

Philippine Central Product Classification Primer



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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 government 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 for adoption, 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.

PHILIPPINE CENTRAL PRODUCT CLASSIFICATION PRIMER

What is the Philippine Central Product Classification (PCPC)?

- ⇒ The Philippine Central Product Classification is a standard classification of goods and services including tangible and intangible assets based on their physical properties and intrinsic nature as well as industrial origin.
- ⇒ It is a standard classification that will provide a link between product and industry or economic activity. Therefore, it is a linkage between the Philippine Standard Commodity Classification (PSCC) and the Philippine Standard Industrial Classification (PSIC).

What is the purpose of the PCPC?

- ⇒ To provide a framework in the compilation and presentation of production and trade data on goods and services by industrial origin.
- ⇒ To be an instrument for assembling and tabulating all kinds of statistics that needed product detail.. Such statistics may cover production, 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, balance-of-payments and other analytical presentations.
- ⇒ To enhance harmonization among various fields of economic and related statistics; and,
- ⇒ To strengthen the role of the national accounts and balances as an instrument for coordination of economic statistics.

What are the uses of the PCPC?

- ⇒ To be used for different types of statistics, for example, industrial statistics and national accounts, price statistics, foreign trade statistics (including trade-in services) and balance-of-payments statistics.
- ⇒ As a supplement to other recommended classifications (such as the PSCC for foreign trade 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 Classifications and Standards Division (CSD) under the Statistical Programs and Resource Management Office (SPRMO) of the National Statistical Coordination Board (NSCB) in coordination with specialists from concerned 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: 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. 13, 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, but also non-produced assets, including land and assets that arise from legal contracts, such as patents, licenses, trademarks and copyrights (intangible assets).
- ⇒ Although the non-produced assets are not regarded as products in the System of National Accounts (SNA), it was considered useful to include them in the PCPC because there is substantial national and international trade in them, and many users are interested in such data.

What were the principles used in constructing PCPC?

- ⇒ The PCPC is a system of categories covering both goods and services that is both exhaustive and mutually exclusive. Consistent with the other principles used, homogeneity within categories is maximized. PCPC categories for transportable goods are based on the physical properties and the intrinsic nature of the products, as in the HS and the PSCC. To some extent this also applies to their aggregations, but additionally a close relationship with the PSIC (industrial origin criterion) is maintained.
- ⇒ For the part dealing with transportable goods, the PCPC, with one exception, uses the headings and subheadings of the HS as building blocks, i.e., each

PCPC subclass is an aggregate of one or more headings or subheadings of the HS. An advantage of this relationship is that since the HS is used for foreign trade statistics and for production statistics, the introduction of the PCPC is facilitated.

- ⇒ 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.

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 “Financial assets and liabilities” is 511000, since the group “Financial assets and liabilities” (code 511) 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, 71 divisions, 294 groups, 1,162 classes, ---subclasses and ---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:

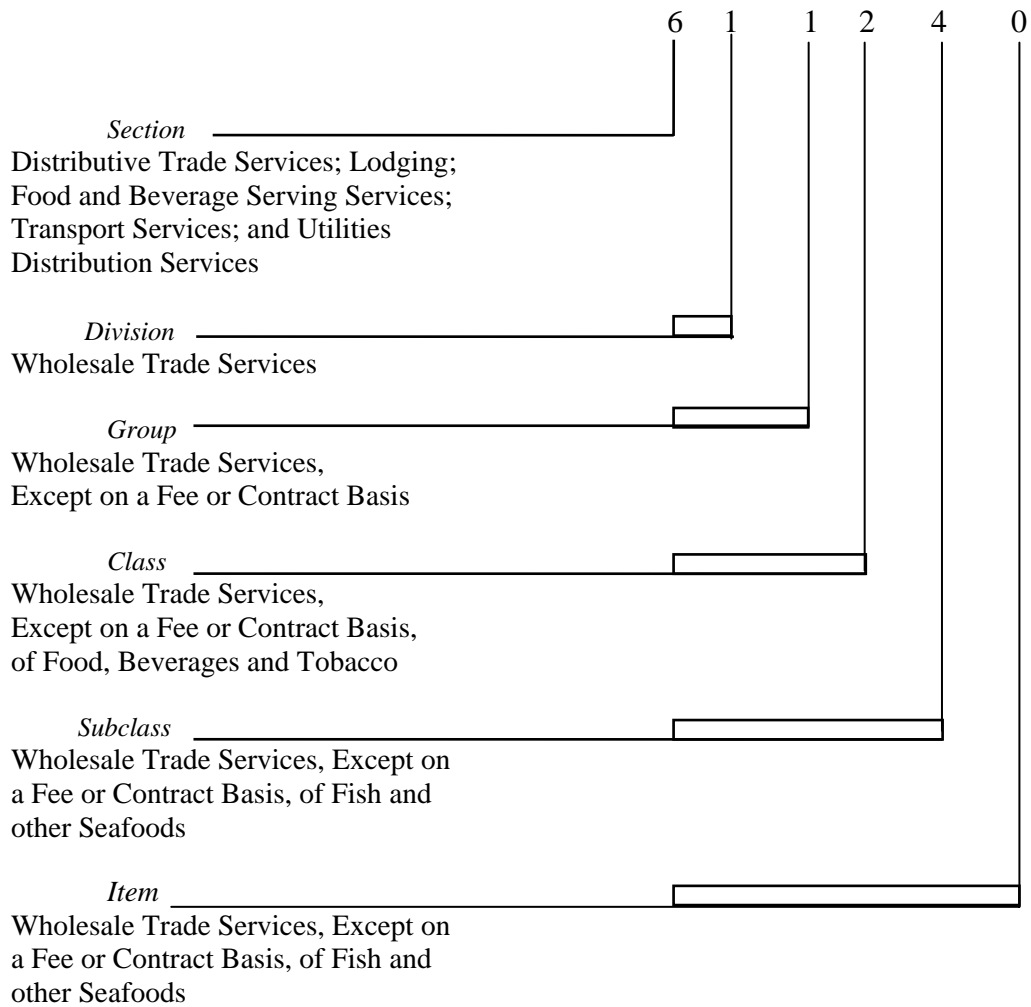


EXHIBIT: A prototype of the classification headings

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