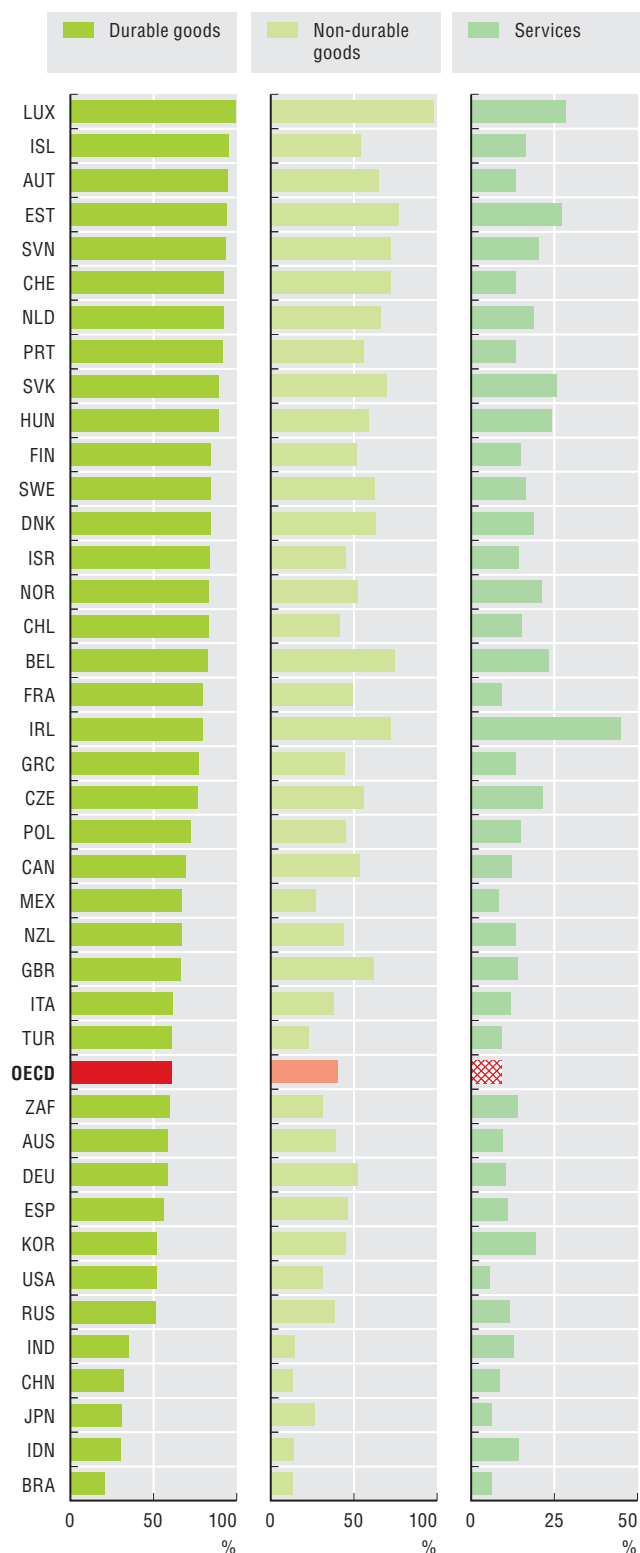


## 7. PARTICIPATING IN THE GLOBAL ECONOMY

### 9. Trade and household consumption

#### Foreign value added in household consumption, by product category, 2009

As a percentage of total household consumption of the product category



Source: OECD, Inter-Country Input-Output (ICIO) Database, May 2013. StatLink contains more data.

StatLink <http://dx.doi.org/10.1787/888932904526>

A focus on household consumption reveals that in most OECD countries shares of foreign value added are higher for durable goods (such as machinery and equipment) than for non-durable goods (food, textiles, chemicals, etc.). For services consumed by households, foreign content is relatively low, averaging below 10% in OECD countries.

Services account for over three-quarters of household spending in many OECD countries. Even in emerging countries, where much household spending is for non-durable goods, over half is for services. As the share of services in household budgets is dominated by regular spending on domestic services, including housing, the foreign value added content in services is, overall, relatively low.

Although durable goods have high foreign value added content, households consume many of these, such as cars, consumer electronics and kitchen appliances, only intermittently. They therefore represent a small share of a country's aggregate household expenditure. Most durable goods are consumed by businesses and government as investment.

On average, about a sixth of OECD-area household consumption consists of foreign value added; in many countries it represents between 20% and 30%. In large OECD economies, such as Japan and the United States, the share may be as low as 10-12%. In some emerging economies such as Brazil, China and India, household consumption is also dominated by locally sourced goods and services. The origin of the foreign content is broadly regional, with European households mainly consuming foreign value added from other European countries and North American households drawing on value added from their neighbours. In 2009 China accounted for less than 2% of value added in household consumption in major OECD economies, including Japan and the United States.

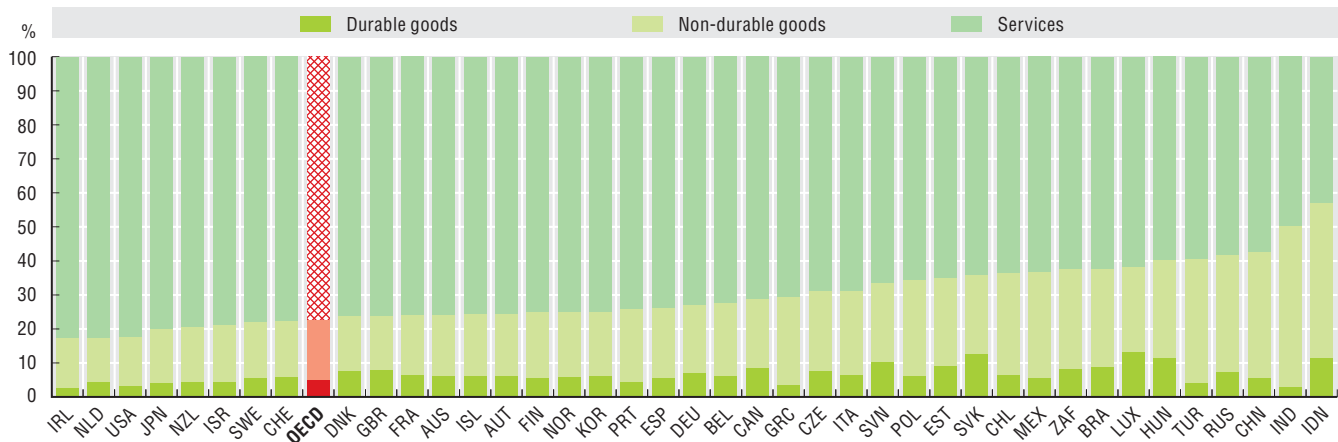
#### Definitions

Household final consumption expenditure covers all purchases made by resident households to meet their everyday needs: food, clothing, housing services, energy, transport, durable goods (notably cars), health, leisure and other services. The concept used here covers direct household expenditure and does not include those (individual) expenditures of general government and non-profit institutions serving households (NPISHs) that directly benefit households, such as health care and education.

Product groups are defined according to ISIC Rev.3. Durable goods includes Divisions 20, 26, 27-28, 29-33 and 34-35; Non-durable goods: 01-05, 10-14, 15-16, 17-19, 21-22, 23-25 and 36; and Services: 45, 50-55, 60-64, 65-67, 70-74, 75-95.

**Household consumption, by type of product, 2009**

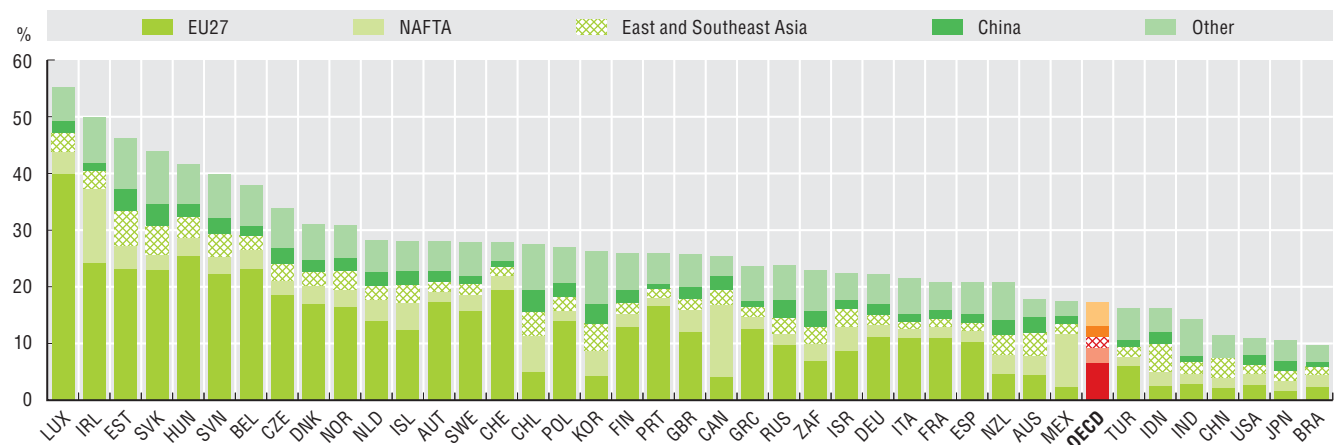
As a percentage of total household consumption



Source: OECD, Inter-Country Input-Output (ICIO) Database, May 2013. StatLink contains more data.

StatLink <http://dx.doi.org/10.1787/888932904545>**Foreign value added in household consumption, by source region, 2009**

As a percentage of total household consumption



Source: OECD, Inter-Country Input-Output (ICIO) Database, May 2013. StatLink contains more data. See chapter notes.

StatLink <http://dx.doi.org/10.1787/888932904564>**Measurability**

Timeliness is a major constraint when developing indicators based on an input-output framework. Given the heavy data requirements, national benchmarked input-output (I-O) tables are typically produced every 5 years, often with a lag of 4 to 5 years. Many countries produce more timely annual Supply-Use tables (SUTs), especially in Europe, and these can be used to produce estimated input-output tables. As countries use different benchmark years, some interpolation and extrapolation may be required to develop a set of harmonised input-output tables covering common years for a maximum number of countries. A consequence is that the OECD Inter-Country Input-Output (ICIO) Database, used to derive the indicators in this and preceding sections, currently only covers the years 1995, 2000, 2005, 2008 and 2009. Efforts are under way to improve the timeliness of estimates in OECD's I-O framework, but in the meantime, as certain economic structures do not change rapidly, the figures for 2008 and 2009 can provide some insights into how countries fit into the global economy today.



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