Towards the compilation of eSUTs for Italian economy

Topic: Compilation of National Supply, Use and Input-Output Tables
Author: Federico Sallusti
Co-Authors: Stefania Cuicchio

It is strongly agreed that a wider granularity within the SNA framework of accounting would boost the capability of identifying and interpreting emerging phenomena (e.g., the role of Multi-National Enterprises, the formation of Global Value-Chains) and the increasing heterogeneity of structures, strategies and performances of different typologies of economic operators (e.g., the difference between smaller and larger business units, the difference among firms with different degree of international openness).

In this context, the compilation of extended Supply and Use Tables (eSUT) represents a promising way to meet those emerging analytical needs. Moreover, the information included in eSUT framework may also provide a starting point for the compilation of extended Input-Output Tables (IOT), which can be in turn used for impact and structural (relational) analyses.

This work presents the state of art of the compilation of the eSUT framework for the Italian economy. In particular, the scheme considers three dimensions for the sectoral break-down: governance (domestics, MNEs with Italian headquarter, MNE with foreign headquarter), market orientation (domestic market, only importer, only exporter, two-way trader) and size-class (1-10, 10-50, 50-250, more than 250 workers). By integrating the modalities of these dimensions, 48 strata are obtained. For each industry (98 sectors of economic activity), a set of aggregates (production, intermediate costs, value added, employment, compensation of employees, gross operating surplus, number of firms, exports, imports) are broken-down using the above mentioned strata. International trade is also broken down by geographical area of origin/destination.

At this stage, the coverage ranges from 80% to 90% depending on the given aggregate. As for regular economy, the current framework includes: survey and census, administrative data, combined data, imports and exports of goods. As for exhaustiveness adjustments, it includes: value added from un-registered workers, business units outside the scope of SBS, micro-firms, outworkers and under-reporting. The present framework does not include: conceptual adjustments (ESA2010), imports and exports of services, illegal economy and the balancing of supply and demand.

This granularity has been obtained by exploiting firm-level information provided by different Istat databases (Frame-SBS, ASIA, COE-TEC and other, Frame-underground), which allowed to use microdata in order to assign the variables related to each business unit to the given strata. Aggregates for which estimates are provided by domain are assigned to the given strata following assumptions.

The work also provides some preliminary results concerning the role of Multi-National Enterprises (in terms of characteristics, international trade and performance) and the structure of the generation of value added and performances by market orientation, further than an analysis of the role of small and medium enterprises in the Italian economy.

At the current stage, the pilot allowed to replicate a large part of the main national accounts aggregates by economic activity analyzing interesting issues related to the patterns of the Italian business system. Future developments aimed at completing the scheme should include: the representation of international trade in services (including merchanting and processing) from microdata; the inclusion of conceptual adjustments and balancing of SUT; the disaggregation by
product and the representation of intermediate consumption and final demand (consumption and investments); the definition of IOT framework following the eSUT disaggregation.