Developing a Bilateral Input-Output Table in the Case of Thailand and Vietnam: Methodology and Applications

Topic: Regional IO: examples from SE Asia
Author: Kim Kwang Moon

This paper attempts to measure and analyze the interdependent economic relations between the countries of Thailand and Vietnam, made possible by constructing a bilateral input-output (I-O) table linking the said two countries. It is an inter-regional type of I-O models that provides a compact and comprehensive accounting framework to quantify the economic inter-relationships among and between industries located in the study regions. Similar to a single-region (national) IO table, an Inter-Regional IO (IRIO) table can be used to estimate the magnitude of an external “shock” on major macroeconomic indicators such as output, value-added, income and employment. However, unlike its single-region counterpart, an IRIO table is able to capture and assess the inter-regional spillover and feedback effects arising from an exogenous change in demand for the output of any one of the study regions. In other words, constructing an IRIO table will not only allow us to estimate the stimulus to production outside the study region benefiting from, say, an increase in foreign demand for its output, but also the resultant impact on its output arising from the production stimulus it causes in the other study regions.
This study is deemed to be a prototype of what AREES needs to support its ongoing efforts to develop an integrated database for its proposed research project, entitled: “Impact Analysis of Cross Border Infrastructure Investment in the Indochina Region: An Input-Output (I-O) Approach”. The paper is structured as follows: Section II outlines the accounting framework used to develop the IRIO table. The methods and data used to construct the 2000 Thailand-Vietnam IRIO table are described in Section III before we discuss the salient findings of the study in Section IV. Finally, Section V concludes.