

APEC Conference

*Building APEC Economies' Capacities of Employing Input-Output Tables  
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**Ekaterina Loburtsova**

Ministry of Economic Development of the Russian Federation

*Application of Input-Output Tables to APEC work*

We all know that APEC is a non-binding forum and the decision and declarations of APEC economies are not obligatory, and it is not in APEC practice to point fingers at individual economies, pointing out lack of certain reforms or progress. At the same time in order to achieve any substantial results both as individual economies and as a group we need certain benchmarks, we need to clearly see where we are going and how what we do impacts our economies. Another thing that we all know is that statistics differs a lot in each economy which often renders this data incomparable among different economies. In this regard APEC needs its own statistical instruments to help us see our achievements and problems from a common standpoint allowing to take integration in the Asia Pacific further.

One of the issues of APEC agenda in 2011 was the green growth and steps towards turning the work on green growth in APEC from discussions to real measures. We think that work in this direction can be a good example of Input-Output tables needs in APEC.

For the whole 2011 year economies could not find a compromise on how they are going to open markets for environmental goods and enhance environmental technology dissemination. In the end we have all decided to pursue some very ambitious and concrete goals, and among them is the aim to reduce by the end of 2015 economies' applied tariff rates to 5% or less for the environmental goods from the list, which has to be developed in 2012. So we have a lot of work ahead of us in this direction.

We think that using the mechanism of Input-Output tables in this work can be particularly useful. When choosing concrete goods experts could make all calculations and see how the tariff rates reduction to 5% or less on this particular product can influence the whole economy and different sectors – for example national agriculture, telecommunication and industry in several particular areas and so on. We all know that common instruments already exist, but they are often applied differently by various economies and therefore produce differing results. If we could have an APEC mechanism like that, we could make identical calculations for every APEC economy and could estimate the effects from such tariff reduction objectively.

The work in 2012 on this issue will start with elaborating a unified list of environmental goods on which we will reduce our tariffs. The problem here is that this work has been part of the WTO Doha round and a compromise could not be found during all the time the negotiations there are going. In order to find some common ground in APEC and successfully conclude the work on the list by the end of next year we would need common language and common statistical instruments to

evaluate the outcomes. If for example tariff reduction on a particular environmental product is extremely harmful to some economies, we would be able to exclude such sensitive items from the list, or at least have a common understanding of these sensitivities and negotiate a unified list as a group not as separate economies as is the case in the WTO. So that through use of Input-Output tables, calculated in the same way for every APEC economy, we can choose the list of environmental goods with less cost and less damage to economies and achieve substantial outcomes.

The same can be applied to many other issues, for example the establishment of a *de minimis* value baseline. As the Ministers' declaration says, recent studies have demonstrated that higher *de minimis* values provide considerable economic benefits to customs administrations, the private sector, and consumers through costs savings and reductions in trade transaction costs, in particular by facilitating the immediate release of shipments thereby improving the movement of goods through regional supply chains. Through this declaration APEC Pathfinder to Enhance Supply Chain Connectivity by Establishing a Baseline *De Minimis* Value is endorsed, in accordance to it economies will set the *de minimis* value on the rate of 100\$ or higher by 2012, but only 9 APEC economies decided to take part in this initiative so far. By means of APEC Input-Output tables we could calculate the consequences of *de minimis* value increase in every APEC economy, which will take this work further, since low participation can also be attributed to the lack of information on consequences of such *de minimis* value increase.

If we take a look beyond APEC, we can also see a lot of advantages of this mechanism in bilateral negotiations. National governments and business-communities are often afraid of implementing liberalization in their economies. The reason of this situation is often the lack of information on future consequences of such liberalization to their own economy and business environment. In this case we think that the use of common statistical instrument of Input-Output tables in APEC work will let us objectively assess the impact and consequences of decisions taken and therefore to employ weighted analysis in our constructive discussions, which will make the realization of Bogor Goals through liberalization much easier to achieve.