

Decomposition of final demand by products into primary input contents - methodology and applications

Topic: Decomposition Analysis

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This paper presents a methodology for decomposing final demand (by demanded product and type of demand) into its primary input contents (value added components, imports and taxes), direct, indirect, and total, using coefficients calculated from a system of symmetric input-output tables (product by product) built under ESA95 rules. An application is made to Portugal and the relationship between the level of unit import contents of final demand and its macroeconomic impact is analyzed, considering a number of public policies evaluated through an input-output based model for Portugal.