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AFRICAN COMMISSION ON AGRICULTURAL STATISTICS

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"ACTIVITIES ON INTERNATIONAL CLASSIFICATIONS FOR AGRICULTURAL STATISTICS"

Summary

After an introduction on international classifications and their purposes (section A), this brief report presents the activities conducted by FAO and the progress made in the review and update for agricultural statistics of major international classifications of products, trade and land (section B). Activities currently ongoing in the Statistics Division, in cooperation with other FAO Departments, are explained afterwards (section C). These include the adoption by FAO of the CPC Ver.2 expanded for agricultural statistics, the review of CPC Ver.2.1, the review of HS 2017 and the development of a database on commodity classifications soon available on the FAO Statistics Division website. Contribution and advice from the Commission is asked at the end of the document (section D) with the aim of strengthening collaboration in the domain of classifications between the AFCAS member countries and the FAO, thus contributing to data harmonization in Africa and at the international level.
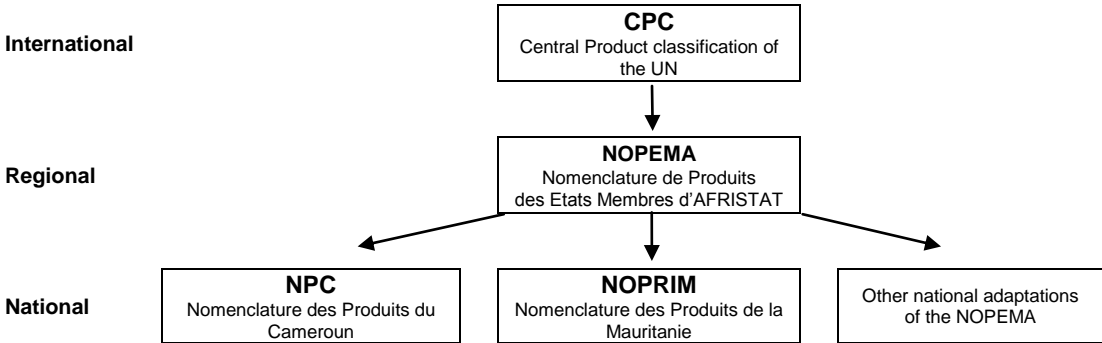
A. INTRODUCTION

The need for international statistical classifications in agriculture has increased dramatically in the past few years. This need has been recognized by the international community and since 2005 FAO has continued collaboration with other International Organizations such as the United Nations Statistics Division (UNSD), the World Customs Organization (WCO) and the International Labor Organization (ILO) etc. for integrating agriculture into major international schemes. This paper provides an overview on the progress made in the review and update for agricultural statistics of major international classifications of products, trade and land and on the activities currently ongoing in the FAO. At the end of the document some questions and invitations are addressed to the Commission.

A classification is defined by the United Nations Statistics Division as "a set of discrete, exhaustive and mutually exclusive observations which can be assigned to one or more variables to be

measured in the collation and/or presentation of data". The primary purpose of statistical classifications is to provide a framework to collect and analyse data, and to report and compare statistics at the international level. Statistical classifications can be used to standardize statistical information, aggregate and disaggregate data sets in a meaningful way, and to support policy and decision making.

"National" classifications are country-specific schemes, designed and applied by one single country. Classification implemented by a regional organizations[1] and applied by its member countries are considered "regional" classifications. "International" classifications are applicable at the global level and developed and maintained by international organizations, which are the custodian of these schemes. To ensure data comparability and harmonization at the international level, international classifications should be taken as reference for the development of regional and derived national classifications (Fig.1). International classifications are essential mechanisms for the harmonization and coordination of data compilation. They allow national data and indicators to be comparable with those of other countries at the global level, thus facilitating countries inclusion in global statistical activities. To suit the country requirements, international classifications can be adapted to national statistical and economic needs and conditions, for better relevance and applicability.

Fig.1: Example of the relationship between international, regional and national classifications

1. FAO Work on International Classifications

In cooperation with other FAO Departments such as the Natural Resources, the Forestry, and the Fisheries and Aquaculture, since 2005 FAO Statistics Division has continued collaboration with the United Nations Statistics Division (UNSD) and the World Customs Organization (WCO) in the review of the Central Product Classification (CPC), the Harmonized System (HS), and land classifications to be used in the revised System of Environmental and Economic Accounts (SEEA). The purpose of FAO contribution is to make major international schemes suitable for agriculture and food statistics, thus facilitating the harmonization and comparison of agriculture statistics across different countries and statistical domains.

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[1] Multi-national organizations such as EUROSTAT, AFRISTAT, ECLAC etc.

B. BACKGROUND

CLASSIFICATIONS OF COMMODITIES

2. The FAOSTAT Commodity List (FCL)

The classification of agriculture[2] commodities currently used by FAO is the FAOSTAT Commodity List (FCL)[3]. The FCL was developed in the '60s and was originally based on SITC, the Standard International Trade Classification of the UN. It includes 683 commodities, both primary and derived products, grouped into 20 chapters. The FCL also includes some 130 agriculture inputs such as fertilizers, pesticides and machinery. It does not cover fishery and forestry products.

The purpose of the FCL is to provide a framework for collecting and analysing data on production and trade of crops and livestock and, ultimately, to compile the Supply Utilization Accounts and Food Balance Sheets (SUA/FBS) for the estimation of undernourishment. Its structure reflects the item "commodity tree", which means that the primary crop and its derived products are traceable all along the value chain of agricultural production.

Correspondence tables allow to map the FCL to major international standards for the classification of production and trade of goods and services, such as the CPC and the HS.

3. The Central Product Classification of the United Nations (CPC)

The Central Product Classification is developed and maintained by the United Nations Statistics Division (UNSD). The main purpose of the CPC is to provide a framework for the international comparison of statistics dealing with products and to serve as a guide for developing or revising existing classification schemes of products in order to make them compatible with international standards. CPC was developed primarily to enhance harmonization across various fields of economic and related statistics and to strengthen the role of national accounts as an instrument for the coordination of economic statistics. It includes goods and services which are output from economic activities and generally follows the definition for products used in the System of National Accounts (SNA). CPC has a five-digits structure; each subclass of CPC consists of goods or services that are predominantly produced in a specific ISIC class or classes. CPC is based on the Harmonized System and classes are grouped into aggregates of individual products in order to accommodate various statistical and analytical purposes. The CPC version currently in use is the CPC Ver.2[4], which was updated in 2008. The revision process for the CPC Ver.2.1 is currently ongoing.

Governance mechanism

The Expert Group on International Classifications (EG), coordinated by UNSD, aims at developing a strategy for the convergence of international classifications. The group meets at least every two years and reports to the United Nations Statistical Commission (UNSC) following each meeting. Specific technical, analytical or exploratory tasks are carried out by Technical Subgroups (TSG) of the Expert Group. Members of the EG are representatives from International Organizations, countries, custodians, major users of international statistical classifications and experts in the development and application of international classifications. The EG should have regional representation to ensure a balanced view is presented in discussion of all classification matters.

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[2] From now on, the term agriculture is intended to cover exclusively crops and livestock and derived products; fisheries and forestry are defined specifically when included.
[3] www.fao.org/waicent/faoinfo/economic/faodef/faodefe.htm#NOTE
[4] http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=25

4. The Harmonized Commodity Description and Coding System (HS)

The HS, developed and maintained by the World Customs Organization (WCO), is the trade nomenclature most widely used in the world. 206 countries, territories or customs or economic unions utilize it as the basis for Customs tariffs and for the compilation trade statistics. In HS, commodities are generally classified according to raw or basic material, to the degree of processing, to the use or function and economic activities. HS is a detailed listing of commodities rather than a proper classification for the purpose of organizing official statistics. The HS version currently in use is the HS 2007[5], and the forthcoming HS 2012[6] version will enter into force on the 1st January 2012. The review process for the next 2017 version has also already started.
Governance mechanism

The maintenance of the HS includes measures to secure uniform interpretation of the HS and its periodic updating in light of developments in technology and changes in trade patterns. Each "Review Cycle" typically lasts five years. The WCO manages this process through the Harmonized System Committee[7] (representing the Contracting Parties to the HS Convention), and more specifically through its HS Review Sub-Committee[8] (RSC). The HS Committee and RSC meet twice a year; they examines policy matters, takes decisions on classification questions, settles disputes and prepares amendments to the Explanatory Notes. The HS Committee and RSC are attended by WCO member countries; International Organizations are also invited to participate with the status of "observer", they have a consultative role but not voting power (differently from countries).

CLASSIFICATIONS OF LAND

5. The System of Environmental and Economic Accounts (SEEA)

The FAO Statistics Division collects and disseminates data on land use through FAOSTAT[9] and the World Programme for the Census of Agriculture (WCA)[10].

The SEEA, undertaken within the joint responsibility of the UN, the European Commission, the IMF, the OECD and the World Bank, is a multi-purpose, conceptual framework that describes the interactions between the economy and the environment and the changes in the state of the environment over time. It brings together, in a single framework, information on water, minerals, energy, timber, fish, soil, land and ecosystems, pollution and waste, production, consumption and accumulation. Each of these areas has specific and detailed measurement approaches that are integrated in the SEEA to provide a comprehensive view. Chapter 5 of the SEEA on "Asset accounts" include a section on land use and land cover where international standard classifications for land use and land cover are presented.

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[5] www.wcoomd.org/home_hsoverviewboxes_tools_and_instruments_hsnomenclaturetable2007.htm
[6] Amendments to the HS Nomenclature effective from 1 January 2002:
http://www.wcoomd.org/files/1.%20Public%20files/PDFandDocuments/hs_nomenclature_2002.pdf
[7] http://www.wcoomd.org/home_hsoverviewboxes_committees_committstrchs.htm
[8] http://www.wcoomd.org/home_hsoverviewboxes_committees_committstrchsrewsub.htm
[9] http://faostat.fao.org/site/377/default.aspx#ancor
[10] http://www.fao.org/docrep/009/a0135e/A0135E07.htm#ch11.3

C. ACTIVITIES CONDUCTED

6. CPC Ver.2 Review

The FAO proposal for CPC Ver.1.1 review was submitted to the Technical Subgroup of the Expert Group on International Classifications in 2005 with the aim of increasing proper detail in CPC Ver.2. The proposal was well received and resulted in a total number of 550 items of agriculture in CPC Ver.2 compared to about 260 in CPC Ver.1.1.

7. HS 2012 Review

The first version of FAO Proposal for HS 2012 was submitted and presented at the 35th Session of the HS Review Sub-Committee held in Brussels in May 2007 and was finally adopted at the 43rd Session of the HS Committee in March 2009. It included agriculture and fishery items. As follow-up actions, FAO was requested by WCO and its member Customs Administrations to continue cooperation and to provide further technical expertise for the subsequent preparation of HS explanatory notes and identification criteria. These activities were successfully accomplished at the 47th session of the HS Committee, held last March 2011. The HS2012 will include more than 300 new agriculture and fishery items. The adoption of these amendments will make the next version of HS more suitable and useful for agricultural and fisheries statistics and will establish solid correspondence and harmonization with the CPC.

8. Contribution to Land Use and Land Cover Classifications in the SEEA

In cooperation with the FAO Natural Resources, the Forestry and the Fisheries and Aquaculture Department, the UN Statistics Division (UNSD) and the European Environmental Agency (EEA), substantial contribution has been provided in the last three years in the field of land use and land cover classifications for the System of Environmental and Economic Accounts (SEEA).

The land use and land cover classifications developed have been designed for compilation and aggregation of data on land available at national and international level. The purpose is to facilitate compilation of regional-global databases, allow cross-referencing of different national systems; and, at the same time, to preserve national effort in local classification. Indeed, the principle and approach guiding the design of these classifications has not been intended to create something new, but to incorporate and consolidate practices that have already been used at the global, regional, and national levels. These schemes provide a general framework and a structure to guide data collection and generation of effective land use and land cover databases, especially for countries in the process of establishing and developing a land use and land cover classifications.

The final draft of chapter 5 on "Asset accounts" is now available for global consultation on the UNSD SEEA website: http://unstats.un.org/unsd/envaccounting/seearev/chapterList.asp (open until the 7 December) and will be submitted for endorsement to the 43rd Session of the UN Statistical Commission.

D. ONGOING ACTIVITIES

9. The Implementation of CPC Ver.2 for Agriculture Statistics

A common classification for agricultural products was not available at the international level before CPC Ver.2 was completed in 2008. The structure and list of items in old CPC Ver.1 and 1.1 was not suitable, it was too aggregated to be useful for statistics of agriculture.

Given the progress made for integrating agriculture products into CPC Ver.2, and the increased harmonization between CPC Ver.2 and HS 2017, the FAO Statistical Coordination Working Group endorsed the proposal to implement CPC Ver.2 in FAO as the reference classification for agricultural products in the production domain[11] (HS is already used for trade).

By implementing a common global classification backed up with common and standardized item names, titles, definitions, descriptions and data groups, FAO aims at decreasing the reporting burden for countries, facilitating and enhancing the comparability of statistical data over time and across countries and the harmonization of official statistics at the global level.

10. CPC Expanded for Agriculture and Food Statistics

Due to the specialized nature of FAO and as the CPC is as a general purpose scheme, detail on agriculture is still not sufficient in CPC. Therefore, when implementing CPC, FAO will use an expanded structure to further disaggregate agriculture data available. This structure will overcome the lack of information on the primary product of origin in the CPC at five digits, by adding detail at the lower level (6th or 7th digit) as showed in the example below (Tab.1).

Tab.1: Example of expansion in CPC for "Other cereals" (FAO expansion in grey)

CPC VER.2
with expansion for agricultural products

GROUP	CLASS	SUB-CLASS	*	TITLE
SECTION 0		**AGRICULTURE, FORESTRY AND FISHERY PRODUCTS**		
Division	**01**	**Products of agriculture, horticulture and market gardening**		
011				**Cereals**
...	...	...		...
	0119	**01190**		**"Other cereals"**
		01190.01		Triticale
		01190.02		Buckwheat
		01190.03		Fonio
		01190.04		Quinoa
		01190.05		Canary seed
		01190.06		Mixed grain
		01190.07		Cereals n.e.s

The proposal for the development of a CPC expanded for agriculture and food statistics was endorsed by the Expert Group Meeting on International Classification in May 2011 where it was agreed that the CPC expanded will be included as an official annex of the CPC Rev.2.1.

11. CPC Ver. 2.1 Review

The FAO proposal for CPC Ver.2.1 review was submitted to the Expert Group Meeting on International Classifications (EGM) last May 2011 with the aim of increasing proper detail and

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[11] Not including fishery and forestry as the CPC is not yet suitable for these domains. A proposal for the review of the CPC for fishery and forestry has been submitted to the Expert Group Meeting in International Classifications and is currently under review.

making CPC Ver.2.1. structure more suitable for the agriculture, fishery and forestry production domains. The inclusion of fishery and forestry in the proposal for CPC Ver.2.1 represents an important improvement compared to the previous CPC review round[12].

The proposal has been endorsed by the EGM and is currently under review in the Technical Subgroup. If accepted, it will be submitted to the next session of the UN Statistical Commission in February 2012.

12. HS 2017 Review

On the occasion of the forthcoming 42nd session of the Review Sub-Committee (21-24 November 2011), the FAO has renewed its willingness to cooperate with the WCO for the update and enhancement of the HS 2017. The work on the 5th HS Review Cycle commenced in November 2009 and is expected to be completed by June 2014. The revised version will enter into force on 1 January 2017. The submission of the FAO proposal has been planned for the next session of the RSC, which will be held at the WCO premises in Brussels from the 21st to the 25th of May 2012.

13. The Questionnaire on National Agriculture and Food Products Classifications

A questionnaire on national classifications used for agriculture and food products has been designed in order to assess countries' practices and the extent to which international standards are implemented, with a particular reference to the CPC. The aim of the questionnaire is also to understand how classifications are managed (i.e. stored, maintained and disseminated) and to identify country needs on technical assistance and capacity development in this domain. The results of the survey will provide a useful tool for decreasing countries reporting burden and enhancing FAO's data collection system, thus enhancing data harmonization on at the international level.

Along with the questionnaire filled in, countries are asked to provide the classification focal point contacts and to send any documentation that describes the classification(s) for agriculture and food production used national organizations and institutions (e.g. the classification codes, titles, definitions, correspondence tables etc). The Questionnaire, will be available also online on the FAO Statistics Division website.

This activity is carried out in coordination with the UNSD National Classifications Registry and the Global Inventory of Statistical Standards.

14. The Database on Commodity Classifications

A database on classifications where all information on FAOSTAT Commodity List is organized, stored and searchable has been designed (including codes, titles, scientific and common names, definitions and correspondences). It includes search functions by codes and by key word and allows the user to easily search and visualize correspondences between the FCL, CPC and HS. The database contains also the link to international and regional classifications and to correspondence tables between the FCL and some agriculture product lists used at country level. At this stage information on national classifications has been provided exclusively by the CountrySTAT project but in the future it should be extended to potentially all countries.

The database is currently located in a development area and will be soon available on the ESS webpage on classification (http://www.fao.org/economic/ess/ess-standards/ess-class0/en/). For the moment it is only available in English.

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[12] The full FAO proposal for CPC Ver.2.1 is available on UNSD website
http://unstats.un.org/unsd/class/intercop/expertgroup/2011/AC234-15.PDF

E. QUESTIONS AND INVITATIONS TO THE COMMISSION

- Consider and advise the FAO on future work in the area of classifications for agricultural statistics; strengthen collaboration in the domain classifications between the AFCAS member countries and FAO, thus contributing to data harmonization in Africa and at the international level.

- Invite member countries to contribute to the HS 2017 Review process:

  AFCAS member countries who wish to contribute to the HS 2017 through the FAO proposal are invited to send their proposal by the **6 February 2011**.

  The proposal should include the following <u>supporting material</u> to be provided for each specific product proposed:

  - Data on trade, production and prices.
  - Products descriptions and identification criteria (including scientific information, physical characteristics –shape, colour, size etc.- organoleptic features, chemical properties etc).
  - Information on the use of the product (whether it is for human consumption, animal feeding, industrial use etc.) and the reason why it would be important to include it in the HS 2017.

  Please note the <u>requirements</u> for new products to be included in the HS:

  - Major importance at the international level, both in terms of trade value and of number of countries affected[13].
  - A trade volume of at least 50 millions USD (in the last review process, exceptions to this rule have been done for agriculture and food items of high social or environmental importance, and particularly on products critical for food security, developing countries and their economies).

  Questions, inputs and contributions after the AFCAS meeting can be sent by e-mail to Ms. Valentina Ramaschiello (valentina.ramaschiello@fao.org).

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[13] Products of major importance at the national level but of minor significance at the international level are unlikely to be accepted by the RSC; in these cases, however, the country has the liberty to break-down the HS structure further then the six digits level in order to accommodate detailed data.