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**Progress on Adoption and Regionalisation of International Classifications in the
Pacific**

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A Introduction

1. The Statistics for Development Division (SDD) of the Secretariat of the Pacific Community (SPC), in line with the mandate from the Pacific Plan and guided by the **Ten-Year Pacific Statistics Strategy (TYPSS)** is striving for greater harmonisation of statistical standards, classifications and systems to enable Pacific Island Countries and Territories (PICTs) to use common tools for statistical collections.
2. To get PICTs to adopt international reference classifications, SDD held discussions with National Statistical Organisations (NSOs) of PICTs and realised that there were:
 - 2.1. A lack of awareness that different classifications existed.
 - 2.2. Difficulty in identifying the correct categories for local products e.g. coconut crabs, kava.
 - 2.3. Lack of understanding of the classifications. Some found the language hard to understand and in a lot of cases the descriptors were too “technical” e.g. in Harmonized Commodity Description and Coding System (HS), NSOs find it difficult to identify motor spirit, refrigerants.
 - 2.4. Most detailed categories were considered too broad e.g. rice was an important commodity in the Pacific and needed to be identified in Class 01.1.1 Bread and cereals in COICOP, likewise sales of second hand/used clothing needed to be identified in ISIC 4771 Retail sale of new and used clothing, footwear and leather articles in specialised stores.
 - 2.5. Classification of informal activities in ISIC – a lot of informal activities take place in the PICTs e.g. sales of betel nuts. PICTs were fine with only businesses operating in the formal sector to be on the Business Register¹ but because the informal activities form a big part of national accounts, they felt that these activities need be mentioned in ISIC.
 - 2.6. In COICOP, exclusion of non-consumption goods was flagged as an issue. Many felt that there needs to be a section on non-consumption items since the household surveys collected data on all expenditure.
3. SDD decided that the best way forward was to use International Reference Classifications as a guide and derive Regional classifications.

B Progress made

4. Regional classifications compiled

- 4.1. Two regional classifications have been compiled by SDD, the Pacific Classification of Individual Consumption according to Purpose (PACCOICOP) 2012 and the Pacific Standard Industrial Classification (PACSIC) 2014. Their use by PICTs will allow consistency in data reporting in the region thus ensuring better comparison of regional and international data. Both these classifications were developed by consulting with PICTs NSOs to include features that make them more useful for countries in the Pacific hence they are tailor made for the Pacific. Both PACCOICOP 2012 and PACSIC 2014 are available on the SPC website <http://www.spc.int/prism/>.

4.1.1.PACCOICOP 2012

¹ Pacific Business Register Development Guide is available on www.spc.int/prism

PACCOICOP 2012 has been derived from the United Nations (UNs) Classification of Individual Consumption According to Purpose (COICOP) and identifies individual consumption expenditures of PICTs households incurred by three institutional sectors, households, non-profit institutions serving households (NPISHs), and general government. Both PACCOICOP and COICOP are compatible at the three levels. The fourth level (sub-class) of PACCOICOP is a sub-division of the third level (class) of COICOP, albeit there are instances when categories are either expanded or contracted, depending on the consumer spending in PICTs. If a particular class is of importance, the relevant classification is expanded. If some other class is unimportant, the relevant part of the classification has been contracted. A major use of PACCOICOP 2012 is its use in the household income and expenditure survey (HIES) which SPC is assisting PICTs to conduct. In view of the fact that household expenditure surveys collect data on all household expenditure i.e. including non-consumption expenditure, PACCOICOP 2012 also contains, as supplementary information, an additional group to cover non-consumption expenditure. The other two important uses in PICTs of PACCOICOP 2012 is the construction of the consumer price index and the gross domestic product (GDP) compiled using the expenditure approach. Countries are also taking PACCOICOP and nationalising the classification.

4.1.2. PACSIC 2014

PACSIC 2014 has been derived from the UNs International Standard Industrial Classification of All Economic Activities (ISIC) Revision 4. It classifies all productive activities undertaken in PICTs. In using ISIC Rev. 4 to derive PACSIC 2014 the ISIC category class has been split into sub-classes to allow for classification at the regional level, thus at the class level there are instances when ISIC class categories are either expanded or contracted, depending on the economic situation in PICTs. If a particular economic activity is especially well developed, or of significant economic importance e.g. production of kava, the relevant ISIC class is expanded/split into sub-classes. If on the other hand an economic activity does not exist or may not develop in the next few years e.g. manufacture of guns under manufacturing, the relevant part of the classification has been contracted/dropped. There are however a few economic activities that are currently not being undertaken by the PICTs, but the countries have either issued licences for their operation or are expecting the activities to take place in the next few years. Those economic activities have been retained in PACSIC 2014.

PACSIC 2014 has also **adopted the new International Standard Classification of Education (ISCED) 2011** for the section on education rather than the old ISCED 1997 which is currently used in ISIC Rev 4. The use of ISCED 2011 supports the approach of Pacific countries for international reporting of education data and indicators discussed at the February 2014 Regional Workshop on Education Data and Indicators in Noumea.

PICTs have large informal activities that need to be accounted for in the GDP. PACSIC 2014 dedicates a chapter to accounting for the informal sector.

Other than being used by the PICTs NSOs in the GDP, Demography of enterprises and Employment, it is also being used by some PICTs tax collection agencies, authorities issuing business licenses and provident funds. More and more PICTs are now moving towards using PACSIC 2014.

5. Workshop held

- 5.1. SPC held a workshop on Commonly used Statistical Classifications in the Pacific in Nadi, Fiji from 27 April – 1 May 2015. The workshop was attended by ten Pacific Island countries. Excluded were the Territories, Solomon Islands, Tokelau and Pitcairn. Sessions were held on:

- 5.1.1. Classification theory. This was done by SPC and covered topics like System of classifications, Harmonisation and coordination of statistical classifications, Methodological considerations when developing a classification, Setting the structure of classifications and designing databases, Adaptation, testing and implementation of the classification, Maintenance and updating of classifications and Conducting revisions.
- 5.1.2. Commonly used classifications in the Pacific discussed what most PICTs were using:
- 5.1.2.1.1. HS was done by the Oceania Customs Organisation (OCO) and the Fiji Revenue and Customs Authority (FRCA)
 - 5.1.2.1.2. PACSIC was done by SPC
 - 5.1.2.1.3. Central Product Classification (CPC) was done by SPC
 - 5.1.2.1.4. PACCOICP was done by SPC
 - 5.1.2.1.5. International Standard Classification of Occupation was done by the Fiji Bureau of Statistics (FBoS)
- 5.1.3. Using the Classification – practical examples were given on how classifications are used e.g. COICOP in CPI. This session was taken by SPC, FBoS, FRCA and the Economic and Social Commission for Asia and the Pacific (ESCAP).
- 5.1.4. Supply and use table (SUT) – the theory presented showed how different classifications were used i.e. focus was on the correspondence between different classifications. This was done by SPC. FBoS supported the theory by presenting its SUT.
- 5.1.5. Using classifications in the compilation of GDP, Environment Accounts and Tourism Satellite Accounts. This session was taken by ESCAP.
- 5.1.6. The University of the South Pacific did a presentation on where classifications fit in their Official Statistics Program.
- 5.1.7. A paper on the UN Expert Group on Classifications was prepared by Mr Andrew Hancock of Statistics New Zealand and presented by SPC.
- 5.1.8. Participants did presentations on the “status of classifications²” in their countries. Results are summarised below:

Country	Business Activity	CPI	Merchandise Trade	Occupation	Commodity
Classification used					
Cook Islands	ISIC Rev. 4	In-house listing	HS 2012 SITC	ISCO NZISCO	
Fiji	FSIC 2010	FCOICOP 2010	HS 2012 SITC Rev. 4 BEC Rev. 3	FISCO 2007 – in the process of updating to 08	CPC V2
Kiribati			HS 2002 SITC		
Nauru	ISIC Rev. 4	PACCOICOP 2012	HS 2007 ³	ISCO 2008	
Niue	ISIC	PACCOICOP will be used later in 2015	HS 2007 ³	ISCO 2008	
Papua New Guinea	ISIC 3.1 - about to use PACSIC	COICOP	HS 2012	ISCO 2000	

² These results can be compared to the results obtained in 2013 when the ESCAPs Steering Group for the Regional Programme on Economic Statistics assisted by SPC surveyed twenty-one ESCAP member PICTs. At that time:

- Nine countries reported they used ISIC Rev. 4.
- 2 countries reported they used CPC - one of the countries made a mistake in reporting.
- 12 countries reported they used Classification of individual consumption by purpose (COICOP)

³ The NSO compiles international merchandise trade statistics using mirror statistics

Country	Business Activity	CPI	Merchandise Trade	Occupation	Commodity
Classification used					
Samoa	ISIC 3.1 – plans in place to use PACSIC	PACCOICOP 2012	HS 2012 SITC BEC	ISCO 2008	
Tonga	ISIC 3.1 - about to use PACSIC	PACCOICOP 2012	HS 2012		
Tuvalu	ISIC Rev. 4	PACCOICOP 2012	HS12	ISCO 08	
Vanuatu	ISIC 4 – switching to PACSIC	In-house listing	HS 2007	ISCO	

Notes:

Blank cells indicate that classifications are not being used.

Some countries don't know the version of the classification being used.

5.1.9. Other countries who have adopted PACCOICOP are:

- 5.1.9.1. Federated States of Micronesia
- 5.1.9.2. Palau
- 5.1.9.3. Solomon Islands
- 5.1.9.4. Tokelau
- 5.1.9.5. French Polynesia
- 5.1.9.6. Wallis and Futuna
- 5.1.9.7. New Caledonia

Other than the above classifications, other classifications were briefly mentioned as well. The workshop fully exposed countries to the world of classifications thus bringing out the importance of them. The development of regional classifications has generated a lot of interest amongst PICTs to adopt the latest standards.

C Future Work

6. Regionalising classifications

The following are the recommendations from the workshop that SPC and countries present have committed to.

6.1. HS

SPC has sought OCOs collaboration to come up with a Pacific HS. A lot of wrong codes are common in many countries because of category descriptors being too technical in nature. A Pacific standard will also enable all PICTs to use the most latest HS.

6.2. ISCO

Discussions at SPC will take place soon to develop a plan for regionalising this.

7. Technical assistance to PICTs

SPC will continue providing technical assistance to countries in adopting (latest) classifications whether they desire to use international reference classifications, regional classifications or derive a national classification using the regional classification.

8. Commitment by countries present at the workshop

Countries appreciated the investment in knowledge the workshop brought about and have committed to adopting latest classifications with SPCs assistance.