

ABSTRACT

Input-Output Analysis for South Tyrol

Supply and Use Tables provide a systematic representation of the origin and use of all goods and services available in an economy. This report explains how this accounting tool works and illustrates its application to South Tyrol. The Supply and Use Tables for South Tyrol refer to 2023 and were compiled jointly by IER and the Regional Institute for Economic Planning of Tuscany (IRPET).

The Supply Table: product supply and import dependence

In 2023, the total supply of goods and services in South Tyrol's economy amounts to 71.3 billion euros. Production by domestic industries is 58.4 billion euros, while imports from the rest of Italy and from abroad total almost 12.9 billion euros.

Services account for 58.5% of domestic production, corresponding to 34.2 billion euros. Within services, trade represents 9.9% of total production and accommodation and food services account for 8.8%. Predominantly public-service sectors – public administration and defence, health, and education – also play a major role, accounting for a further 13.2%. Industry (including energy) and construction contribute 38.2% to domestic production, or 22.3 billion euros, while the remaining 3.3%, equivalent to 1.9 billion euros, is attributable to agriculture.

As for imported goods and services, 58.1% come from other Italian regions and provinces, corresponding to almost 7.5 billion euros. Foreign countries account for the remaining 41.9%, or 5.4 billion euros. Almost three quarters (73.2%) of imported products are intermediate goods and services used in production processes, while 26.8% directly meet final demand. By type of product,

imports from industry and construction account for 68.5% of the total, with a value of 8.8 billion euros. These consist mainly of food products, machinery and equipment, and fabricated metal products. Imports of services amount to 3.2 billion euros, equivalent to 25.1%; agricultural imports stand at 823 million euros, or 6.4%.

The Supply Table also shows the extent to which South Tyrol's economy depends on supplies from the rest of Italy and from abroad. Imports cover 37.3% of the total supply of agricultural products and 27.9% of products from industry and construction; for services, the import share is much lower, at 8.6%.

The Use Table: final demand and use of resources

The Use Table shows how available goods and services are allocated to production processes, final consumption, investment and exports. In 2023, intermediate consumption by enterprises amounts to 27.6 billion euros, while final uses, including taxes, reach 45.9 billion euros. Household consumption, including tourist demand, is the largest component of final demand, at 15.3 billion euros. It is followed by exports, at 15.1 billion euros, gross fixed capital formation, at 8.9 billion euros, and government consumption expenditure at 6.1 billion euros.

Supply and Use Tables: a tool for applied economic analysis

Supply and Use Tables provide an information base for a wide range of applied analyses. At national level, they support the compilation of national accounts, as they show and quantify the relationships between industries, products and

economic actors. The Tables also make it possible to trace value chains, analyse import dependence and assess the extent to which final demand activates production, value added and employment within the territory. Finally, they provide the starting point for developing further analytical tools, such as input-output tables and satellite accounts.

From theory to practice: the impact of public expenditure on production and value added

As an example of how Supply and Use Tables can be applied, the report examines general government final consumption expenditure in South Tyrol and quantifies its direct, indirect and induced effects on the economy. In 2023, this expenditure amounts to around 6.1 billion euros and activates a total of almost 10.2 billion euros in domestic production and 6.4 billion euros in value added. Each euro of public expenditure therefore generates 1.66 euros of production and 1.05 euros of value added. Public expenditure also supports around 75,500 jobs, of which 49,600 are attributable to direct effects and 25,900 to indirect and induced effects.