	Produced	Sold it for	Value Added
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GDP as the Sum of Value Added

Sum of Value Added = 2+8+5+15+5 = \$35

The cost of the three is zero because they did not "produce" the tree

Value Added = Sell Price - Cost of production

Produced Sold it for Value Added

Indian community owns forest	Tree	\$2	2 - 0 = \$2
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	Produced	Sold it for	Value Added
Indian community owns forest	Tree	\$2	2 - 0 = \$2

ogging Company buys tree for		\$10	10 - 2 = \$8
2 transforms it into a log	Log	Φ10	10 - 2 - 40

	Produced	Sold it for	Value Added
Indian community owns forest	Tree	\$2	2 - 0 = \$2
Logging Company buys tree for \$2 transforms it into a log	Log	\$10	10 - 2 = \$8

Wood Company buys logs for	Plywood	\$15	15 -10 = \$5
\$10 transforms into plywood	1 Ty VVOOC	ψ I J	

	Produced	Sold it for	Value Added
Indian community owns forest	Tree	\$2	2 - 0 = \$2
Logging Company buys tree for \$2 transforms it into a log	Log	\$10	10 - 2 = \$8
Wood Company buys logs for \$10 transforms into plywood	Plywood	\$15	15 -10 = \$5

- Furniture Manufacturer buys	Table	\$30	30 -15 = \$15
olywood for \$15 makes table	Iable	\$30	30 -13 - \$13

	Produced	Sold it for	Value Added
Indian community owns forest	Tree	\$2	2 - 0 = \$2
Logging Company buys tree for \$2 transforms it into a log	Log	\$10	10 - 2 = \$8
Wood Company buys logs for \$10 transforms into plywood	Plywood	\$15	15 -10 = \$5
Furniture Manufacturer buys plywood for \$15 makes table	Table	\$30	30 -15 = \$15

Macy's buys table for \$30 places	Table in	\$35	35 - 30 = \$5
on showroom for display	showroom	ψJJ	33 - 30 - 43

	Produced	Sold it for	Value Added
Indian community owns forest	Tree	\$2	2 - 0 = \$2
Logging Company buys tree for \$2 transforms it into a log	Log	\$10	10 - 2 = \$8
Wood Company buys logs for \$10 transforms into plywood	Plywood	\$15	15 -10 = \$5
Furniture Manufacturer buys plywood for \$15 makes table	Table	\$30	30 -15 = \$15
Macy's buys table for \$30 places on showroom for display	Table in showroom	\$35	35 - 30 = \$5
	<u> </u>		

rice paid by final user \$35			\$35
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	Produced	Sold it for	Value Added
Indian community owns forest	Tree	\$2	2 - 0 = \$2
Logging Company buys tree for \$2 transforms it into a log	Log	\$10	10 - 2 = \$8
Wood Company buys logs for \$10 transforms into plywood	Plywood	\$15	15 -10 = \$5
Furniture Manufacturer buys plywood for \$15 makes table	Table	\$30	30 -15 = \$15
Macy's buys table for \$30 places on showroom for display	Table in showroom	\$35	35 - 30 = \$5
Price paid by final user \$35			\$35

GDP as the Sum of Value Added

Value Added = Sell Price - Cost of production

	Produced	Sold it for	Value Added
Indian community owns forest	Tree	\$2	2 - 0 = \$2
Logging Company buys tree for \$2 transforms it into a log	Log	\$10	10 - 2 = \$8
Wood Company buys logs for \$10 transforms into plywood	Plywood	\$15	15 -10 = \$5
Furniture Manufacturer buys plywood for \$15 makes table	Table	\$30	30 -15 = \$15
Macy's buys table for \$30 places on showroom for display	Table in showroom	\$35	35 - 30 = \$5
Price paid by final user \$35			\$35

Sum of Value Added = 2+8+5+15+5 = \$35

GDP