Estimation and Applications of OECD Inter-Country Input-Output (ICIO) Tables in Previous Year Prices (PYP)

Topic: Global value chain analysis III (Chair: Carmen ZÃ¼rcher, OECD)
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While trade in value added (TiVA) indicators have been widely used to analyze global value chains (GVCs), they are usually created in current prices and their evolution over time does not allow to disentangle changes in value-added trade flows related to prices from changes in volume that reflect some reorganization in supply chains. Take for example the case of how important fluctuations in the price of raw materials can affect GVC indicators and may explain part of the â€˜deglobalisationâ€™ observed in 2011-2016. In such a way, to disentangle these changes related to inputs prices from structural changes and to better understand the reorganization of global value chains in the last two decades, the OECD Inter-Country Input-Output (ICIO) tables (from 1995 to 2018, for 67 economies and 45 industries) are estimated in previous yearâ€™s prices (PYP) and GVC indicators created in chain-linked prices. The advantage of such methodology, as compared to constant prices, is that there is no need to create tables using a common base year. The proposed methodology is based on previous work done within the WIOD project (Timmer et al., 2015). These tables can also have further applications as they will allow to measure changes related to physical indicators, like emissions, use of energy, etc. and also be used in studies related to changes in capital and labor productivity. The OECD will make these tables in previous yearâ€™s prices publicly available.