

The South American Input-output Table : Key Assumptions and Methodological Considerations

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The main goal of this paper is to explain the key assumptions and the methodological considerations on the construction of the South American input-output table (IOT) for 2005. The greatest contribution of the project, next to the integration of ten national IOTs and their interconnection, is made by the inclusion of countries for which no IOT were available or where those existing belonged to a year very distant from 2005 and, therefore, additional work was needed to transform the supply-use tables available from official sources (central banks and statistical offices) to such IOT compatible with the information from other countries in the project. The South American IOT consists of matrix with 40 sectors at basic prices.

Getting to the final IOT was neither a simple nor immediate exercise, and required a process that took several steps and specific milestones. The first milestone was undoubtedly the assembly of each of the national IOT correlated to the 40 sectors chosen for the South American IOT. A second milestone was to prepare the national information to be compatible to that of the other countries included. This exercise included: i) The resolution of particular arising issues in obtaining information for 40 sectors such as opening aggregate sectors; ii) Opening of the intermediate use in domestic and imported inputs; iii) Valuation of all transactions at basic prices, i.e. excluding taxes and margins, but covering subsidies in cases where those existed; iv) Valuation of all transactions in 2005 dollars; v) Opening of imported intermediate use by origin, particularly of South American origins; and vi) Opening of trade in services by origin. Once finished all the exercises of harmonization and the preparation of bilateral trade flows of goods and services, the assembly of a first South American IOT that included 10 South American countries was achieved.

While, there have been efforts to analyze the existent links at the regional level derived from international trade statistics, a work of the presented magnitude has not been deployed before. This is especially valuable as the same work has been announced to be the most accurate method to address the study of regional and global production chains in Latin America and the Caribbean. The South American IOT is a good starting point for the analysis of both domestic and foreign linkages at the South American level. Still, there is the need to move towards the broader objective of having a Latin American IOT. For this purpose, ECLAC is making efforts to complete a similar IOT for the rest of the countries of Central America and the Caribbean that are not included in this exercise. Likewise, for the purpose of conducting analyses of structural changes over time, tasks were developed to prepare a comparable IOT for a more recent year.