UNITED NATIONS DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS STATISTICS DIVISION

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Case Study: Approval Process for the International Classification of Non-Tariff Measures

Andrew Hancock, Statistics New Zealand

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This document takes the International Classification of Non-Tariff Measures 2012 Version (ICNTM) through the draft approval process, as being presented at the 2017 meeting of the UN Expert Group on International Statistical Classifications. This is being done as a case study for testing the approval process.

The process is applied by the UN Expert Group on International Statistical Classifications (hereinafter referred to as 'the Expert Group') to follow and check against, when considering endorsing a classification for adoption by the UN Statistical Commission or a similar governing body, and for the classification to become a member of the International Family of Classifications.

The custodian/developer of the classification needs to comply with the requirements of three documents. These documents are the:

- Best Practice Guidelines for Developing International Statistical Classifications (as detailed in Section A of this document)
- Criteria to become a Member of the international Family of Classifications (as detailed in Section B of this document)
- Grading Criteria for International Statistical Classifications (as detailed in Section C of this document)

Based upon the application of this process the classification may/may not be endorsed by the Expert Group.

Final recommendation:

ICNTM does not fulfill the best practice requirements nor does it meet the criteria to become a member of the international family of statistical classifications. It should be returned to the custodian for revision and then brought back to the Expert Group for further consideration.

A. Does the classification meet the best practice requirements for developing an international statistical classification?

For a classification to be considered for membership of the International Family of Classifications, the classification must meet the best practice requirements. The following questions need to be answered and documented by the custodian or organization seeking approval for the classification.

- Does the classification have an identified custodian?
  The custodian is the United Nations Conference on Trade and Development (UNCTAD).

- Is there a well-defined conceptual basis?
  The concept of non-tariff measures is defined as policy measures other than ordinary customs tariffs that can potentially have an economic effect on international trade in goods, changing quantities traded, or prices or both.

- Does the classification have a flat or hierarchic structure?
  The classification is a hierarchic classification. However it is more structured as a framework to enable a distinction between imports and exports, and technical and non-technical measures. These additional aspects are not articulated clearly in terms of how the chapters aggregate into them, other than through the visual diagram on page 3 of the document. Was consideration given to building these into the classification structure or was it seen as making the classification too detailed to include them directly. There is no discussion explaining this in the documented that was provided.

- Is the classification proposed as an international reference classification or an international derived or related classification?
  The classification is proposed as an international reference classification.

- Are the classification categories mutually exclusive?
  No. An example would be in Chapter E with the attempted distinction on 'Quotas' where there is overlap between permanent, seasonal and temporary. It does seem possible, based on the definitions for something to be classified in more than one category as the definition of a 'year' isn't provided and there is the issue that by not having a known date of termination something could be applied for one year or longer and fit into all three categories.

- Is the classification exhaustive for all possible values of the variable which the classification represents?
  Possibly as there are few not elsewhere classified categories listed which implies that the structure is covering all the relevant measures needed for international reporting purposes.

- Is the classification statistically balanced?

  No. The classification introduces categories below level three and there are category codes missing for which there is no explanation. The chapters are of varying sizes. There is no evidence provided on the outcomes of the testing that was done to show whether the individual categories at level two and three are statistically balanced and feasible, nor is there evidence to show how the data may look at level one to know if the Chapters are viable and useful from a data perspective.

- Is the classification statistically feasible? In other words is it possible to effectively, accurately and consistently distinguish between the categories in the classification based on the information available?

  The definition text tends to imply an inconsistency in the scope of many categories compared to other categories. It would be helped by understanding the outcomes of testing and how the data actually might map to the classification structure.

- Does the classification have clearly defined classification or statistical units? It would appear that the classification unit is the technical and non-technical measures but this isn't clearly articulated and that the statistical unit might be non-tariff measures.

- Has consideration been given to time-series comparability?

  No. There is no discussion provided as to how time-series mitigation would be handled nor is there clarity around linkages with other classifications and how this would be handled.

Recommendation: The classification does not meet all of the above requirements so cannot be moved to the next stage of the process. It needs to be revised to meet the best practice requirements.

B. Does the classification meet the criteria to become a member of the International Family of Classifications?

For a classification to be considered for membership of the International family of Classifications, the classifications must meet all the requirements as specified

1. Is there a custodian for the classification?
   Yes

2. What is the primary use of the classification?
   It is a taxonomy of non-tariff measures for defining policy measures other than ordinary customs tariffs.

3. What are the underlying concepts used in the classification?
   Non-tariff measures defined as policy measures that can have an economic effect on international trade in goods, changing quantities traded, or prices or both.

4. What is the scope of the classification?
   All measures considered relevant for international trade.

5. What are the statistical units being measured?
   Non-tariff measures or is it technical and/or non-technical measures. This isn't quite clear.

6. How many classification levels are required?
   Three

7. Are the category names precise, unique and reflective of the category scope? No

8. Is the classification code structure logical and sequential?
   No – there are codes missing with no explanation.

9. Is the classification statistically balanced?
   No. The classification introduces categories below level three and there are category codes missing for which there is no explanation. The chapters are of varying sizes.

10. Has there been a consultation process with users of the classification? Yes

11. Has the classification been tested?
    Yes but there is no supporting documentation explain the testing or outcomes thereof.

12. Are there correspondences between previous versions and the current classification? No

13. Is there an implementation plan for the classification?
    No implementation plan is provided with the classification nor a timeline for international usage/reporting against the classification.

14. Is there a maintenance schedule available?
    No

15. How will the classification be disseminated?
    Unclear

Recommendation: The classification does not meet all of the above requirements so cannot be moved to the next stage of the process. It needs to be revised to meet the criteria for becoming a member of the International Family of Classifications requirements.

C. Applying the grading criteria to ascertain the classification's status within the International Family of Classifications?

For ICNTM to be considered for the next stage of the approval process it must have passed the criteria stage before entering the grading stage.

Is the classification to be considered as an international reference classification?

For a classification to be considered as an international reference classification it must comply with the following definition.

"A reference classification is one developed by an international agency. It provides a common framework for collecting and organizing information about a particular statistical system, concept or variable. Their use, either directly or through national adaptations, facilitates the exchange and comparability of statistics and other information between countries. These classifications have generally been developed through extensive international consultation, and have achieved broad acceptance and official agree for use."

Recommendation: The classification seems to fulfil this definition and should be considered as an international reference classification subject to resolving the issues identified in section A and B above.