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**Issues on Classifications for Agricultural Statistics**

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## ***Issues on classifications for agricultural statistics***

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The document aims to share considerations with the EG on CPC for fisheries statistics and to provide an update to the group on the proposal made by FAO for HS 2022.

The document also makes proposals to the EG to review non-wood forest products classification in CPC and to strengthen the link between international classifications and SDG indicators.

It includes the contribution to the following meeting sessions:

- Session 8: Considerations on CPC for fisheries statistics; Preliminary issues for CPC review
- Session 9: FAO contribution to HS 2022
- Session 12: International Statistical Classifications for SDG indicators

### *Session 8 – Central Product Classification (CPC)*

#### **Considerations on CPC for fisheries statistics**

While the CPC is widely used as a standard classification for production statistics in other domains, data on the production of fisheries commodities are traditionally collected through the FAO *International Standard Statistical Classification of Fishery Commodities* (ISSCFC). ISSCFC covers products derived from fish, crustaceans, molluscs and other aquatic animals, plants and residues according to the species of origin and the degree of processing undergone. It is based on the Standard International Trade Classification (SITC) structure, to which additional digits have been added to include links to the *International Standard Statistical*

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\* The document is prepared in collaboration with Stefania Vannuccini (classifications for fisheries statistics), Arvydas Lebedys (classification for forest products), Simona Sorrenti and Giulia Muir (classification of non-wood forest products). Thanks for valuable inputs are due to Dorian Navarro (SDG indicators) and Veronica Gianfaldoni.

*Classification for Aquatic Animals and Plants* (ISSCAAP), as well as the breakdown by additional species and by types of product form.

One of the major limitations why CPC had not been taken as the reference for production in the fisheries and aquaculture domains in the past, was the lack in the classification of the level of detail needed to capture statistics in the sector.

CPC Ver. 2.1 has introduced some important improvements in this sense as compared to previous versions, and mainly:

- increased detail on the origin of primary products, separating wild from farmed
- increased detail on use, separating products for food from those for non-food purpose
- increased detail on taxonomic groupings, which is now comparable with those in HS
- common criteria to separate primary fish products from processed secondary products

However, as of today CPC represents a suitable standard for presenting fishery and aquaculture statistics in their aggregated forms but it remains a challenge to use it as the reference tool for collecting and disseminating detailed information.

An area where more detail would be needed is further separation of frozen, dried, salted or in brine codes for crustaceans, molluscs and other aquatic invertebrates into “frozen” and “other”. This would also improve correspondences to HS 2017.

Another area where more detail would be desirable is the identification of species of origin for fish fillets, meat or prepared and preserved forms.

The classification of smoked crustaceans also need to be clarified, as potentially these products could be both in Division 04 and Division 21.

However, the introduction of further detail in CPC for fisheries and aquaculture is limited by lack of space in CPC at the lower level, as all positions have been already taken with the introduction of new codes in CPC Ver. 2.1. The development of a CPC expanded for fisheries statistics, to be added as an annex to the official CPC as for agriculture, may be an option for future development.

### **Preliminary issues for CPC review (non-wood forest products)**

The purpose of this note is to bring to the attention of the EG on the need to clarify the boundaries between agriculture and forestry in CPC, and possibly ISIC, when it comes to Non-

Wood Forest Products (NWFPs). While detail and definitions are available in both, their interpretation and application bring some challenges. The issue is relevant as it impacts on the measurement of forest economic value, which goes beyond statistical considerations and it impacts directly on the forest policy process.

In **ISIC Rev.4**, Division 02 “Forestry and logging” is defined as “ the production of roundwood for the forest-based manufacturing industries as well as the extraction and gathering of *wild growing* non-wood forest products. [...] These activities can be carried out in *natural or planted* forests.”

Division 02 is then divided at group level into four categories, which includes NWFPs gathering in group 023:

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021 - Silviculture and other forestry activities

022 - Logging

★ 023 - Gathering of non-wood forest products

024 - Support services to forestry

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**CPC Ver.2 and 2.1** as well provide a group (032) for NWFPs under Division 03 “Forestry and logging products” together with a group for wood products (031):

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031 - Wood in the rough

★ 032 - Non-wood forest products

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Products in 032 are further detailed at class level:

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0321 - Natural gums and resins, gums-resins and oleoresins

0322 - Natural cork, raw or simply prepared

★ 0323 - Other wild edible products

0324 - Parts of plants, without flowers or flower buds, and grasses, mosses and lichens, suitable for ornamental purposes

0325 - Vegetable materials of a kind used primarily for plaiting or as stuffing or padding; raw vegetable materials of a kind used primarily for dyeing or tanning; vegetable products n.e.c.

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Class 0323 “Other wild edible products” is defined as “edible products that exist *only* in the *wild*” excluding “edible products that exist in the wild and are also grown (controlled), cf. the corresponding subclass of division 01”.

This definition brings the following challenges:

1) A different criterion is applied to wood products as compared to non-wood ones as the former can also exist in planted/managed forests while the latter cannot exist in controlled environments.

3) Should the product “only exist in the wild” at *country* or at *global* level? Data reporting may vary from country to country due to different national practices. Besides, only a very few species nowadays exist in the wild exclusively worldwide, while the majority can also be cultivated.

4) Concept of “wild”: what does it mean, to what stages it refers to? To what extent products from planted forest, or resulting from silvicultural practices, can be considered as *wild*? Moreover, it is noted that both in ISIC and CPC the concept of wild is introduced only for non-wood forest products, while it is specified that wood products can be obtained both from “natural” (wild) and “planted” (not wild) forest.

3) Some non-wood forest products are actually classified under agriculture in CPC and ISIC instead of forestry; in some cases this is also inconsistent with how wood products are classified. An example is provided by chestnuts (fruit), which is a product of forest that is currently classified with agriculture while the wood of chestnut is classified with forestry and logging. Obviously both the fruit and the wood come from the same tree. This example shows two major problems: 1) incoherent treatment of some wood and non-wood forest products; 2) potential loss of information concerning the products and value from the forest sector, which is attributed to agriculture instead.

To clarify some of these issues, it is useful to recall the **definition of forest** and to use it as the reference to consistently define the boundaries in CPC and ISIC. Forest is defined in the SEEA land use classification (based on FAO Forest Resources Assessment, FRA<sup>1</sup>) as the “*land spanning more than 0.5 hectares with trees higher than 5 m and a canopy cover of more than 10 percent, or trees able to reach these thresholds in situ. It excludes land that is predominantly under agricultural or urban land use, and land that is predominantly used for maintenance and restoration of environmental function.*” The concept of forest includes “primary” and “naturally

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<sup>1</sup> <http://www.fao.org/docrep/017/ap862e/ap862e00.pdf>

regenerated forest” and “planted forest” and excludes “tree stands in agricultural production systems, such as fruit tree plantation; oil palm plantations; agroforestry systems when crops are grown under tree cover” (a grey area is represented by rubberwood, cork oak and Christmas tree plantations that are crops according to the ISIC and CPC, and therefore to the SEEA, while they are considered as part of the forest in the FRA definition).

As a consequence of the forest definition above, all the products, either wood or non-wood, from both primary/naturally regenerated and planted forest should also be considered as forest products and not agricultural products. Therefore NWFPs remains as such even when growing in managed forest where silvicultural practices are carried out.

### Preliminary proposal to the EG

- 1) Due to the ambiguities of the term “wild”, it seems more appropriate to focus on the concept of *forest* products exclusively, meaning products gathered from the forest, either naturally regenerated or not. This would include both wild products and non-wild products that are collected in the forest.
- 2) To review CPC and add detail under 032 “Non-wood forest products” (products identified may not seem to be numerous but they can be very valuable - for instance, they include high price products such as truffles).
- 3) To identify as NWFPs those species that exist “*only or mainly*” in the forest, leaving in Division 01 products that are predominantly grown in agriculture (wild animals that are hunted in the forest would also remain under the current CPC Division 02 “Live animals and animal products”).

According to the proposal, the following should be classified in 032:

- **Truffles and other forest mushrooms** (defined as “mushrooms and truffles gathered in the forest or cultivated on live trees in the forest”), with new detail for:
  - Truffles (*Tuber* spp.)
  - Other forest mushroom (*Cantharellus cibarius*, *Boletus* spp., *Tricholoma matsutake*, *Morchella* spp.)

(A grey area is represented by edible mushrooms and truffles that are gathered on land that is not agricultural or forest (for example from bare land), species include: *Terfezia* spp., *Tricholoma mongolicum* Imai, *Cordyceps sinensis*)

- **Forest nuts**, with detail for:

- Brazil nuts\*
- Chestnuts
- Pine nuts
- Areca nuts
- Kola nuts
- Karite nut
- Other forest nuts

\*Almost all nuts species can be both cultivated and gathered in the forest worldwide, in different proportions depending on national practices. However, Brazil nuts (*Bertholletia excelsa*, currently 01377) can be found exclusively in the forest; these indigenous species grow in South America (mainly in the Amazonian forest in Brazil, Bolivia and Peru) and in Africa (Cote d'Ivoire and Gambia). Brazil nuts are collected from the forest because trees are typically unsuitable for domestication<sup>2</sup>.

- **Forest berries**, including Buckthorn, brambleberry, acai, Siberian gooseberry, prickly ash

As for nuts, most berries species can be both cultivated as the product of agriculture and collected in the forest. Data on berries production are available in national and international agricultural databases, as it is mostly produced as an agricultural crop. However, data on forest berries are regularly released where they are of particular concern, for example north and east European countries, Canada, Brazil and some Asean countries such as Russia and S. Korea report statistics on forest berries species such as bilberry, cranberry, sea buckthorn, forest strawberry, raspberry, brambleberry, acai, Siberian gooseberry, prickly ash.

- **Forest plants and parts of plants used in perfumery, pharmacy, or for insecticidal, fungicidal or similar purposes (c.f 01930)**

- Bark of African cherry (*Prunus africana*)\*
- Other

Medicinal and aromatic plants, with their intrinsic biodiversity value, are an important raw material for healthcare, cosmetic and food sectors. For the rural poor, they provide a source of

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<sup>2</sup> <http://journals.plos.org/plosone/article?id=10.1371/journal.pone.0135464>

income and health care<sup>3</sup>. Significant value from production and trade in these products come from wild and forest areas.

\* The African cherry tree is harvested both for its timber and for its bark, which has been used by the international pharmaceutical industry in the treatment of prostatic hyperplasia and other related disorders for the past four decades. Over 45 traditional uses have been documented (including for anti-inflammatory, gastrointestinal, urogenital problems, allergies, and even malaria) as well as for construction and energy uses. International trade in this product is higher than trade from any other African medicinal plant species, while at the same time *Prunus africana* has been listed as an endangered in CITES Appendix II since 16 February 1995 (in its 16<sup>th</sup> meeting, the Plants Committee identified *Prunus africana* from Burundi, Cameroon, the Democratic Republic of the Congo, Equatorial Guinea, Kenya, Madagascar and the United Republic of Tanzania as “of urgent concern”<sup>4</sup>). A recent FAO study<sup>5</sup> that looked at trade in *Prunus* from 1972-2015, trends during the last 15 years indicate that Cameroon has been one of the largest exporters of its bark extract, with some 1700 tonnes travelling to Europe and the United States each year. Trends also indicate that international demand has increased its value from US\$ 0.35/kg for the raw medicine to US\$ 350/kg for the packaged product. Due to recent CITES restrictions on *P. Africana* exports from Burundi, Kenya and Madagascar, coupled with the lifting of the 2007 European Union (EU) ban in 2011, Cameroon’s share of the global *P. Africana* bark trade has risen from an average of 38% between 1995 and 2004, to 72.6% (658.6 metric tons) in 2012. New detail on bark of African cherry is also included in the FAO proposal for HS 2022.

- 4) The view of the EG is sought to provide guidelines to countries on how to report data when national production exist and information is available on edible forest products that CPC classifies under agriculture. Users may be confused on what to do if, for example, data is available on wild raspberries gathered from the forest: what CPC code should be used: 01353 or 032x?

While it is recognized the overall principle that the same product cannot be placed in two different categories, it is also highlighted the need to correctly capture detailed data on forest products when available. As a matter of fact, CPC does distinguish products in terms

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<sup>3</sup> <http://www.intracen.org/uploadedFiles/intracenorg/Content/Publications/5%20-%20Markets%20for%20sustainably%20certified%20Chinese%20plan%20low-res.pdf>

<sup>4</sup> [https://www.cites.org/eng/prog/african\\_cherry.php](https://www.cites.org/eng/prog/african_cherry.php)

<sup>5</sup> “Vivre et se nourrir de la forêt en Afrique centrale” <http://www.fao.org/3/a-i6399f.pdf>

of the activity of origin as the first criterion, defining those in Division 01 as the “products of agriculture” and those in Division 03 as “forestry and logging products”.

It is recommended to develop guidelines for countries to expand group 032 to identify products gathered in the forest if the information exists at the country level (if information on wild raspberries is available a code 0323x.xx may be created to allocate the data; the total production of raspberries should be calculated as the sum of the two codes in Division 01 and 03).

*Supporting information on non-wood forest products in international statistical systems*

Non-wood forest products (NWFPs) form the basis of lives and livelihoods in many parts of the world and play a much more significant role in food and nutritional than previously thought (FAO, 2016<sup>6</sup>; Rowland *et al.*, 2016<sup>7</sup>; Ickowitz *et al.*, 2014<sup>8</sup>; Ickowitz *et al.*, 2016<sup>9</sup>; Vira *et al.*, 2015<sup>10</sup>; Powell, 2015<sup>11</sup>). Nonetheless there is a tendency to underestimate their role because they are poorly represented in international statistics, as in most cases their use and trade are confined to the informal sector. For this reason, the FAO Forestry Statistics Programme has taken renewed interest in addressing the existing data gap on NWFPs to provide a sound evidence base for decision making regarding their use.

As a point of departure, a systematic review of NWFPs in the existing international classification systems used for the collection and dissemination of data on production (CPC), trade (HS) and economic activities (ISIC) was initiated in an effort to ultimately improve data collection on NWFPs. The study “*Non-wood forest products in international statistical systems*”<sup>12</sup> was published in March 2017. A selection of “major” NWFPs were identified, including: edible mushrooms and truffles; forest berries; maple products; edible nuts; bamboo and rattan; cork; bark; latexes; gums and resins; hides; skins and trophies; game meat and edible insects. Each product group is fully described and details on classifications, assessment and data on production and trade are provided. Although some important product categories were excluded from this initial review, the study should be seen as a first step towards improving data collection on what is an extremely vast category of products.

A key finding of the study revealed that a major difficulty for statistics gathering is that NWFPs are often classified under agricultural categories without any distinction between wild and farmed

<sup>6</sup> <http://www.fao.org/3/a-i6399f.pdf>

<sup>7</sup> <http://www.cifor.org/library/6261/forest-foods-and-healthy-diets-quantifying-the-contributions/>

<sup>8</sup> <http://www.sciencedirect.com/science/article/pii/S0959378013002318>

<sup>9</sup> <http://journals.plos.org/plosone/article?id=10.1371/journal.pone.0154139>

<sup>10</sup> [http://www.iufro.org/download/file/18877/5684/ws33-first-pages\\_pdf/](http://www.iufro.org/download/file/18877/5684/ws33-first-pages_pdf/)

<sup>11</sup> <https://link.springer.com/article/10.1007/s12571-015-0466-5>

<sup>12</sup> <http://www.fao.org/documents/card/en/c/a20a4c35-3bf5-4bc6-8e90-567f1468cc4f/>

produce. While some NWFPs – such as maple products, cork, gums, resins and to a certain extent bamboo and rattan – are well specified in the three international schemes with the HS enabling the highest level of product detail, the lack of a clear boundary between agriculture and forest products makes it difficult to gather statistics for most products, especially with regards to the identification of food items.

The report also found that information is available in national databases to varying degrees, with countries reporting on products that have value to them. Thailand, for example, is the only country that has HS detailed codes on edible insects, likely due to the growing economic importance of rearing insects in the country over the past two decades; Canada and the United States of America have rich databases on maple products; Finland gathers statistics on wild edible mushrooms and wild berries; Japan collects data on a suite of “minor forest products”, including mushrooms. Country reporting also underlines the lack of convergence on terminology and definitions and this imbalance has led to an underestimation of existing and potential socioeconomic benefits from forests.

The findings of this report suggest the need for further actions to be undertaken in the medium to long term to improve NWFPs statistics, including:

- Further clarify definition and classification issues.
- Improve awareness of and collaboration with national statistical agencies, trade associations and related entities regarding data collection on NWFPs and associated terminology challenges.
- In order to harmonize the data, strengthen collaboration between FAO and the international agencies responsible for the maintenance, updating and revision of reference classification of products, UNSD and WCO, as well as CITES national management authorities.
- Compile and present existing FAO data on NWFPs under the improved reference classification systems.
- Work on developing methodologies to capture, estimate and analyse statistics on NWFPs’ informal sector and self-consumption.
- Facilitate capacity development and knowledge exchange between FAO and statistics end-users.

## Session 9 – Harmonized Commodity Description and Coding System (HS)

### FAO proposal for HS 2022

FAO and the World Customs Organization (WCO) have a long established partnership in the review of the Harmonized System that has brought important results in HS **2012** and **2017** for what concerns the detailed representation of agricultural products.

As of today, 373 new sub-headings for agriculture, fisheries and forestry have been introduced in the, which is translated into a significant improvement of trade statistics in these domains since 2012<sup>13</sup>.

The HS 2017 review of tropical timber species has also set the basis to review the 7<sup>th</sup> edition of the General Nomenclature of Tropical Timber owned by the ATIBT<sup>14</sup>, the leading authority on tropical timber. ATIBT nomenclature has been updated in partnership with FAO and released in 2016. It reflects the change in trade patterns, including lesser-known tropical species.

A new proposal for HS **2022** was submitted by FAO to the WCO in April 2017: as of today it is still in early stage of discussion as it was presented to the WCO member countries for the first time at the HS Review Sub-Committee in June 2017<sup>15</sup>.

The current proposal mainly covers wood and non-wood forest products, and it includes to increased detail through the creation of new subheadings for the following products:

- Insects (current 0208.90)
- Mushroom species (current 0709.59, 0712.39)
- Pine nuts (current 0802.90)
- Bark of African cherry (*Prunus africana*) (current 1211.90)
- Wood briquettes (current 4401.39)
- Sawdust / Wood waste and scrap (current 4401.40)
- Charcoal made of nuts or other shells (current 4402.90)
- Wood from tropical species “teak” (current 4403.49, 4407.29)
- Detail on density and thickness of Medium Density Fireboard (MDF) (current 4411.12-.14)

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<sup>13</sup> “FAO contribution to the Harmonized System 2017”, Meeting of the Expert Group on International Statistical Classifications New York, 19-22 May 2015 <https://unstats.un.org/Unsd/class/intercop/expertgroup/2015/AC289-15.PDF>

<sup>14</sup> <http://www.atibt.com/>; <http://www.fao.org/forestry/statistics/80572>

<sup>15</sup> The next meeting will be held in December 2017.

- Detail on laminated wood such as laminated veneered lumber, blockboard, laminboard and battenboard (current 4412.94, .99)
- Detail on tropical wood for:
  - o Frames (current 4414.00)
  - o Windows, doors and structural timber products (current 4418.10, .20, .60, .90)
  - o Tableware and kitchenware (current 4419.90)
  - o Statuettes and other ornaments (current 4420.10)
- Coffins made of wood (current 4421.90)
- Seats and parts thereof made of wood (current 9401.30, .40, .90)
- Furniture made of wood (current 9403.90)

### *Session 12- Other Classifications and Areas of Interest to the work of the Expert Group*

#### **International Statistical Classifications for SDG Indicators**

On 25 September 2015, the 193 Member States of the United Nations adopted the 2030 Agenda for Sustainable Development that includes 17 Sustainable Development Goals (SDGs) and 169 targets.

As of today 50 organization are responsible for 232 SDG Indicators that compose the SDGs global indicator framework. This is coordinated by the Inter-agency and Expert Group on SDG Indicators (IAEG-SDGs) that was created by United Nations Statistical Commission/46<sup>th</sup> session.

FAO is the custodian of 21 indicators, in six goals, that measure the prevalence of undernourishment and the state of food insecurity (2.1.1, 2.1.2), income and productivity of small-scale food producers (2.3.1, 2.3.2), the sustainability of agricultural production (2.4.1), the biodiversity of plants and animals (2.5.1, 2.5.2), investment in agriculture (2.a.1), food price volatility (2.c.1), women’s access to agricultural land ownership (5.a.1, 5.a.2), water use efficiency and water stress (6.4.1, 6.4.2), food loss and waste (12.3.1), fish stocks, sustainable fisheries, illegal fishing and access rights for small-scale fishers (14.4.1, 14.6.1, 14.7.1, 14.b.1), sustainable forests and mountains (15.1.1, 15.2.1 and 15.4.2).<sup>16</sup>

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<sup>16</sup>“FAO and the SDGs” <http://www.fao.org/3/a-i6919e.pdf>; UNSD SDG Indicators database <https://unstats.un.org/sdgs/indicators/indicators-list/>; “Revised list of global Sustainable Development Goal indicators” <https://unstats.un.org/sdgs/indicators/Official%20Revised%20List%20of%20global%20SDG%20indicators.pdf>

*FAO custodianship indicators list*

INDICATOR		CUSTODIAN and PARTNERS	TIER
2.1.1	Prevalence of undernourishment	FAO	I
2.1.2	Prevalence of moderate or severe food insecurity in the population, based on the Food Insecurity Experience Scale (FIES)	FAO	I
2.3.1	Volume of production per labour unit by classes of farming/pastoral/forestry enterprise size	FAO, World Bank	III
2.3.2	Average income of small-scale food producers, by sex and indigenous status	FAO, World Bank	III
2.4.1	Proportion of agricultural area under productive and sustainable agriculture	FAO, UNEP	III
2.5.1	Number of plant and animal genetic resources for food and agriculture secured in medium or long term conservation facilities	FAO, UNEP	II
2.5.2	Proportion of local breeds, classified as being at risk, not-at-risk or unknown level of risk of extinction	FAO, UNEP	II
2.a.1	The agriculture orientation index for government expenditures	FAO, IMF	II
2.c.1	Indicator of (food) price anomalies	FAO	II
5.a.1	(a) Percentage of people with ownership or secure rights over agricultural land (out of total agricultural population), by sex; and (b) share of women among owners or rights-bearers of agricultural land, by type of tenure	FAO, UN-Women, EDGE, World Bank	II
5.a.2	Percentage of countries where the legal framework (including customary law) guarantees women's equal rights to land ownership and/or control	FAO	III
6.4.1	Change in water use efficiency over time	FAO on behalf of UN-Water	III
6.4.2	Level of water stress: freshwater withdrawal as a proportion of available freshwater resources	FAO on behalf of UN-Water	II
12.3.1	Global food loss index	FAO, UNEP	III
14.4.1	Proportion of fish stocks within biologically sustainable levels	FAO	I
14.6.1	Progress by countries in the degree of implementation of international instruments aiming to combat illegal, unreported and unregulated fishing	FAO	III
14.7.1	Sustainable fisheries as a percentage of GDP in small island developing States, least developed countries and all countries	FAO (interim)	III
14.b.1	Progress by countries in adopting and implementing a legal/regulatory/policy/institutional framework which recognizes and protects access rights for small-scale fisheries	FAO	III
15.1.1	Forest area as a percentage of total land area	FAO, UNEP	I
15.2.1	Progress towards sustainable forest management	FAO	II
15.4.2	Mountain Green Cover Index	FAO, UNEP	II

Indicators are compiled by a large number of international, regional and national agencies around the world, using a variety of methodologies. SDG indicators are also characterized by a high heterogeneity and different degree of statistical soundness or nature. Also in the case of FAO, statistical divisions compile some indicators but, in other cases, SDG indicators are compiled by technical departments, which may not be fully aware or familiar with statistical standards and methods.

Therefore, the need to raise awareness and promote the utilization of international statistical classifications, definitions and concepts for SDG indicators is essential to improve data comparability and coherence. It is also critical that the proliferation of ad hoc lists is avoided as well as the uncoordinated use of (non-standard) classifications. In particular, coordination should be ensured in order to:

- use the same classifications, concepts and definitions to describe the same variables across different Goals and targets
- in case more than one international standard classification exists in the same statistical domain (as in the case of geographical areas, with M49 and ISO, or for trade with HS and SITC), the reference international classifications to be used for SDG indicators should be identified by the IAEG-SDGs

The adoption of international classifications for SDG indicators presents several potential benefits, and in particular it can contribute to:

- improve data quality, particularly in terms of better comparability and coherence
- facilitate the development of SDMX-based data and metadata exchange format, which has been identified by the IAEG-SDGs as the standard format to exchange SDG indicators (a SDMX-SDGs Working Group has been created with this purpose in 2016)
- allow better maintenance of the standards: only by using international statistical classifications it is possible to identify areas for further improvement of the standard, thus activating a positive cycle that makes the standards fit for the 2030 Agenda for Sustainable Development (2030 Agenda) over time
- ensure better visibility to the work on international classifications, possibly providing opportunities for funding, thus supporting the sustainability of this work in the future

The Harmonized System review process provides an important example of such a positive cycle, as international trade is relevant for ten goals and 21 targets in the 2030 Agenda, with the HS playing a central role as the reference in this area.

FAO has significantly contributed to the HS revisions over the past ten years, with the aim to increase detail on agricultural products in HS thus improving availability and quality of detailed trade data used since 2012. Today, this has a positive impact on the quality and availability of data for SDG indicators. Increased detail and the correct utilization of the HS 2012 and 2017 also allow:

- better estimation of food available for consumption in Food Balance Sheets (FBS) and the application of the right conversion factor for the calculation of nutritional intake (particularly SDG indicators: 2.1.1,2.1.2)

- monitoring of specific commodity prices and trade distortion, including export subsidies and price anomalies (indicators 2.b.1, 2.c.1)
- more precise identification of animal and tree species, including those that are at risk of overexploitation and the object of illegal trade (indicators 14.6.1, 15.7.1, 15.c.1)

Such a work has not only been welcomed by the international statistics community but also by the private sector: recently FAO was invited by the International Association of Authorized Economic Operators (AEO) Customs and Logistics to present on issues related to trade statistics and classifications in support of the 2030 Agenda for Sustainable Development in the International Conference of the Authorized Economic Operator that took place within the framework of the *Salón Internacional de la Logística y de la Manutención* (SIL2017) in Barcelona in June 2017. The event has confirmed the impact that the work on classifications can have beyond statistics and the interest that classifications' work can raise in other strategic sectors and stakeholders.

### **Proposal to the EG**

The EG on International Classifications to work closely with the Inter-agency and Expert Group on Sustainable Development Goal indicators (IAEG-SDGs) in order to:

- SDG indicators metadata template to include a field on classifications, where the classifications used for compiling the indicator is indicated along with the one used the source data (for example, indicator 2.1.1 Prevalence of undernourishment is based on data coming from FBS for which both CPC and HS are relevant)
- EG on International Classifications and IAEG-SDGs, possibly together with the SDMX-SDGs Working Group, to collaborate to produce a guideline on the classifications, concepts and definitions to be used in all goals and targets that are available at the international level