The Valuation of Transactions and the Treatment of Scrap in Korean Input-Output Tables

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The valuation method of Korean 2010 benchmark input-output table is valuation at basic prices. So each transaction value does not include the net taxes on products, and a row for the net taxes on products is added to total intermediate inputs for industries and final demands. And the value of scrap generated in production or final demands is subtracted from total intermediate inputs and final demands, not from each transaction. These methods make some difficulties in input-output analysis.

This paper describes the current methods of valuation and treatment of scrap in Korean I-O tables and shows that these methods are not proper for some analytical purposes. And we compare them with other methods such as valuation at producers’ prices and the negative input method for scrap. These alternatives can be solutions for the problem.