**Mapping Domestic Production Networks Using Firm-to-Firm Transactions**

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This project proposes to study the structure of firm-to-firm trade within a national economy, using newly available transaction-level data from CrediWire, a private business-services platform that records millions of payments between Danish firms. These data provide an unusually detailed view of domestic production networks across regions and industries. Whereas most empirical work on trade and spatial economics relies on customs records or sector-level input–output tables, firm-to-firm transactions offer a direct window into how real supply chains are organized, how distance shapes connections across space, and how strongly industries differ in their sourcing patterns. Understanding these micro-level linkages is essential for assessing how shocks propagate across regions and industries and for informing trade models about empirically observed domestic production networks.

Our empirical strategy uses the CrediWire data to estimate industry-specific gravity relationships for intermediates trade, capturing how bilateral flows vary with geographic distance and industry characteristics. The dataset contains roughly five million observed producer-to-producer transactions, allowing us to estimate heterogeneous distance elasticities across granular supplier–user industry pairs.

Building on methods developed in Andersen et al. (2026), we embed the estimated elasticities in a regionalization procedure that allocates national intermediate-input flows to pairs of subnational regions and produces a geographically disaggregated input–output matrix. To illustrate how the micro-estimated elasticities reshape the inferred spatial structure of production linkages, we will compare this matrix to matrices constructed under the common assumption of a single trade elasticity and evaluate how the choice of elasticity affects shock-propagation patterns in general-equilibrium models.

**References:**

Asger Lau Andersen, Kilian Huber, Niels Johannesen, Ludwig Straub, Emil Toft Vestergaard, Disaggregated Economic Accounts, *The Quarterly Journal of Economics*, 2026; qjag010, https://doi.org/10.1093/qje/qjag010

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