Multinational groups in the Belgian economy: An investigation with extended input-output tables

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Increasingly fragmented and global value chains have fostered the development of within-industry patterns of specialisation that are related to firm characteristics such as size, ownership or exporter status. Therefore, an increasing number of countries has started to produce extended input-output that take such heterogeneity into account by disaggregating industries according to at least one of these firm characteristics. We have developed extended IOT with a distinction of firms by ownership category for Belgium for the year 2015. In this paper, we present the statistical methodology and the data used for this disaggregation as well as analytical results derived from the extended tables.
Using data on participation links from different national sources with an extensive coverage, we identify group structures based on control and classify firms into three categories: firms that are completely independent or part of a domestic group, firms that are part of a domestically-controlled multinational group, and firms that are part of a foreign-controlled multinational group. Based on this classification of firms, we derive an extended IOT using all individual firm-level data sources that serve for the construction of the countryâ€™s conventional IOT.
From an analytical perspective, we determine the contributions of the three categories of firms to GDP and employment in Belgium, and identify differences in cost structures, import propensity and export orientation between the three types of firms. Through the calculation of linkages, we are able to show that firms that are part of a multinational group are relatively less integrated into domestic value chains. However, integration into the GMRIO table from FIGARO allows to show that they play an important role in Belgiumâ€™s participation in global value chains. Finally, we also test for sensitivity of results with respect with respect to a lower participation threshold (10% and 50%) and the exclusion of indirect ownership links.