

Compiling SUTs with firm heterogeneity: methods and challenges for the case of China

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Foreign invested enterprises (FIEs) and domestic owned firms (DOEs) are different in many aspects, such as production input, export pattern and impacts on the local country. For example, FIEs and DOEs play different roles in generating local value-added. A large part of value-added from global value chain in developing economies is generated by affiliates of multi-national enterprises (MNEs). Besides, FIEs and DOEs have different performance on technology dissemination and skill building. What's more, compared with DOEs, FIEs are more export-oriented. Therefore, firm heterogeneity should be reflected when compiling supply and use tables (SUTs) and input-output tables. Otherwise, the simple homogeneous assumption will cause biased estimation in many cases and thus mislead policy makers. However, as to the case of China, there are many challenges for the compilation of SUTs with firm heterogeneity, such as the choice of basic statistical units, the challenging of basic prices, lack of data by ownership, etc. Given the SUTs compilation practice in China, this paper employs some methods to estimate SUTs with firm heterogeneity, and discusses the applicability and limitations of these methods.