

## 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. The indicators presented are derived using a global input-output table and estimate the total upstream foreign value-added that is generated by domestic final demand and total upstream domestic value added generated by foreign final demand.

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

### Overview

The foreign value added content of exports has generally increased over the past two decades, up to an unweighted OECD average of 29%. 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 China, 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 from the table, from the decline of the share of foreign value added in gross exports from 2008 to 2009.

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

It is important to stress that the indicators presented in the TiVA database are estimates. Official gross statistics on international trade produced by national statistics institutions result in inconsistent figures for total global exports and total global imports; inconsistencies which are magnified when bilateral partner country positions are considered. The global input-output tables from which TiVA indicators are derived, necessarily eliminate these inconsistencies, such as those that reflect different national treatments of re-exports and transit trade (e.g. through hubs such as the Netherlands and Hong Kong), to achieve a coherent picture of global trade. For the countries for which data is presented, total exports and imports are consistent with official national accounts estimates, however bilateral trade positions presented here and those published by national statistics institutions may differ.

### Sources

- OECD (2013), *International Trade by Commodity Statistics*, OECD Publishing.

### Further information

#### Analytical publications

- 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.
- Love, P. and R. Lattimore (2009), *International Trade: Free, Fair and Open?*, OECD Insights, OECD Publishing.
- OECD (2013), *Interconnected economies: Benefiting from Global Value Chains*, OECD Publishing

#### Statistical publications

- OECD (2013), *OECD Statistics on International Trade in Services*, OECD Publishing.

#### Online databases

- OECD/WTO (2013), *OECD-WTO: Statistics on Trade in Value Added*, (Database).

#### Websites

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



## TRADE IN VALUE ADDED

## Foreign value added as a share of gross exports

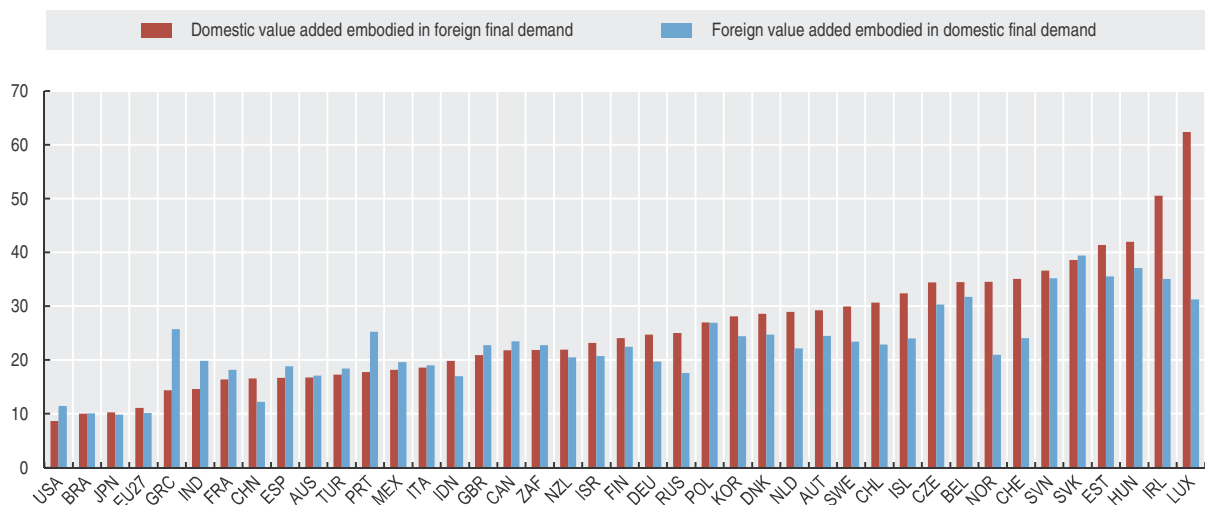
Percentage

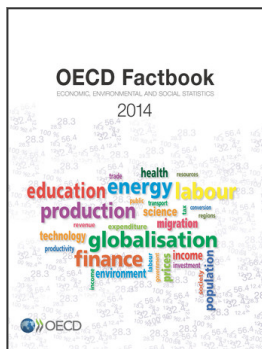
	1995	2000	2005	2008	2009
Australia	11.8	13.5	13.0	13.9	12.5
Austria	27.2	31.8	32.3	35.3	31.6
Belgium	39.0	42.7	42.2	40.4	35.0
Canada	23.5	30.9	25.1	21.3	19.5
Chile	15.1	18.0	17.6	20.7	18.5
Czech Republic	32.1	39.2	40.6	39.8	39.4
Denmark	30.1	26.2	32.0	33.9	32.0
Estonia	37.2	50.1	47.9	38.2	33.2
Finland	26.5	31.4	34.1	36.7	33.8
France	17.8	24.5	24.8	27.3	24.8
Germany	18.7	24.4	25.6	27.8	26.6
Greece	13.3	25.3	24.0	25.8	23.2
Hungary	26.6	46.2	49.1	45.0	39.9
Iceland	33.2	37.2	38.9	35.7	36.6
Ireland	38.4	50.6	47.0	45.6	42.3
Israel	28.6	33.8	38.0	34.9	30.6
Italy	21.9	25.3	27.1	22.8	20.1
Japan	6.9	9.9	13.8	19.4	14.8
Korea	23.7	32.9	37.7	43.4	40.6
Luxembourg	42.8	55.5	56.9	59.5	58.9
Mexico	26.5	31.8	30.7	30.6	30.3
Netherlands	34.7	38.2	34.4	36.7	35.9
New Zealand	17.4	20.2	19.6	21.4	18.4
Norway	19.3	14.7	14.5	14.8	15.3
Poland	15.4	23.3	30.7	30.6	27.9
Portugal	28.9	27.1	26.4	35.5	32.4
Slovak Republic	35.6	48.3	48.0	48.4	44.4
Slovenia	30.7	37.5	41.1	39.0	34.4
Spain	20.6	27.0	27.8	24.9	20.7
Sweden	27.8	31.6	32.8	35.0	33.6
Switzerland	23.2	27.8	29.3	30.4	28.5
Turkey	11.2	15.3	20.8	26.3	21.8
United Kingdom	20.7	18.4	20.3	18.9	17.3
United States	8.4	8.9	11.1	14.6	11.3
EU 28	..	..	..	..	..
OECD	..	..	..	..	..
Brazil	9.7	11.5	13.0	11.5	9.0
China	11.9	18.8	36.4	33.3	32.6
India	9.7	12.8	19.5	23.7	21.9
Indonesia	14.7	19.3	17.8	17.4	14.4
Russian Federation	10.7	12.5	8.2	7.4	6.9
South Africa	11.8	16.1	16.6	21.1	16.5

 StatLink <http://dx.doi.org/10.1787/888933027779>

## Value added in domestic and foreign final demand

As a percentage of GDP, 2009


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