

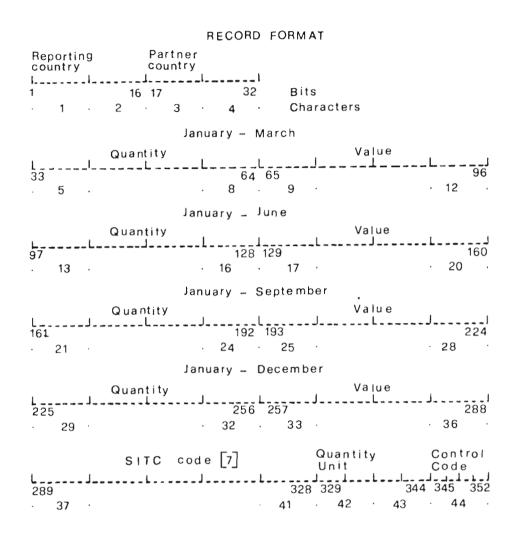
## Condensed version of the OECD foreign trade by commodities tapes

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The problem of linkage of national econometric models through trade flow equations has been faced in the literature in several different ways. One of them, called the "Import Allocation Model" was proposed and empirically implemented by A. P. Barten [1] and leads to a bilateral linkage model of the countries of the European Economic Community (EEC).

The basic principle is that the decision process concerning the import of commodities can be formalized as a two-step process.

In the first step, it must be decided whether the demand for a given commodity (or aggregate of commodities) should be fulfilled by

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domestic or foreign supply; this is a matter concerning each country model.

In the second step, the foreign supply of imports must be allocated among the various partner countries; this is a matter of the import allocation model. The bilateral import prices are assumed to be the main explanatory variables of the process.

Unfortunately, official statistics are not available for bilateral import prices and the use, as substitutes, of total export prices (the same for a given exporting country, whichever the market) seems to be one of the causes of the not completely satisfactory results obtained in practice [2, p. 79].

The construction of the time series of bilateral import price indices for the EEC countries has been undertaken, at the beginning of 1976, by the Directorate General for Economic and Financial Affairs of the Commission of the European Communities and the IBM Scientific Center of Pisa.

For this purpose it was decided to use the data on bilateral trade by commodities supplied by the Organization for Economic Cooperation and Development (OECD) [4].

The use of these data, however, was extremely difficult, since they were supplied on 126 magnetic tapes (for the period 1963-1975).

As a preliminary step, it was, therefore, decided to transfer all the data into a more condensed and manageable support. Using higher density tapes, higher blocking factor and recoding each record (as in the above record format) it was possible, at the beginning of 1977, to transfer all the data into 5 magnetic tapes (2 for imports and 3 for exports).

Technical details on the record format and the use of these tapes are given in [3].

The first results derived from the use of these data are described in [5] and [6], while reference should be made to [4] and [7] for details on the characteristics of the data.

## References

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