Central Product Classification (CPC) Rev 5: Principles and Rules

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Background

- CPC provides a classification structure for products based on agreed concepts, definitions, and classification rules

- It allows for economic analysis, and decision- and policy-making

- It presents all products that can be the object of domestic transactions or that can be entered into stocks.

- Includes products that are an output of economic activity including transportable goods, non-transportable goods and services

- It defines products in the context of the System of National Accounts (SNA)

Principles (1)

- Covers all goods and services in a format that is both exhaustive and mutually exclusive
- Classifies products based on the physical properties and the intrinsic nature of the products as well as on the basis of industrial origin
- Physical properties and intrinsic nature of products are distinguishing characteristics of the products, for example
- the raw materials of which goods are made
- the stage of production or the way in which goods are produced or services rendered
- The purpose or user category for products are intended and the prices at which they are sold
- Products are also reflected in the structure through their linkage to the criterion of industrial origin, input structure, technology and organisation of production characteristics of products
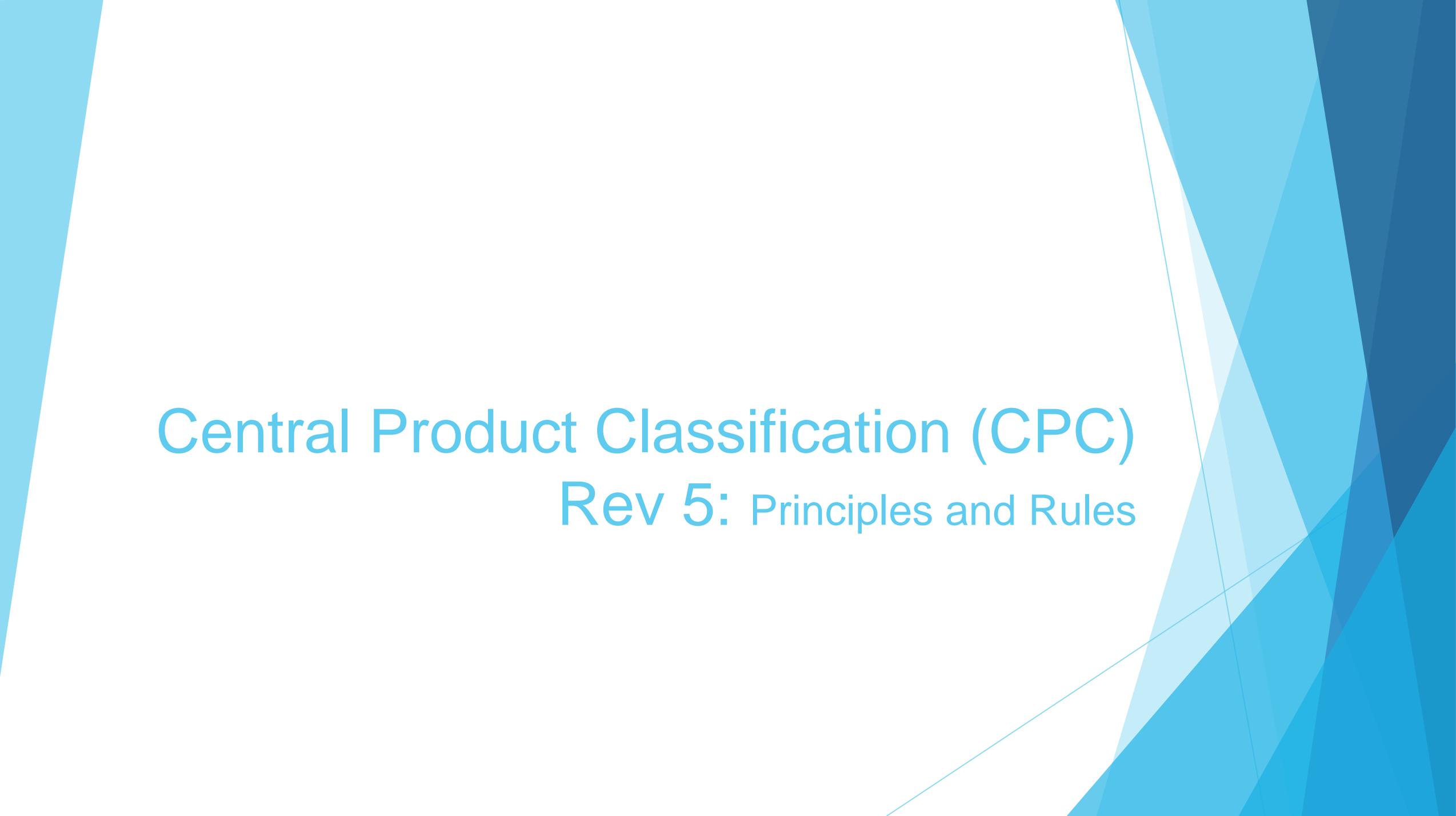
Principles (2)

- Provides a framework for the international comparison of statistics relating to products

- Enhances harmonisation with various fields of economic and related statistics including the national accounts

- Enables a basis for recompiling basic statistics for analytical use

- Covers all goods and services

- Presents categories for all products that can be the object of domestic or international transactions

- It is not an asset classification but produced assets are outputs of economic production and are treated as products and not assets

Rules (1)

- Distinction in the application of rules depends on whether the considered output of a transaction involves transportable goods, or products other than transportable goods

- Classification of goods in sections 0 to 4 is determined by the terms of the corresponding categories in the Harmonised System – there are six rules that apply

- Classification of products other than transportable goods, mainly services is determined according to the terms of the categories describe in sections 5-9 of the CPC

Rules (2)

- When services are classifiable under two or more categories then

    - (a) category that provides the most specific description shall be preferred to categories providing a more general description;

    - (b) composite services consisting of a combination of different services which cannot be classified by reference to (a) shall be classified as if they consisted of the service which gives them their essential character, in so far as this criterion is applicable;

    - (c) when services cannot be classified by reference to (a) or (b), they shall be classified under the category that occurs last in numerical order among those that equally merit consideration

- Services that cannot be classified as per the above are classified under the category appropriate to the services to which they are most akin

- Products making up a bundle of goods and services are classified according to their main component (value added), insofar as the criterion is applicable

- In addition CPC has extensive explanatory based off the Harmonised System (HS) to provide further assistance but these were developed for statistical purposes and are not exhaustive

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