2002 Philippine Central Product Classification

Primer

Pambansang Lupon sa Ugnayang Pang-Estadistika
(National Statistical Coordination Board)
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INTRODUCTION

The National Statistical Coordination Board (NSCB), created by virtue of Executive Order No. 121, serves as the highest policy-making and coordinating body on statistical matters in the country. One of its functions is to prescribe uniform standards and classification systems in the generation of official statistics. In pursuance of this function, the NSCB continually develops and maintains statistical standards and classification systems for adoption by government agencies.

At present, there are six (6) statistical standard classification systems that have been developed and prescribed by NSCB for adoption by the Philippine Statistical System (PSS), namely: The Philippine Standard Commodity Classification (PSCC), which is a detailed classification of all commodities that enter the Philippine trade; the Philippine Standard Occupational Classification (PSOC), which is a classification of the various occupations of the labor force of the country, including those of the military; the Philippine Classification of Commodities by Broad Economic Categories (PCCBEC), which is a classification of commodities that enter the Philippine trade according to their main end use; the Philippine Standard Geographic Classification (PSGC), which presents a systematic classification and coding of geographic areas of the country; the Updated Philippine Standard Classification of Education (PSCED), which is a classification of the various course programs within the different levels of our educational system; the Philippine Standard Industrial Classification (PSIC), which is a classification of industries prevailing in the country according to their specific economic activities; and the Philippine Central Product Classification (PCPC), which is a system of different but interrelated classifications of economic activities and goods and services.

These standard classification systems are being updated and revised periodically by the NSCB to reflect socio-economic developments in the country.

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What is the 2002 Philippine Central Product Classification (PCPC)?

⇒ The 2002 PCPC is the first edition of a standard central product classification covering all goods and services in the Philippine economy.

⇒ Goods and services are the result of production; they are exchanged and used for various purposes – as inputs in the production of other goods and services, as final consumption or for investment.

⇒ For purposes of obtaining international comparability for data according to goods and services, the 2002 PCPC was patterned after the United Nations' Central Product Classification (UN-CPC) Version 1.1 approved by the Statistical Commission, at its thirty-third session in March 2002.

⇒ The PCPC was developed to classify all products that can be the object of domestic or international transactions or that can be entered into stocks. It includes products that are an output of economic activity, including transportable goods, non-transportable goods and services.

⇒ The 2002 PCPC contains the detailed classification structure, showing, ten (10) sections which classifies all the goods (from Sections 0 to 4) and services (from Sections 5 to 9).

⇒ All goods classified in Sections 0 to 4 provide corresponding UN-CPC code, 1994 Philippine Standard Industrial Classification (PSIC) code, UN-ISIC, Tariff Codes of the Philippines and the Philippine Standard Commodity Classification (PSCC) code in separate columns.

⇒ Sections 5 to 9 of the PCPC cover all services with corresponding UN-CPC code, 1994 Philippine Standard Industrial Classification (PSIC) code, and the UN-ISIC code in separate columns.

What is the purpose of the PCPC?

⇒ To provide a framework for the national and international comparison of various kinds of statistics dealing with goods and services.

⇒ To enhance harmonization among various fields of economic and related statistics and to strengthen the role of national accounts as an instrument for coordination of economic statistics.

⇒ To serve as an instrument for assembling and tabulating all kinds of data requiring product detail. Such data include industrial production, national accounts, service industries, domestic and foreign commodity trade, international trade in services, balance of payments, price statistics, intermediate and final consumption, capital formation and foreign trade and may refer to commodity flows, stocks or balances and may be compiled in the context of input-output tables, and other analytical presentations.

What are the uses of the PCPC?

⇒ PCPC is useful in studying transactions in goods and services in detail. It can also be used as a basis for developing lists of goods and services for specific purposes, such as price statistics surveys, industrial statistics and national accounts, foreign trade statistics (including trade-in services) and balance-of-payments statistics.

⇒ As a basis for recompiling basic statistics for analytical use from their original classifications into a standard classification (PCPC).

⇒ As a general-purpose product classification, it may serve as a guideline for future product-type classifications for specific areas in the economy. Such specific classifications should be compatible with the general framework of PCPC so that comparability of data will be ensured.

Who were responsible for the preparation of the PCPC?

⇒ The Standards and Classifications Systems Division (SCSD) under the Programs, Policies and Standards Office (PPSO) of the National Statistical Coordination Board (NSCB) prepared the guidelines and developed the first PCPC based on the UN-CPC version 1.1.

⇒ The NSCB Technical Committee on Statistical Standards and Classifications (TC-SSC), through its Technical Working Group reviewed and recommended for approval the 2002 PCPC.

⇒ The review was done in consultation with product specialists from various government agencies through the Technical Working Group on Philippine Central Product Classification (TWG-PCPC). Created by the NSCB Technical Committee on Statistical Standards and Classifications, the TWG-PCPC is composed of representatives from the following agencies: Bureau of Export and Trade Promotions (BETP)/ Department of Trade and Industry (DTI), National Statistics Office (NSO), Tariff Commission (TC), Bureau of Labor and

Employment Statistics (BLES), Bureau of Agricultural Statistics (BAS), Bangko Sentral ng Pilipinas (BSP), Securities and Exchange Commission (SEC), National Economic and Development Authority (NEDA), Board of Investments (BOI), and the National Statistical Coordination Board (NSCB).

What is the implementing mechanism of the PCPC?

⇒ The PCPC is prescribed for adoption and implementation by all government agencies, offices and instrumentalities covered by virtue of NSCB Resolution No. ____, series of 2002.

What is the scope of the PCPC?

⇒ PCPC includes categories for all products that can be the object of a domestic or international transaction or that can be entered into stocks. Furthermore, not only products that are an output of economic activity are represented, including transportable goods and non-transportable goods and services.

What were the principles used in constructing the PCPC?

⇒ The PCPC classifies products into categories based on the physical properties and the intrinsic nature of the products. The expression "physical properties and intrinsic nature" means criteria that are proper to the goods themselves, e.g., the raw materials of which they are made, their stage of production, the way in which they are produced, the purpose or user category for which they are intended, the prices at which they are sold, whether or not they can be stored, etc.

⇒ The importance of the industrial origin of goods and services was recognized by the attempt to group into one PCPC subclass mainly the products that are the output of a single industry. Through their linkage to the industrial origin criterion, the input structure, technology and organization of production characteristics of products are also reflected in the structure of the PCPC.

⇒ In the construction of PCPC, the nature of the product and the industry of origin were taken into account. However, practical difficulties had to be resolved. Some industries produce goods of very different nature. For example, meat and hides are both produced by slaughterhouses. These products are not put together in one category or even in the same section of the PCPC. Since unprocessed hides are considered

raw animal materials, they are classified in section 0 (Agriculture, forestry and fishery products), whereas meat is classified in section 2 among food products.

⇒ Similar problems concerning industrial origin arise when industries produce both goods and services. Examples of such services are repair, maintenance and manufacturing on a fee or contract basis. Although the industrial origin of these services is often the same as the origin of the goods themselves, it should be clear that the nature of the services involved might be markedly different from that of the goods, so that the goods and services should be classified under different parts of PCPC. Therefore, the services, presented in divisions 86 to 89 of PCPC are distinguished from the manufactured goods in sections 2 to 4.

⇒ Emergence and growing importance of new products, as a result of rapid changes in the structure of industry, owing to highly-developed information and communication technology (ICT) and diversification in the service industries, was taken into consideration in the preparation of the PCPC.

What is the Relationship of PCPC to Other Classifications?

⇒ PCPC and PSIC are both general–purpose classifications, with PSIC representing the activity side of these two interrelated classifications. Each PCPC subclass has a reference to the 1994 PSIC and ISIC Rev. 3 industry or industries in which most of the goods or services in question are generally produced.

⇒ With regards to transportable goods, a very close relationship exists between PCPC and HSP, as PCPC subclasses in sections 0 to 4 constitute groupings and rearrangements of complete categories of HS96. PCPC subclasses for transportable goods are defined in such a way that each consists of one or more six-digit subheadings of the Harmonized System (HS). HS is an exhaustive nomenclature of internationally traded commodities (goods) classified according to the following criteria: (1) classification according to raw or basic material, (2) classification according to the degree of processing, (3) classification by use or function; and (4) classification according to economic activities.

⇒ The relationship between PCPC and PSCC is similar to that between PCPC and HS because the amended PSCC Rev.2 also used the HS subheadings as building blocks to create commodity groupings that are more suitable for the economic analysis of trade. The commodity groupings of PSCC reflect (a) the materials used in production, (b) the processing stage, (c) market practices and uses of the products, (d) the importance of the commodities in terms of world trade and (e) technological changes. The correspondence of amended PSCC Rev.2

with PCPC for transportable goods, all seven-digit items of PSCC are contained wholly within single PCPC subclasses in sections 0-4.

What is the coding system of the classification?

⇒ The coding system of PCPC is hierarchical and purely decimal.

⇒ The code numbers in PCPC consist of six digits without separation of any kind between digits.

⇒ The codes for the sections range from 0 through 9 and each section may be divided into nine divisions. At the third digit of the code each division may, in turn, be divided into nine groups which may then be further divided into nine classes and then again into nine subclasses. The subclasses may again be divided into nine items.

⇒ Where a given level of classification is not further subdivided, a "0" is used in the position for the next more detailed level. For example, the code for item "Research and experimental development in Information and Communication Technology" is 814000, since the group "Research and experimental development in Information and Communication Technology" (code 814) is divided neither into classes nor into subclasses. Another example is the code for item "On-line information provision services" is 843000 since the group "On-line information provision services" (code 843) is divided neither into classes nor into subclasses.

What are the levels of disaggregation of the classification?

⇒ The classification consists of **sections** (identified by the first digit), **divisions** (identified by the first and second digits taken together), **groups** (identified by the first, second and third digits taken together), **classes** (identified by the first, second, third and fourth digits taken together), **subclasses** (identified by all five digits taken together), and **items** (identified by the six digits altogether).

⇒ The classification has 10 sections, 70 divisions, 302 groups, 1,172 classes, 2313-subclasses and 5458-items.

How is a specific goods or service identified?

⇒ A specific goods or service is completely identified by the assignment of a six digit numerical code. For example, **Wholesale trade services, except on a fee or contract basis, of fish and other seafoods** was coded 611240.

⇒ To illustrate:

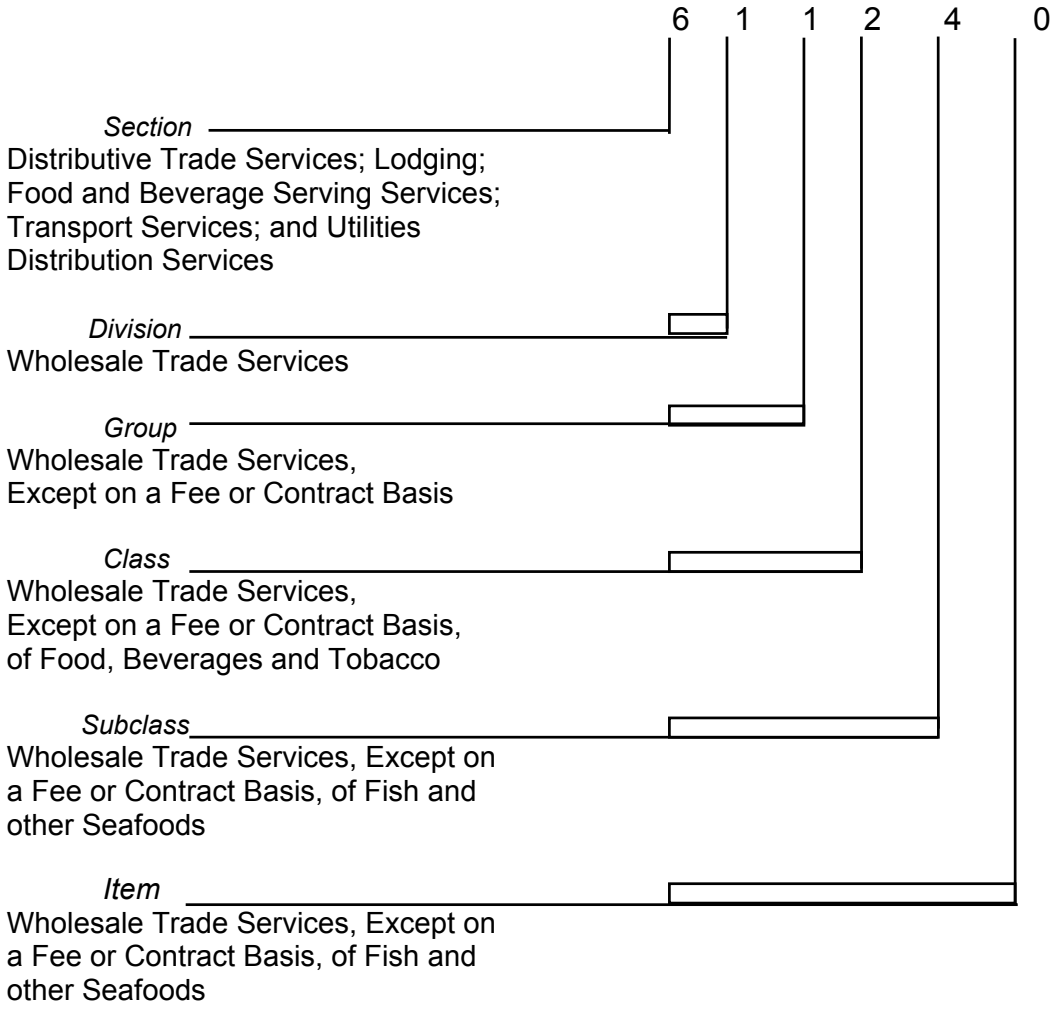

EXHIBIT: A prototype of the classification headings

Group	Class	Sub-Class	Item	Title	UN-CPC	1994 PSIC	ISIC Rev.3	HSP	PSCC Rev.2