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INTERNATIONAL COMPARISON PROGRAM (ICP)

ICP

HIGHLIGHTS OF THE ICP2017 RESULTS HOUSEHOLD FINAL CONSUMPTION: ACTUAL INDIVIDUAL CONSUMPTION BY HOUSEHOLD (AICH) FOR NON-DURABLES, DURABLES, SEMI DURABLES AND SERVICES

1 AICH is a comprehensive measure of goods and services consumed by the households (AICH), which includes Individual Consumption Expenditure by Household (ICEH) and Non-Profit Institutions Serving Households (NPISH) on behalf of Individuals, as well as government expenditure on behalf of households, or Individual Consumption Expenditure by Government (ICEG).

2 Therefore, AICH is a better measure of material well-being than the overall GDP as this includes all goods and services consumed by the households to meet their individual consumption needs.

3 The consumption levels of goods and services in AICH has **4** categories which are **Non-durables**, **Durables**, **Semi durables** and **Services**. This classification is based on the Classification of Individual Consumption by Purpose (COICOP).

4 COICOP classes the consumption level of goods so as to provide for the other analytic applications. For example, COICOP classes identified as "Durables" provide the basic elements to estimate the stock of "capital goods" held by households. The patterns of indexes for relative per capita real expenditure with Asia and the Pacific as reference or equal to 100 for different COICOP categories exhibit different levels of variability across the 22 economies.

4 CLASSIFICATION OF EXPENDITURE

1 Non-durables

A non-durable good is one which is used up entirely in less than a year assuming a normal or average rate of physical use.

Example
- Food/Water
- Electricity/ Gas
- Pharmaceutical

2 Durables

A durable good is one which may be used repeatedly or continuously over a period of more than a year, assuming a normal or average price of physical usage.

Example
- Furnishings
- Floor coverings
- Major and small
- Electrical appliances
- Transport equipment

3 Semi Durables

A good that differs from a non-durable good in that it can be used repeatedly or continuously over a period longer than its expected lifetime of use, though longer than a year, is often significantly shorter and its purchasers price is substantially less.

Example
- Clothing, textiles and glassware

4 Services

Services are outputs produced to order and which cannot be traded separately from their production.

Example
- Transportation
- Restaurant services
- Healthcare
- Social Assistance
- Information services

Sources:
1. 2017 ICP; Purchasing Power Parities and Real Expenditure: A Summary Report
2. 2017 ICP; Purchasing Power Parities and Real Expenditure: Results and Methodology
3. OECD; https://stats.oecd.org/glossary/detail.asp?ID=1803

Per Capita Real Expenditure Index for Components of AICH (Asia and The Pacific = 100), 2017

Top 5 Economies Per Capita Real AICH Expenditure Index

1	Hong Kong	720
2	Singapore	543
3	Taipei	490
4.	Brunei	274
5.	Malaysia	270

The data present the key results for Asia and the Pacific for broad aggregates of Gross Domestic Product (GDP).

These aggregates were derived using the Gini-Éltető-Köves-Szulc (GKES) method, so real expenditures are not additive within particular economy.

The results presented are produced by the ICP Asia Pacific regional implementing agency, based on data supplied by the participating economies, and in accordance with the methodology recommended by the ICP Technical Advisory Group and approved by the Asia and the Pacific Regional Advisory Board.

1 Non-durables

1	Hong Kong, China	367
2	Taipei, China	327
3	Malaysia	290

2 Durables

1	Hong Kong, China	1298
2	Singapore	758
3	Taipei, China	743
4th	Malaysia	271

3 Semi Durables

1	Hong Kong, China	1259
2	Taipei, China	760
3	Singapore	566
8th	Malaysia	222

4 Services

1	Hong Kong, China	917
2	Singapore	816
3	Taipei, China	512
4th	Malaysia	280

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1 Hong Kong, China

a. Non-durables

- Hong Kong has the highest meat consumption in the whole Asia and the Pacific at 664g per day, equivalent to 2 pieces of 10-oz steak.
- The Hong Kongers enjoy pork and beef, consuming 4 times the UK's average daily consumption amount.
- Suppliers say that strong demand for beef, especially wagyu, owes to its versatility and the inability of the Hong Kongers to travel to Japan.

Sources : https://greenmonday.org/en/health-impact

b. Durables

- As housing conditions continue to improve in Hong Kong, people are increasingly spending money on home decoration which consists of furniture and furnishing.
- Urbanisation is likely to drive growth in the furniture market as data from the National Bureau of Statistics shows that the urbanisation rate of permanent residents in China reached 63.9% in 2020.

Source : https://research.hktdc.com/en/article/MzA3ODY3OTk5

c. Semi Durables

- Hong Kongers spend an average of HK$10,000 every year on clothing, adding up to HK$25 billion a year in total, study found by Greenpeace.
- 85% of Hong Kongers believe that spending on nice clothes makes them feel more confident after wearing it and shopping is a way to relieve stress and kill time. 63% of Hong Kongers said that social media trigger their desire to shop and they felt satisfied after spending on nice clothes.

Sources : https://www.greenpeace.org/eastasia/press/1015/hong-kong-people-spend-hk25-billion-on-clothes-a-year

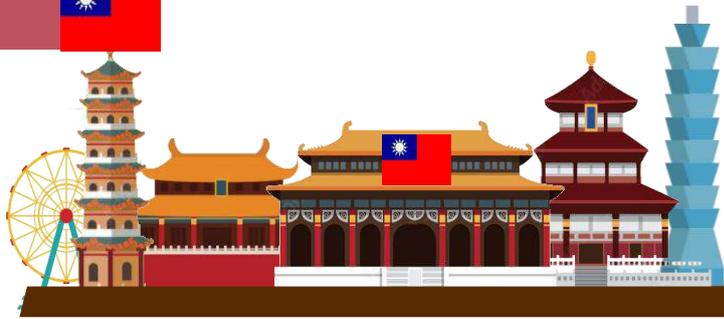*HK$= Hong Kong Dollar

d. Services

- The public transportation network in Hong Kong is famous for being one of the most efficient system in the world.
- Under the government's rail-led transport policy, the MTR system is a common mode of public transport in Hong Kong, with over five million trips made in an average weekday. It consistently achieves a 99.9% on-time rate on its train journeys.
- MTR offers an affordable fares between 50 cents to HKD$3.
- Hong Kong Transportation Department shows that the entire MTR railway system carries an average of 3.5 million passengers each day.

Sources :
- https://www.gov.hk/en/about/abouthk/factsheets/docs/transport.pdf
- https://www.linkedin.com/pulse/mtr-hong-kong-global-gold-standard-efficient-train-service-zhang/

a. Non-durables

- Taiwanese people spent an average of NT$812,000 annually on electricity, water, gas and other fuels accounting for 23.9% of the total. Meanwhile, 15.6% of Household Expenditure was spent on food, beverages, and tobacco.

Sources : https://www.taiwannews.com.tw/en/news/3520888

c. Semi Durables

- Consumers in Taiwan spent NT$162 billion (US$5.2 billion) on clothing. The average consumer spent about NT$1,469 per person on clothes. Social media advertising was a main influence for consumers, with 82% of respondents saying they bought items promoted on Facebook or Instagram.
- According to the 2017 government data on expenditure survey, Taiwanese people spent 2.87 of their Household Expenditure on clothing and footwear.

Sources : https://www.taipeitimes.com/News/taiwan/archives/2017/01/24/2003663711
*NT$= New Taiwan Dollar

b. Durables

- Based on Taiwan's Consumer Imports Research, Taiwan's highest value imported durable consumer product was led imported phone devices including smartphones, cars, computer parts or accessories, computers, unrecorded sound media and electrical converters or power units.
- Overall spending on all Taiwanese imports, including raw materials, intermediate products and semi-finished goods, totaled $287.2 billion in 2020.

Sources : https://www.taiwannews.com.tw/en/news/3520888

d. Services

- According to the 2017 government data on expenditure survey, the expenditure on restaurant services is at 5.42%.
- As more people are working, Taipei residents are willing to spend their money on restaurant services, rather than spending their time on the kitchen.

Sources https://www.taiwannews.com.tw/en/news/3520888

a. Non-durables

- Singaporean spent about S$1,199 per month on food, which represents 24% of their total monthly budget. Data from Household Expenditure Survey 2017 shows that most families spend around S$350 to S$475 per month on groceries (including food, beverage, alcohol and tobacco).
- On 2017, 367 kg of food was consumed by a person per annum which consists of 46% fruits and vegetables. The other 25% were grains and 29% on meats, eggs and seafood.

Sources : Report on the Household Expenditure Survey 2017/18, Department of Statistics Singapore

c. Semi Durables

- Singaporean spend less on clothes, footwear as retail experts say this could be due to the availability of more affordable options for shoppers. The shift towards online shopping was reflected with more households performing transaction online.
- Household Expenditure Survey 2017 found that average household spent about $120 a month on clothing and footwear.

Sources : Report on the Household Expenditure Survey 2017/18, Department of Statistics Singapore

b. Durables

- Out of every 10 households, approximately 8 of Singapore residents had air-conditioners, more than 9 owned a washing machine, and about 2 had a clothes dryer in their homes based on Household Expenditure Survey 2017/18 that was conducted by Department of Statistics Singapore.

Sources : Report on the Household Expenditure Survey 2017/18, Department of Statistics Singapore

d. Services

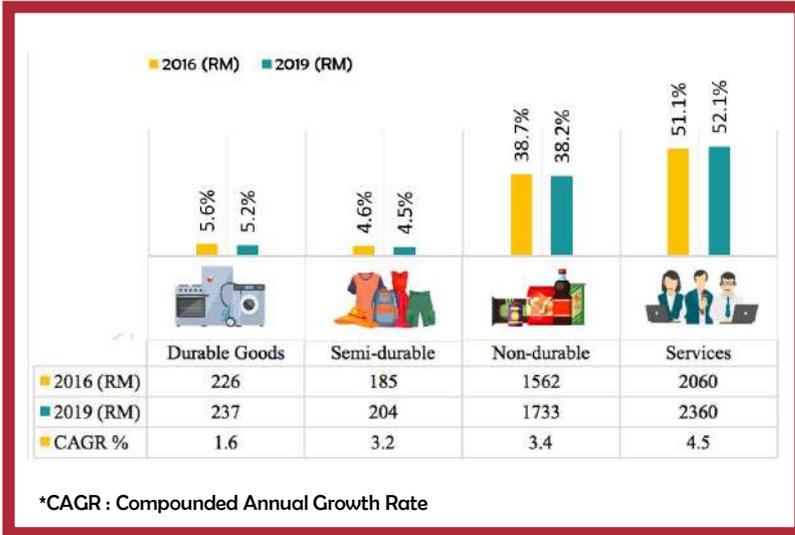- Food services accounted for 68% on Household Expenditure in 2017/18, higher than the 64% in year 2012/13.
- On average, households spent $810 a month on food serving services in 2017/18, up from $760 per month in 2012/13, mainly due to increased spending in restaurants, cafes and pubs.

Sources : Report on the Household Expenditure Survey 2017/18, Department of Statistics Singapore

Expenditure Items by Type of Goods, Malaysia year 2016 and 2019

Legend: 2016 (RM) | 2019 (RM)

Chart values (CAGR % shown above bars):
- Durable Goods: 5.6% / 5.2%
- Semi-durable: 4.6% / 4.5%
- Non-durable: 38.7% / 38.2%
- Services: 51.1% / 52.1%

	Durable Goods	Semi-durable	Non-durable	Services
2016 (RM)	226	185	1562	2060
2019 (RM)	237	204	1733	2360
CAGR %	1.6	3.2	3.4	4.5

*CAGR : Compounded Annual Growth Rate

In 2019, the percentage of expenditure for services component was 52.1 per cent which was higher than the total expenditure on goods at 47.9 per cent.

In terms of growth, the services component increased by 4.5 per cent as compared to the goods component in between the period 2016-2019.
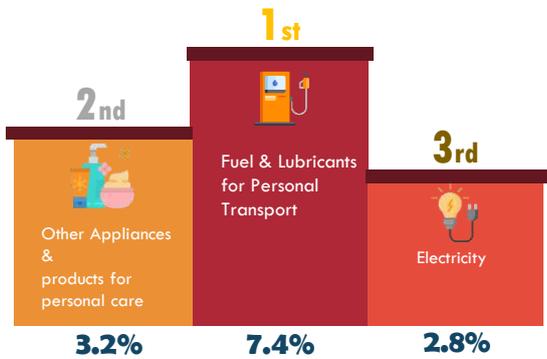
The breakdown of the goods components shows that non-durable goods dominated the composition of expenditure by 38.2 per cent year 2019.

The percentage of services component has consistently reached 50.0 per cent of total household expenditure since 2014.
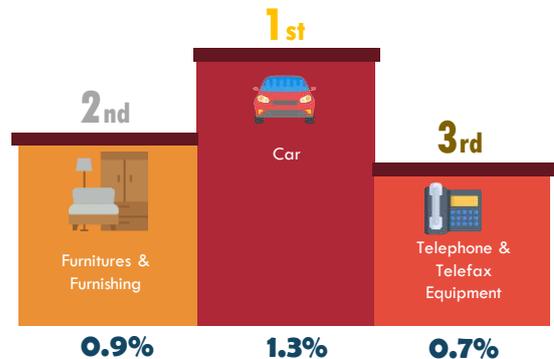
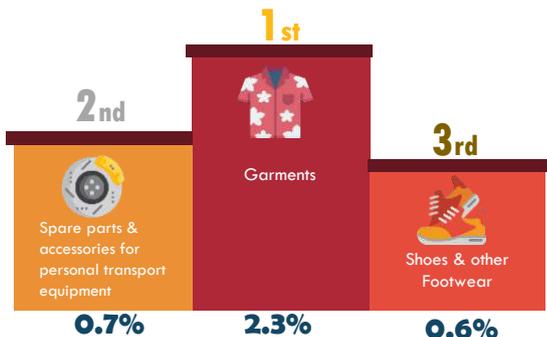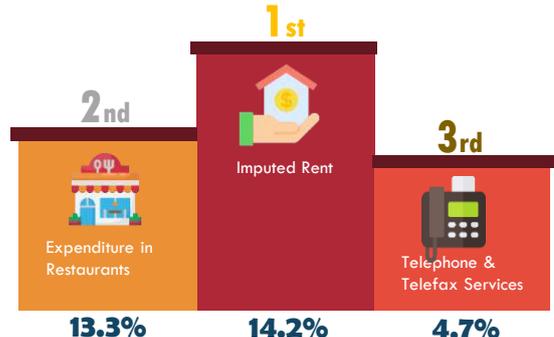## Malaysia Top 3 Items by Highest Percentage of Household Expenditure, 2019

a. Non-durables
- 2nd — Other Appliances & products for personal care — 3.2%
- 1st — Fuel & Lubricants for Personal Transport — 7.4%
- 3rd — Electricity — 2.8%

b. Durables
- 2nd — Furnitures & Furnishing — 0.9%
- 1st — Car — 1.3%
- 3rd — Telephone & Telefax Equipment — 0.7%

c. Semi Durables
- 2nd — Spare parts & accessories for personal transport equipment — 0.7%
- 1st — Garments — 2.3%
- 3rd — Shoes & other Footwear — 0.6%

d. Services
- 2nd — Expenditure in Restaurants — 13.3%
- 1st — Imputed Rent — 14.2%
- 3rd — Telephone & Telefax Services — 4.7%

Sources: Household Expenditure Survey Report 2019, Department of Statistics Malaysia.

Time series of Percentage of Monthly Household Consumption Expenditure, Malaysia, 2016-2019

Expenditure group	2016 (%)	2019 (%)
1. Food & non-alcoholic beverage	18.0	17.3
2. Alcoholic beverages & tobacco	2.4	2.3
3. Clothing & footwear	3.4	3.3
4. Housing water, electricity, gas & other fuels	24.0	23.6
5. Furnishings, household equipment & routine household maintenance	4.2	4.4
6. Health	1.9	2.1
7. Transport	13.7	13.5
8. Communication	5.0	5.0
9. Recreation services & culture	5.0	5.1
10. Education	1.3	1.5
11. Restaurants & hotels	13.4	13.9
12. Miscellaneous goods & services	7.7	8.0

References:
1. ICP DOSM Newsletter DOSM/BPHPP/2.2021/Series 37
2. ICP DOSM Newsletter DOSM/BPHPP/2.2021/Series 41
3. 2017 ICP; Purchasing Power Parities and Real Expenditure: A Summary Report
4. 2017 ICP; Purchasing Power Parities and Real Expenditure: Results and Methodology

To be continued...