdom	0.7	14.7	6.2	18.2	6.2	8.2	11.2	12.2	18.1	4.3
United States	1.4	16.6	3.9	15.7	6.1	7.4	11.4	11.7	22.6	3.2
Euro area	1.6	19.4	5.0	18.9	4.6	5.0	11.6	10.6	19.6	5.0
EU 28	1.6	18.9	5.4	19.0	4.9	5.5	11.2	10.7	19.3	5.5
OECD	..	..	..	..	..	..	..	..	..	..
Brazil	5.1	20.9	6.3	19.5	3.7	6.3	8.4	7.6	16.1	6.0
China	10.0	37.0	6.9	16.6	..	5.9	..	..	..	17.7
India	..	..	..	..	..	..	..	..	..	..
Indonesia	13.7	32.8	10.1	21.3	3.6	4.0	2.9	1.6	8.4	1.6
Russian Federation	..	..	..	..	..	..	..	..	..	..
South Africa	..	..	..	..	..	..	..	..	..	..

 1 2 <http://dx.doi.org/10.1787/888933336760>
Value added in industry, including energy

As a percentage of total value added


 1 2 <http://dx.doi.org/10.1787/888933335692>



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