
Agenda item No. 10: Commodity Classifications and Quantity Measurements
Presentation
Language: English

HS, SITC, BEC AND CPC

Presentation by

United Nations Statistics Division (UNSD)
IMTS Workshop, Lima, 7-11 May, 2007
United Nations Statistics Division
Slide 1

HS, SITC, BEC and CPC

IMTS Workshop, Lima, 7-11 May, 2007
United Nations Statistics Division
Slide 2

“The Harmonized System: The Language of International Trade” (WCO)

1. HS-2007 Classification
2. Trade Time Series and HS-2007
3. SITC, Rev.4
4. Classification by Broad Economic Categories (BEC)
5. Central Product Classification
Harmonized System Classification

Main Commodity Classifications


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Harmonized System Classification

- HS was recommended by the UN Statistical Commission as the commodity classification for Compilation and Dissemination of international merchandise trade statistics (in 1993)
- Since 1988, 842 new headings were added to HS which contains about 5000 headings (1 - in 1992, 267 – in 1996, 316 – in 2002 and 260 – in 2007)
The Preamble to the HS Convention emphasizes the importance of ensuring that the Harmonized System is kept up to date in the light of changes in technology or in patterns of international trade.

**General scope of the amendments of HS-2007**

This is in fact the third major revision of the Harmonized System and it includes 354 sets of amendments, namely:

- Technological progress;
- Change in trade patterns;
- Clarification of texts to ensure uniform application;
- Better reflect trade practice;

Amendments related to the social and environmental fields, i.e., new subheadings to facilitate the monitoring and control of:

- certain species of fish;
- products of bamboo (INBAR (FAO))
- pesticides (Rotterdam Convention)
- ozone-depleting substances (Montreal Protocol)
- products containing asbestos
Reasons for deleting codes:
- Low value in world trade (based on UN Comtrade)
- Splitting into two or more codes

Reasons for adding codes:
- New products
- Special interest products
- Some codes stay but have amendments in content

Harmonized System Classification

<table>
<thead>
<tr>
<th>2007 Version</th>
<th>2002 Version</th>
<th>Remarks</th>
<th>Relevant documents</th>
</tr>
</thead>
<tbody>
<tr>
<td>0105.94</td>
<td>0105.92</td>
<td>Subheadings 0105.92 and 0105.93 have been merged into new subheading 0105.94, covering all fowls of the species Gallus domesticus.</td>
<td>Annexes F/1 and M/1 to Doc. No079/62 (HSC/32)</td>
</tr>
<tr>
<td>0208.90</td>
<td>0208.20</td>
<td>Deletion of subheading 0208.20 entails the transfer of these products to subheading 0208.90.</td>
<td>Annexes E/1 and N/3 to Doc. No084/62 (HSC/33)</td>
</tr>
<tr>
<td>0301.94</td>
<td>ex0301.99</td>
<td>New subheadings 0301.94 and 0301.96 have been created for bluefin tunas and southern bluefin tunas.</td>
<td>Annexes F/1 and N/1 to Doc. No079/62 (HSC/31)</td>
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<td>0301.95</td>
<td>ex0301.99</td>
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<td>-</td>
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<tr>
<td>0301.99</td>
<td>ex0301.99</td>
<td>-</td>
<td>-</td>
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<td>0302.67</td>
<td>ex0302.69</td>
<td>New subheadings 0302.67 and 0302.68 have been created for swordfish and toothfish.</td>
<td>Annexes F/1 and N/1 to Doc. No079/62 (HSC/31)</td>
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<tr>
<td>0302.68</td>
<td>ex0302.69</td>
<td>-</td>
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<td>0302.69</td>
<td>ex0302.69</td>
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</tbody>
</table>
### Harmonized System Classification

<table>
<thead>
<tr>
<th>2007 Version</th>
<th>2002 Version</th>
<th>Remarks</th>
<th>Relevant documents (Session of HSC)</th>
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</thead>
<tbody>
<tr>
<td>0802.60</td>
<td>ex0802.90</td>
<td>New subheading 0802.60 has been created for macadamia nuts.</td>
<td>Annexes E and N8 to Doc. NC0360B2 (HSC/29)</td>
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<tr>
<td>0802.90</td>
<td>ex0802.90</td>
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<tr>
<td>0810.90</td>
<td>0810.30</td>
<td>Deletion of subheading 0810.30 entails the transfer of these products to subheading 0810.90.</td>
<td>Annexes E/1 and N23 to Doc. NC0884B2 (HSC/33)</td>
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<tr>
<td></td>
<td>0810.00</td>
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<td></td>
</tr>
<tr>
<td>0906.11</td>
<td>ex0906.10</td>
<td>Subheading 0906.10 has been subdivided to provide separately for Ceylon cinnamon (Cinnamomum zeylanicum Blume).</td>
<td>Annexes F/2 and N3 to Doc. NC0884B2 (HSC/33)</td>
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<tr>
<td>0906.19</td>
<td>ex0906.10</td>
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<tr>
<td>0910.99</td>
<td>0910.40</td>
<td>Deletion of subheadings 0910.40 and 0910.50 entails the transfer of these products to subheading 0910.99.</td>
<td>Annexes E/1 and N3 to Doc. NC0884B2 (HSC/33)</td>
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<tr>
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<td>0910.50</td>
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<tr>
<td></td>
<td>0910.99</td>
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</tr>
</tbody>
</table>

### Time Series of Trade Data

- HS-2007 headings will be correlated to those of many other classifications like (1) earlier HS editions, (2) SITC, (3) CPC, (4) BEC and (5) ISIC
- Principles: (i) one to one, (ii) many to one, or (iii) arbitrary correlation, if one to many.
- HS to HS conversions have few problems at 2- or 4-digit level
• HS to SITC
  – HS07 to SITC, Rev4 is perfect
  – HS07 to SITC, Rev3 is questionable
  – HS07 to SITC, Rev2 is not good
  – HS07 to SITC, Rev1 is bad
• HS to BEC is OK, some national interpretation advisable

• Examples of Time Series data in UN Comtrade
  – Disappearing Codes
  – Appearing Codes
  – Consistent Codes
  – Warning Flags
    • SITC time series in detailed commodities
Time Series Problem

- HS-2007 appearing code \textbf{0105.94}
- HS-2002 disappearing codes \textbf{0105.92} and \textbf{0105.93}
- \textbf{0105.92} = Chicken < 2 Kg
- \textbf{0105.93} = Chicken > 2 Kg
- \textbf{0105.94} = \textbf{0105.92} + \textbf{0105.93}

Which code to choose for Time Series continuation in HS-2002 as of 2007?
**Chicken Exports of Germany**

<table>
<thead>
<tr>
<th>Years</th>
<th>Value in US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996</td>
<td>120,000,000</td>
</tr>
<tr>
<td>1997</td>
<td>100,000,000</td>
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<tr>
<td>1998</td>
<td>80,000,000</td>
</tr>
<tr>
<td>1999</td>
<td>60,000,000</td>
</tr>
<tr>
<td>2000</td>
<td>40,000,000</td>
</tr>
<tr>
<td>2001</td>
<td>20,000,000</td>
</tr>
<tr>
<td>2002</td>
<td>20,000,000</td>
</tr>
<tr>
<td>2003</td>
<td>40,000,000</td>
</tr>
<tr>
<td>2004</td>
<td>60,000,000</td>
</tr>
<tr>
<td>2005</td>
<td>80,000,000</td>
</tr>
</tbody>
</table>

- **HS-2007 code 2301.10** [“Beer from Malt”]
- **SITC code 121.3 = HS code 2301.10**
  - Long time series available
- **Which code to choose for Time Series?**
  - SITC, Revision 1
**Time Series Problem**

**UN Comtrade on Commodity Basis**

- Mostly consistent codes
- Removing of **misleading** codes
- Warning flags on **almost consistent** codes

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**Standard International Trade Classification**

- **Standard International Trade Classification, (SITC)**
  - Original (1951)
  - Revised (1960)
  - Revision 2 (1976)
  - Revision 3 (1988)
  - Revision 4 (2007)
SITC, Rev. 3

At its 1976 session the UN Statistical Commission took a policy decision that UN economic classifications should be harmonized by using the Harmonized System (HS) subheadings as building blocks.
SITC, Rev. 3, ISIC Rev. 3 and CPC Provisional were prepared based on this decision

SITC, Rev. 4

- At its March 2004 session, the UN Statistical Commission recommended that UNSD produce a fourth revision of the SITC
- The revision took into consideration all the amendments of the HS from the 1992, 1996, 2002 and 2007 editions.
SITC, Rev. 4

- The scope of SITC, Rev. 4 remains the same as that of SITC, Rev. 3.
- Deleted SITC, Rev. 3 basic headings 380
- New SITC, Rev. 4 basic headings 87
- Total SITC, Rev. 4 basic headings 2,970

Classification by Broad Economic Categories (BEC)

- Initially developed by UNSD for internal purposes
- With time countries started using BEC for variety of purposes including economic analysis and setting tariffs
- The latest revision is BEC 4 issued in 2003
- BEC has 19 categories and three derived classes, namely (1) capital, (2) intermediate and (3) consumption goods
Central Product Classification

- Integrates Goods and Services categories
- For Production and Trade purposes
- More detail than HS in some areas like
  - Printed Matter
  - Petroleum Products
  - Computer related products

Structure of CPC

- 5 Levels
  - Section (one-digit code) (10)
  - Division (2-digit code) (70)
  - Group (3-digit code) (305)
  - Class (4-digit code) (1167)
  - Subclass (5-digit code) (2096)
**Central Product Classification**

**6 – 4: Goods (transportable)**
- 0 - Agriculture, forestry and fishery products
- 1 - Ores and minerals; electricity, gas and water
- 2 - Food products, beverages and tobacco; textiles, apparel and leather products
- 3 - Other transportable goods, except metal products, machinery and equipment
- 4 - Metal products, machinery and equipment

**5 – 9: Services (mainly)**
- 5 - Construction services
- 6 - Distributive trade services; lodging; food and beverage serving services; transport services; and utilities distribution services
- 7 - Financial and related services; real estate services; and rental and leasing services
- 8 - Business and production services
- 9 - Community, social and personal services
### Central Product Classification

<table>
<thead>
<tr>
<th>Code</th>
<th>Description</th>
<th>HS Code(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>47530</td>
<td>Magnetic media, not recorded, except cards with a magnetic stripe</td>
<td>8523.29*</td>
</tr>
<tr>
<td>47540</td>
<td>Optical media, not recorded</td>
<td>8523.40*</td>
</tr>
<tr>
<td>47590</td>
<td>Other recording media, incl. matrices and masters for the production of disks</td>
<td>8522.59, 80*</td>
</tr>
<tr>
<td>47610</td>
<td>Musical audio disks, tapes or other physical media</td>
<td>8523.29*, 40*, 80*</td>
</tr>
<tr>
<td>47620</td>
<td>Films and other video content on disks, tape or other physical media</td>
<td>8523.20*, 40*</td>
</tr>
<tr>
<td>47691</td>
<td>Audio books on disk, tape or other physical media</td>
<td>8523.20*, 40*</td>
</tr>
<tr>
<td>47692</td>
<td>Text-based disks, tapes or other physical media</td>
<td>8523.20*, 40*</td>
</tr>
<tr>
<td>47699</td>
<td>Other non-musical audio disks and tapes</td>
<td>8523.29*, 40*</td>
</tr>
<tr>
<td>47811</td>
<td>Operating systems, packaged</td>
<td>8523.29*, 40*</td>
</tr>
<tr>
<td>47812</td>
<td>Network software, packaged</td>
<td>8523.29*, 40*</td>
</tr>
<tr>
<td>47813</td>
<td>Database management software, packaged</td>
<td>8523.29*, 40*</td>
</tr>
<tr>
<td>47814</td>
<td>Development tools and programming languages software, packaged</td>
<td>8523.29*, 40*</td>
</tr>
</tbody>
</table>

### Future Challenges

- Recommend to align HS with CPC in next revision of HS in areas of standard software and petroleum products, where CPC provides more detail
Thank you for your attention