Compiling import use tables

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Import use matrices

- Information on ***how imported products are used in an economy*** – as intermediate inputs, as capital goods, as final consumption etc – is ***vital*** for our ***understanding of global value chains (GVCs)*** (and the construction of TiVA)
  - Including on how individual economies are embedded in GVCs, and contribute to and benefit from international trade
  - The use of imported products may differ significantly from the use of domestically produced output
- Therefore, the Total Use table should ideally be split into:
  - ***A Domestic Use table:*** describes the use of **domestic output** by product and by using industries and final demand categories
  - ***An Import Use Table:*** describes the use of **imports** by product and by using industries and final demand categories
- The split is typically made by developing import use tables and subtracting these from Total Use.

Constructing import use matrices

- Import use tables can be produced via several methods; there is ***no single "ideal" approach***
  - the construction is country specific and depends on available data sources and other (human) resources
- ***However, it is not recommended to use*** methods that rely only on simplistic proportionality assumptions (potentially in combination with the UN BEC classifications), as the results can be highly misleading!
  - Proportionality assumption: users have no specific preferences in whether a domestic or imported product is purchased
  - BEC: the Broad Economic Categories classification, which provides a correspondence between products and their (theoretical) principal uses
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Preferred alternatives for constructing import flow matrices

- Options:
  - Use proportionality/BEC *in combination* with more detailed constraints derived from:
    - Input-output surveys (incl. breakdowns of use by domestic/import origin), large company case studies/interviews, administrative sources (some countries require recording of counterpart VAT numbers of purchases), …
    - Variety of combinations possible
  - Use microdata linking of trade and business statistics:
    - Goods: customs information linked to the business register ('Trade by Enterprise Characteristics'/ TEC)
    - Services: Services trade survey linked to business register ('Service Trade by Enterprise Characteristics' / STEC)

Microdata linking

- Customs data and business register (or census) can often be linked *directly* (same IDs) or *indirectly* by developing bridge tables (linkable IDs, e.g. via chamber of commerce numbers or other public company registries)
- Given that both sources are register based (full population), the share of non-linkable trade is often negligible
- Allows for the identification of which types of enterprises (which industries, but also: firm size, ownership) are engaged in trade (imports and exports), by product and partner country
- **Note however:**
  - Direct imports by enterprises can be immediately derived
  - Indirect imports (through wholesalers) need to be further treated

Microdata linking: adjustments for indirect imports

- Linked trade-business statistics often identifies the wholesale industry as main importing/exporting industry
  - Needs to be adjusted to match NA treatment of wholesale as margin producing industry
- Options for developing adjustments
  - Using company structures (establishments <> enterprises <> enterprise groups) to link wholesale establishments to production establishments of the same company
  - Use detailed information on the type of products that is imported > distribute proportionally using direct imports as key
  - Use detailed information on the type of wholesaler > likewise distribute proportionally using direct imports as key

Thank you

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