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## **Comments on the Impact of the HS 2012 on CPC Ver. 2**

Philippines

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As part of its mandate as the highest policy-making and coordinating body on statistical matters in the country, the National Statistical Coordination Board (NSCB) prescribes uniform statistical standards and classification systems in the generation of official statistics in the Philippines. The NSCB periodically revises and amends all these classifications to systematize improvement of the classification over-time to keep it current and relevant, more responsive to existing social, economic and technological reality, as well as maintain conceptual consistency and international comparability.

The amendments and revisions are done in accordance with the Approved Policy on the Revision and Amendment of the Philippine Standard Classification Systems which was prescribed for adoption in the PSS thru NSCB Board Resolution No. 1, Series of 2004. Under this policy, revisions of standard classification systems involve major changes in the concept and structure. Amendments, on the other hand, refer to minor changes in the classification system that focus on improving detail of selected sections in order to ensure that it adequately reflects the changing economies and new technologies.

One of the national classifications developed by the NSCB which should be amended/revised soon is the Philippine Central Product Classification (PCPC) which is patterned after the United Nations Central Product Classification (CPC). At present, the PCPC is being used as: (1) a basis for developing lists of goods and services for specific purposes such as price statistics surveys, industrial statistics, foreign trade statistics, and balance-of-payment statistics; and (2) a guide in the estimation and analysis of national accounts, (3) a tool in the preparation and analysis of input-output (I-O) table, and (4) a guide in the construction of the Philippine Tourism Satellite Accounts (PTSA) by the NSCB. The NSCB plan to start revision of the PCPC as soon as the 2012 AHTN based on the 2012 HS is released for adoption in the ASEAN region.

The emergence of new service industries in the ASEAN region, e.g. business process outsourcing (BPOs) such as contact centers, software development, medical transcription and other outsourcing operations led to a growing interest to monitor, generate and harmonize statistics on the merchandise trade in services in the ASEAN region. For this purpose, the CPC provides a useful guide in tracing the flow of trade in services within the region and other trading partners. It is also very useful in the on-going effort to migrate from the 1968 System of National Accounts to the 1993 and 2008 SNA. With the important role of the CPC in these endeavors, the Philippine is very much interested in the proposed updating/ revision of the CPC due to the changes in the 2012 HS.

Of the eight (8) special cases that were identified, however, it seemed only three cases, namely, cases 5, 6 and 7 may be provided separate classes/ codes in the CPC while the rest can still be addressed through updating of the HS links. The effect on CPC Ver. 2 should still be minimal.

Although most ASEAN member countries have already revised their industry classifications to align with ISIC Rev 4, the generation of data based on the revised industry classification is another matter since the conduct of censuses and surveys follows a different cycle.

At this point, it might be preferable to keep the changes in the CPC minimal and then undertake a revision when the new census data based on ISIC Rev 4 are already available to account for all the new products and services.