Use of Input Output Data in Building Evidence for Trade Policy Making

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Central Theme of the Discussions

Session 7

- Economic measurement using input output framework

Session 8

- Utility of the input output framework in trade policy making

Key Issues

- SDGs linked to trade policy
- Contribution of trade policy to the achievement of the SDGs

Part 1: Introduction to Input Output Framework

- IO framework provides information on
  - Production
  - Consumption
  - Income
  - Supply
  - Use
  - Employment
  - Environment
  - Sub-national

Indicators of Economic Status and Development

- What are the principal indicators in your country?
- How are they measured?
- How often are they measured?
- How reliable are the measures?
- Do they form the basis for government economic policies?

IO Based Key Economic Indicators

- How much income is generated in the economy?
  - Gross Domestic Product (GDP)
- How is the income generated in the economy?
  - Sector specific GDP
- How is the income distributed among factors of production?
  - Value Added attributable to labor, capital, government and entrepreneur
- Why are these measures important in your country context?

Income-GDP-Value Added

- Income is the “value added” generated by productive activities
- “Value added” is the economic value placed on the “effort” required to produce a good or service
- The “effort” is principally provided by labor, capital, entrepreneurship and government

Components of Value Added

	Agriculture	Manufacturing	Services	Government
Labor	70	75	180	75
Capital	15	85	25	10
Entrepreneurship	10	45	45	0
Government	5	20	25	5

Value Added	100	225	275	90

GDP	690

How is value added generated in the economy or in any given sector?

Generation of Value Added

- Value added (and hence, income) is generated through productive processes undertaken in an economy

	Ag	Manuf	Ser	Gov
Ag	500	5	5	2
Manuf	50	300	10	3
Serv	100	50	600	10
Gov	25	10	20	400
VA	100	225	275	90
Output	775	590	910	505
VA Ratio	13%	38%	30%	18%

	Ag	Manuf	Serv	Gov
Labor	70	75	180	75
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Entrepreneur	10	45	45	0
Government	5	20	25	5