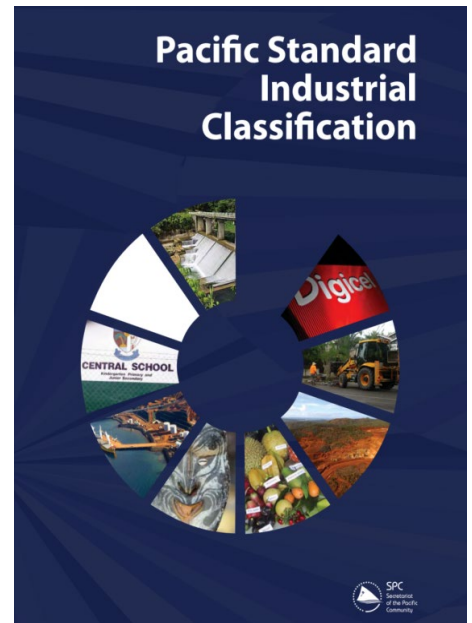
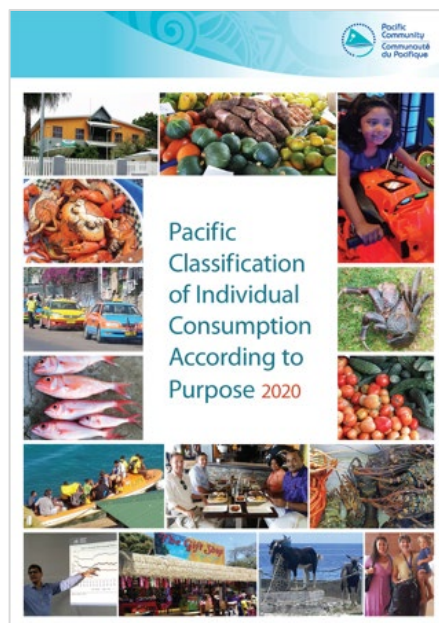
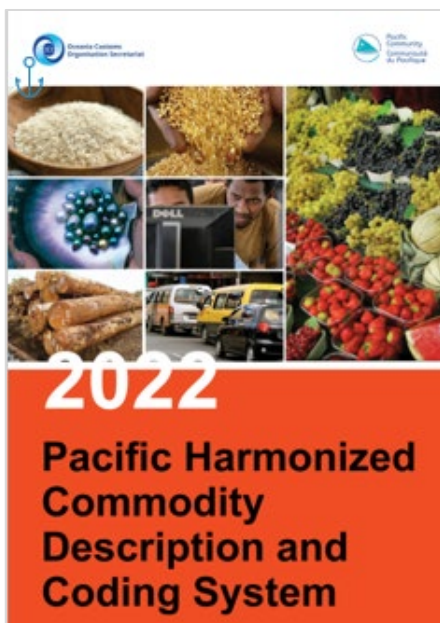


Information paper

The relevance of statistical classifications for Pacific Island countries and territories



The relevance of statistical classifications for Pacific Island countries and territories

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Abbreviations

BEC	Broad Economic Category
COICOP	Classification of Individual Consumption according to Purpose
CPC	Central Product Classification
CPI	consumer price index
D	durables
GDP	gross domestic product
HS	Harmonized Commodity Description and Coding System
ILO	International Labour Organization
IMTS	International Merchandise Trade Statistics
ISCED	International Standard Classification of Education
ISCO	International Standard Classification of Occupations
ISIC	International Standard Industrial Classification
ND	non-durables
NPISH	non-profit institutions serving households
NSO	national statistical offices
OCO	Oceania Customs Organisation
PACCOICOP	Pacific Classification of Individual Consumption According to Purpose
PACHS	Pacific Harmonized Commodity Description and Coding System
PACSCO	Pacific Standard Classification of Occupations
PICTs	Pacific Island countries and territories
PACISIC	Pacific Standard Industrial Classification
PNG	Papua New Guinea
S	services
SD	semi-durables
SITC	Standard International Trade Classification
SDD	Statistics for Development Division
SNA	system of national accounts
SPC	Pacific Community
UNESCO	United Nations Educational, Scientific and Cultural Organisation
UNSD	United Nations Statistics Division
WCO	World Customs Organization

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1. Introduction

Data collection involves different statistical units, collection methods, time periods and populations. The different data sets can be combined or compared through the use of the same or mutually consistent and harmonized classifications.

This information paper aims to create awareness amongst the Pacific Island countries and territories (PICTs) of the importance of using international statistical classifications in the compilation of statistics for better relevance and applicability so that the *data compiled by PICTs are internationally comparable*.

Section 2 provides a background on PICTs and the Statistics for Development Division (SDD) at the Pacific Community (SPC).

Section 3 discusses what is an international statistical classification.

Section 4 provides information on the four regional statistical classifications: how they have been compiled, in what way they differ from the classifications they have been derived from, their uses and the links to those classifications.

Section 5 talks about the revision policy of the regional statistical classifications.

Section 6 is the conclusion.

The paper also includes 2 Appendices. Appendix 1 is on the *Population of the Pacific Island countries and territories* by sub-regions that gives information on PICTs 2020 midyear population estimates, land area, population density and the average annual growth rates. Appendix 2 is on selected international statistical classifications and their custodians.

2. Background

2.1. Pacific Island countries and territories

The 22 PICTs who are members of the SPC are situated in the Pacific Ocean, the largest of the world's oceans. They vary in population and geographical size from Papua New Guinea (PNG), with the largest land area of 462,840 km² and a population of around 8.9 million people, to Tokelau with the smallest land area of 10 km² (population of 1,500), and Pitcairn with the smallest population of 50 people (47 km² of land). The 22 PICTs are grouped into three regions, namely Melanesia, Micronesia and Polynesia:

- Melanesia comprises of five PICTs: Fiji, New Caledonia, PNG, Solomon Islands and Vanuatu.
- Micronesia comprises of seven PICTs: Federated States of Micronesia, Guam, Kiribati, Commonwealth of the Northern Mariana Islands, Nauru, Palau and Republic of the Marshall Islands.
- Polynesia comprises of 10 PICTs: American Samoa, Cook Islands, French Polynesia, Niue, Pitcairn Islands, Samoa, Tonga, Tuvalu, Tokelau and Wallis and Futuna.

Of the total population, Melanesia contains about 90% of the population, Polynesia 6% and Micronesia 4%. For information on population of individual PICTs refer to *Appendix 1*.

2.2. Statistics for Development Division of the Pacific Community

SPC, through SDD, provides technical assistance to its member PICTs either on its own or in collaboration with its partner agencies like Stats NZ. This support is to help produce statistics such as the International Merchandise Trade Statistics (IMTS); to conduct and publish population and housing censuses; and to conduct surveys like the Household Income and Expenditure Survey for use in poverty studies, deriving weights for the consumer price index and the compilation of the gross domestic product (GDP), particularly the estimates on informal and subsistence activities.

SPC and its partners focus on striving for greater harmonisation of statistical classifications to enable PICTs to use common tools for statistical collection, compilation and dissemination.

3. International statistical classifications

International statistical classifications are developed and adopted by international agencies to ensure a standardised and consistent approach to classifying statistical data (Best Practice Guidelines, UNSD 2013). These classifications have achieved broad acceptance and international agreement.

A statistical classification is defined as:

“... a set of categories which may be assigned to one or more variables registered in statistical surveys or administrative files and used in the production and dissemination of statistics. The categories are defined in terms of one or more characteristics of a particular population of units of observation. A statistical classification may have a flat, linear structure or may be hierarchically structured, such that all categories at lower levels are sub-categories of a category at the next level up. The categories at each level of the classification structure must be mutually exclusive and jointly exhaustive of all objects in the population of interest” (Best Practice Guidelines, UNSD 2013).

Some examples of international statistical classifications and their custodians are given in *Appendix 2*.

International statistical classifications can be used as they are or encouraged to adapt international standards to meet regional and national statistical needs, particularly if the international classification does not cater for country-specific circumstances.

Regional or national classifications may:

- apply the concepts of an international classification to produce a different hierarchy or structure,
- adopt the higher levels of the international classification and then add lower levels for regional or national needs, or
- rearrange or aggregate parts of the international classification to form a regional or national variation.

International statistical classifications are used as the basis for international reporting of data, so it is important to have regional or national classifications mapped to them using correlation or correspondence tables even if they are not based off those international classifications. Correlation tables and/or correspondences are also used between versions of regional or national classifications to allow for the *compilation of time series data*.

International statistical classifications are updated periodically to reflect real-world changes and to remain relevant to the current global economy and data needs of the global statistical system. Balancing the need to incorporate dynamic economic changes while maintaining stability for time

series analysis is a challenge facing international statistical classifications. For example, classifications must recognise the emergence of new technology and products such as smartphones, while still recognising the need to identify traditional landline telephones and associated services.

4. Regional statistical classifications

For PICTs to produce consistent, coherent statistics that can be compared regionally, internationally and over time, the latest international statistical classifications are required as an enabling framework. However, for most PICTs, some of their key commodities, economic activities and occupations are not specifically visible in the international statistical classifications. Most PICTs lack resources and capacity to create a national version of, adapt, or adopt the latest version of an international statistical classification. To address a range of problems of this sort raised during data processing and analysis, since 2011 SPC has worked on regional versions of the four of the most used international statistical classifications, mentioned below.

To date, the need for a Pacific version has only been clear for these four classifications. Other international statistical classifications can be (and are) used as they are.

The four key statistical classifications used by PICTs are:

- the Pacific Classification of Individual Consumption According to Purpose (PACCOICOP) (versions released in 2012 and 2020)
- the Pacific Standard Industrial Classification of all economic activities (PACSIC) (2014)
- the Pacific Standard Classification of Occupations (PACSCO) (2016)
- the Pacific Harmonized Commodity Description and Coding System (PACHS) (2017 and 2022).

PACCOICOP, PACSIC and PACSCO were developed by consulting the custodians of the international statistical classifications from which they had been derived, PICTs' national statistics offices (NSO), and relevant industry and classification experts. PACHS was developed in collaboration with the Oceania Customs Organisation (OCO) by consulting the custodian of the international reference classification from which it was derived, the UNSD, PICTs' customs administrations, NSOs and relevant industry experts.

All four classifications are developed for the Pacific and are expected to assist users of economic as well as social statistics. They can be used by PICTs either in their current form or as a guide in developing national classifications e.g., using the PACSIC, PNG has derived its national classification known as the Papua New Guinea Standard Industrial Classification and using PACSCO Fiji has derived its Fiji Standard Classification of Occupations.

4.1. Pacific Classification of Individual Consumption According to Purpose 2020

SPC is the custodian of the PACCOICOP 2020¹ compiled by its Statistics for Development Division.

PACCOICOP 2020 has been created from the UNSD's COICOP 2018 by adding an additional fifth level to take account of expenditure on commodities in PICTs – refer to Table 1. As such PACCOICOP 2020 can be easily converted to COICOP 2018, since the categories at the *commodity* level of PACCOICOP 2020 are subdivisions of the *subclass*, the most detailed level of COICOP 2018. At this

¹ PACCOICOP 2020 succeeds PACCOICOP 2012 which was based on the COICOP 1999.

level, the data are internationally comparable while at the commodity level the data are regionally comparable.

Table 1: Identifying regional expenditure on commodities

Division	Group	Class	Subclass	Commodity	Description	Type
01					Food and Non-Alcoholic Beverages	
		01.1.2			Live animals, meat and other parts of slaughtered land animals	ND
			01.1.2.1		Live land animals Live land animals, both domestic and wild, for food purpose	ND
				01.1.2.1_01	Live cattle Includes cow and calves.	ND
				01.1.2.1_02	Live pigs	ND
				01.1.2.1_03	Live sheep Includes lamb	ND
				01.1.2.1_04	Live goat	ND
				01.1.2.1_05	Live poultry Includes chicken, ducks, geese, turkeys and guinea fowl	ND
				01.1.2.1_99	Live land animals n.e.c. Includes rabbits; horses, donkeys and other equines; pigeon, quail and other birds; snakes and other reptiles; spiders, scorpions, and other insects and worms; terrestrial snails and frogs. <i>Excludes live fish (subclass 01.1.3.1); other live seafood n.e.c. (01.1.3.4_99); live animals for transport (07.1.4.0_01) and live animals for recreation (09.1.2.4_01)</i>	ND

In adapting COICOP 2018, categories for PACCOICOP 2020, COICOP categories not currently relevant in PICTs were retained as it was envisaged that they could become relevant later/before the next international revision. However, this does add a level of complexity to the classification i.e., making it more detailed than the international standard thus requiring care when implementing into the survey collection and output processes. It is also important to consider the impact of future change and whether a classification should address that by retaining international categories that may/may not evolve or just create a classification that reflects the current need and ensure there is a good maintenance strategy in place to manage change within national statistical offices. A statistical classification will never meet all the needs of all the users, and it is important to consider how much additional detail is really needed in the regional context to warrant extending an international classification. There is a need to understand whether countries can reasonably afford to sustain a level of survey detail that is not statistically relevant for analysis when making decisions on the uptake or use of classifications

The structure of the PACCOICOP 2020 uses a five-level hierarchy of mutually exclusive expenditure categories, compared to COICOP 2018 which only uses four levels. The categories at the highest level of PACCOICOP 2020 are called divisions, which subdivide the entire spectrum of consumer expenditure into two-digit broad groupings. The classification is then organised into successively more detailed categories, which are: three-digit groups; four-digit classes, five-digit subclasses and seven-digit commodities. Refer to Table 1 above.

PACCOICOP 2020 contains:



The PACCOICOP 2020 *commodity* category provides explanatory notes to assist the user determine boundaries e.g., examples of products that are included or excluded are listed to clarify ambiguous cases that might be difficult to classify.

PACCOICOP 2020 classes are also indicated by the type of commodity: ‘services’ (S), ‘non-durables’ (ND), ‘semi-durables’ (SD) and ‘durables’ (D).

The distinction between non-durable and durable goods is based on whether the goods can be used only once or repeatedly or continuously over a period of more than a year. Semi-durable goods differ from durable goods in that their lifetime of use, though more than a year, is usually shorter and their purchaser’s price is substantially lower.

There are some classes that contain both goods and services since a breakdown is not feasible. By convention, these are assigned (S) since the service component is considered to be predominant e.g., a restaurant meal is a tangible product but is categorised as a service because a significant portion of its value-added comprises the preparation of the meal and other services.

The difference between COICOP 2018 and PACCOICOP 2020 is the inclusion of non-consumption expenditure in PACCOICOP 2020 as supplementary information. Household expenditure surveys collect expenditure on consumption as well as non-consumption items, such as the purchase of capital items, e.g., purchase of dwellings; and the purchase of intermediate items e.g., purchases of fuel for operating an informal taxi business. For the convenience of having *all* household expenditure data classified using a common hierarchy, a classification of non-consumption expenditure is included in PACCOICOP 2020.

PACCOICOP 2020 identifies *individual consumption expenditure* incurred by three institutional sectors, namely: households; non-profit institutions serving households (NPISHs); and the general government.

Individual consumption expenditures are those that are made for the benefit of individual persons or households:

- All consumption expenditures by *households* (PACCOICOP 2020 Divisions 01 to 13) are defined as individual.
- All consumption expenditures of NPISHs (PACCOICOP 2020 Division 14) are treated, by convention, as being for the benefit of individual households.
- Only some of the consumption expenditures of general government (PACCOICOP 2020 Division 15) are defined as individual. Expenditures on general public services, defence, public order and safety, economic affairs, environmental protection and housing and community amenities are considered to be for the benefit of the community as a whole rather than for individual households. They are termed collective consumption expenditures and are excluded from PACCOICOP 2020.

The unit of the classification in PACCOICOP 2020 is the expenditure on specific goods and services, not expenditure on purposes as such, for Divisions 01 to 13 of PACCOICOP 2020. It is converted into a purpose classification by grouping together the expenditure on various goods and services that are deemed to fulfil particular purposes, such as nourishing the body, acquiring knowledge, and travelling from one place to another. The basic data comes from the household expenditure surveys; statistics on retail sales; and commodity flow estimates that involve allocating the total supply of goods and services to intermediate and final uses.

The units of classification for Division 14 are the individual outlays of NPISH according to the purpose they serve.

The units of classification for Division 15 are, in principle, individual transactions. This means that each purchase, wage payment, transfer, loan disbursement or other outlay is assigned a code according to the function the transaction serves.

PACCOICOP 2020 allows the compilation of household consumption data on food, clothing, housing, health and education, all of which are important indicators of national welfare and has many uses, of which the major ones are:

- constructing/reweighting the consumer price index (CPI);²
- further processing the data to derive the final consumption expenditure;³ and
- conducting poverty studies.

PACCOICOP 2020 can be accessed using this link: https://sdd.spc.int/digital_library/pacific-classification-individual-consumption-according-purpose-2020

4.2. Pacific Standard Industrial Classification of all Economic Activities 2014

SPC is the custodian of PACSIC 2014, compiled by SDD.

PACSIC 2014 has been adapted from the UNSD's ISIC Rev. 4 by adding a fifth subclass level to take account of specific regional economic activities in PICTs, refer to Table 2. Therefore PACSIC 2014 can be easily converted to ISIC Rev. 4, since the categories at the subclass level of PACSIC 2014 are subdivisions of the most detailed level of ISIC Rev. 4, i.e., the four-digit level known as class. At this level the data are internationally comparable while at the subclass level the data are regionally comparable.

Table 2: Identifying regional economic activities

Section	Division	Group	Class	Subclass	Description
A					Agriculture, forestry and fishing
	01				CROP AND ANIMAL PRODUCTION, HUNTING AND RELATED SERVICE ACTIVITIES
		012			Growing of perennial crops
			0128		Growing of perennial and non-perennial spices, aromatic, drug and pharmaceutical crops
				0128_01	Growing of ginger This sub-class includes growing of ginger
				0128_02	Growing of kava This sub-class includes growing of kava (<i>yaqona, sakau</i>).
				0128_03	Growing of vanilla This sub-class includes growing of vanilla
				0128_04	Growing of noni This sub-class includes growing of noni
				0128_05	Growing of pyrethrum This sub-class includes growing of pyrethrum

²A consumer price index can be used to measure: (i) price inflation experienced by households; (ii) changes in the purchasing power of money incomes, and; (iii) changes in living standards.

³ Household final consumption expenditure is the market value of all goods and services purchased by households plus expenditures of non-profit institutions serving households and government's individual consumption expenditure. It includes durable products (such as cars, washing machines, and home computers). It excludes purchases of dwellings but includes imputed rent for owner-occupied dwellings. It also includes payments and fees to governments to obtain permits and licenses.

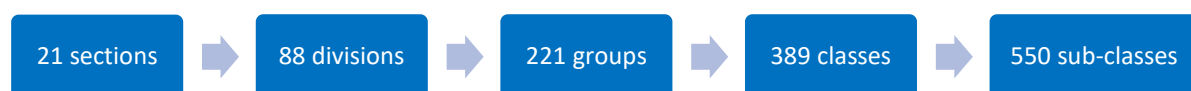
Section	Division	Group	Class	Subclass	Description
				0128_06	Growing of chilies This sub-class includes growing of chilies and pepper (capsicum)
				0128_07	Growing of betel nuts This sub-class includes growing of betel nuts
				0128_99	Growing of perennial and non-perennial spices, aromatic, drug and pharmaceutical crops n.e.c. This sub-class <u>includes</u> nutmeg, mace, cardamoms, anise, badian, fennel, cinnamon (canella), cloves, hops and other spices and aromatic crops n.e.c. It also includes the growing of drug and narcotic crops and plants used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes. This sub-class <u>excludes</u> : 5. growing of pepper/chillies, see 0128_06

In deriving PACSIC 2014, several of ISIC Rev. 4's categories due to their irrelevance to the economic activities carried out in PICTs were dropped e.g., Section A: Agriculture, forestry and fishing, Class 0143 Raising of camels and camelids.

PACSIC 2014 follows a five-level hierarchical structure of mutually exclusive categories. The categories at the highest level are called sections. These are alphabetically coded and divide the spectrum of productive activities into broad groupings, such as 'Agriculture, forestry and fishing' (section A), 'Manufacturing' (section C), 'Construction' (section F) and 'Transportation and storage' (section H). The classification is then organised into successively more detailed numerically coded levels: two-digit divisions; three-digit groups; four-digit classes and, at the most detailed level, six-digit sub-classes. Refer to Table 2.

PACSIC 2014 subclass categories provide explanatory notes to assist the user determine boundaries e.g., examples of products that are to be included or excluded are listed to clarify ambiguous cases that might be difficult to classify. Refer to Table 2.

PACSIC 2014 contains:



The difference between ISIC Rev. 4 and the PACSIC 2014 is the adoption in PACSIC 2014 of the new ISCED 2011 for the section on education rather than the old ISCED 1997 which is currently used in ISIC Rev. 4.

PACSIC 2014 dedicates a chapter to data reporting for the informal sector since PICTs have large informal economies that need to be accounted for in their GDP. PACSIC also includes guidance on data reporting on the imputed rental services of owner-occupied dwellings as an analytical tool. Both these activities for conceptual reasons do not fall within the PACSIC 2014 classification structure.

PACSIC 2014 is a classification of all productive economic activities within the production boundary of the SNA undertaken by PICTs. It classifies statistical units, such as establishments or enterprises, according to the primary economic activity they engage in. Each statistical unit is assigned to one – and only one – PACSIC 2014 code. Statistical units that are classified into the same PACSIC 2014 category are referred to as an industry, such as the 'marine industry', which would refer to all units

classified in PACSIC 2014 division 03 (Fishing and aquaculture), or the ‘manufacturing industry’, which would refer to all units classified in PACSIC 2014 section C (Manufacturing).

The basic data compiled using PACSIC 2014 comes from private businesses, household-owned businesses, and government-owned businesses e.g., public hospitals.

Major uses of PACSIC 2014 are the collection and reporting of statistics according to kind of economic activity in the fields of economic and social statistics such as on:

- National accounts, in particular the GDP
 - Contribution of different industries to GDP, and
 - Monitoring economic growth
- Demography of enterprises
 - The types of industries operating (e.g., construction and real estate)
 - The types of legal organisations existing (e.g., private limited company, non-profit institutions, partnerships), and;
 - Ownership status of businesses operating (e.g., foreign or locally owned)
- Number of people engaged
 - People employed, working proprietors and unpaid family workers in different industries
 - Compensation of employees (includes payment in kind)
 - Male-female breakdown
- It can also be used for non-statistical purposes such as in tax collection and issuing of business licenses.

PACSIC 2014 can be accessed using the link https://sdd.spc.int/digital_library/pacific-standard-industrial-classification-all-economic-activities-2014

4.3. Pacific Standard Classification of Occupations 2016

SPC is the custodian of PACSCO 2016 compiled by SPC’s SDD, the Australian Bureau of Statistics, and the Fiji Bureau of Statistics. It is available in two volumes: Volume 1 provides the structure of the classification and the group definitions, while Volume 2 provides the index of occupational titles that lists occupations and titles together with their respective codes.

PACSCO 2016 is derived from the ILO’s ISCO 08 by expanding the categories of ISCO 08 to take account of occupations that are unique **but** significant in PICTs particularly in the agricultural sector e.g., in PACSCO 2016 the most disaggregated category *unit group* of ISCO 08 has been further disaggregated into *occupation* to be able to identify the regional occupations – refer to Table 3. Therefore PACSCO 2016 can be easily converted to ISCO 08, since the categories at the occupation level of PACSCO 2016 are subdivisions of the most detailed level of ISCO 08, i.e., the four-digit level known as unit group. At this level, the data are internationally comparable while at the subclass level the data are regionally comparable.

Table 3: Identifying regional jobs and occupations

Major group	Sub-major group	Minor group	Unit group	Occupation	Description
7					Craft and Related Trades Workers
	73				Handicraft and Printing Workers
		731			Handicraft Workers
			7311	7311_01	Precision-instrument Makers and Repairers

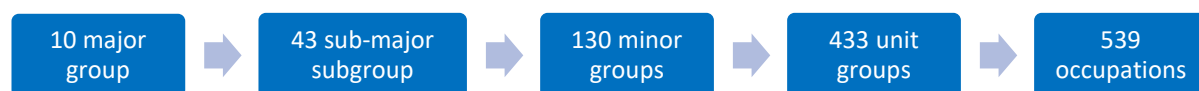
Major group	Sub-major group	Minor group	Unit group	Occupation	Description
			7312	7312_01	Musical Instrument Makers and Tuners
			7313	7313_01	Jewellery and Precious Metal Workers
			7314	7314_01	Potters and Related Workers
			7315	7315_01	Glass Makers, Cutters, Grinders and Finishers
			7316	7316_01	Signwriters, Decorative Painters, Engravers and Etchers
			7317		Handicraft Workers in Wood, Basketry and Related Materials
				7317_01	Wooden Articles Handicraft Workers
				7317_02	Reed Weaving and Related Handicraft Workers except Mats and Kiekie (Clothing)
				7317_03	Reed Floor Mat Makers and Related Handicraft Workers
				7317_04	Kiekie Makers
				7317_05	Tapa Cloth Makers and Related Workers
				7317_99	All Other Handicraft Workers in Wood, Basketry and Related Materials N.E.C.
			7318	7318_01	Handicraft Workers in Textile, Leather and Related Materials
			7319		Handicraft Workers N.E.C.
				7319_01	Canoe Builders
				7319_99	All Other Handicraft Workers N.E.C.

In deriving PACSCO 2016, a few ISCO 08 categories due to their irrelevance to the jobs carried out in the region were dropped e.g., *Major Group 8 Plant and machine operators and assemblers, Unit group 8155, Fur and leather preparing machine operators.*

PACSCO 2016 follows a five-level hierarchical structure of mutually exclusive categories that allows all jobs in the Pacific to be classified into six-digit occupations. The occupations are aggregated into four-digit unit groups, three-digit minor groups, two-digit sub-major groups and one-digit major groups, based on their similarity in terms of the skill level and skill specialisation required for the jobs. Refer to Table 3 above.

PASCO 2016 occupation category provides explanatory notes to assist the user determine boundaries e.g., examples of jobs and occupations that are included or excluded are listed to clarify ambiguous cases that might be difficult to classify.

PASCO 2016 comprises:



PACSCO 2016 is a classification of all occupations and jobs in PICTs' labour markets in formal and informal employment. It excludes occupations that are illegal in all jurisdictions.

PACSCO 2016 is based on two main concepts –

- the concept of **job** which is defined as a set of tasks and duties performed, or meant to be performed, by one person for a single economic unit –
- market units (i.e., corporations, quasi-corporations and household unincorporated market enterprises);

- non-market units (i.e., government and non-profit institutions serving households); and
- households that produce goods or services for own final use.

Occupation refers to the kind of work performed in a job. The concept of occupation is defined as a “set of jobs whose main tasks and duties are characterized by a high degree of similarity”. A person may be associated with an occupation through the main job currently held, a second job, a future job or a job previously held.

- the concept of *skill* which is defined as the ability to carry out the tasks and duties of a given job. It is important to recognise that the skill levels contained and used in ISCO may not necessarily equate to the regional requirements and/or training pathways used by PICTs. Care has to be taken in adapting the international standard for regional needs particularly if the focus for building the classification is the use of ‘skill’.

A major use of PACSCO is for classifying occupation information collected in population censuses and other surveys. It can also be used for designing training programmes to match skill requirements in the labour market, assisting in identifying skill shortages for skilled migration, and for assisting jobseekers.

PACSCO 2016 Volume 1 can be accessed using this link: https://sdd.spc.int/digital_library/pacific-standard-classification-occupations-2016-volume-1-structure-and-group and Volume 2 using this link: https://sdd.spc.int/digital_library/pacific-standard-classification-occupations-2016-volume-2-index-occupational-titles

4.4. Pacific Harmonized Commodity Description and Coding System 2022

OCO is the custodian of PACHS 2022 compiled through the collaborative efforts of OCO and SPC.

PACHS 2022⁴ is an international merchandise trade classification derived from WCO’s HS 2022 by expanding the categories of HS 22 to take account of the international trade in goods in PICTs e.g., in HS 22 the most disaggregated category *HS subheading* of HS 22 has been further disaggregated into *Regional subheading* to be able to identify the regional goods internationally traded – refer to Table 4. Therefore PACHS 2022 can be easily converted to HS 2022, since the categories at the regional sub-heading level of PACHS 2022 are subdivisions of the most detailed level of HS 2022, i.e., the six-digit level known as a HS subheading. At this level the data are internationally comparable while at the regional sub-heading level the data are regionally comparable.

Table 4: Identifying regional goods traded internationally

Section	Chapter	HS heading	HS sub-heading	Regional sub-heading	Description	SITC Rev 4 basic heading
II					VEGETABLE PRODUCTS	
	12				Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit; industrial or medicinal plants; straw and fodder	
		12.11			Plants and parts of plants (including seeds and fruits), of a kind used primarily in perfumery, in pharmacy or for insecticidal, fungicidal or similar purposes, fresh, chilled, frozen or	

⁴PACHS 2022 succeeds PACHS 2017.

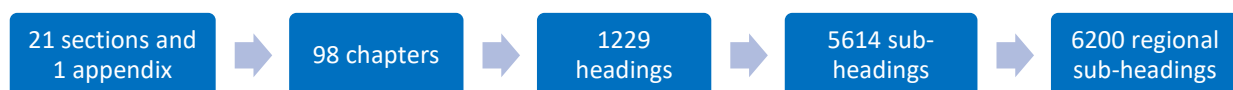
Section	Chapter	HS heading	HS sub-heading	Regional sub-heading	Description	SITC Rev 4 basic heading
					dried, whether or not cut, crushed or powdered.	
			1211.20	1211.20.00	-Ginseng roots	05896
			1211.30	1211.30.00	-Coca leaf	292
			1211.40	1211.40.00	-Poppy straw	292
			1211.50	1211.50.00	-Ephedra	292
			1211.60	1211.60.00	-Bark of African cherry (Prunus africana)	05896
			1211.90		-Other:	
					---Piper methysticum (Kava):	
				1211.90.11	----Piper methysticum (kava, yaqona or sakau) in dried chips form	05896
				1211.90.12	----Piper methysticum (kava, yaqona or sakau) in powder form	05896
				1211.90.20	---Noni (nonu) leaf	05896
				1211.90.30	---Sandalwood chips and shavings	05896
				1211.90.90	---Other	05896

The difference between HS 2022 and PACHS 2022 is the inclusion of SITC codes that have been correlated to the PACHS 2022 codes for the compilation of IMTS by the PICTs NSOs.

PACHS 2022 is a five-level hierarchically structured classification, organised into sections, which are divided into chapters, which are divided into headings, which are divided into sub-headings, which are divided into regional sub-headings.

PACHS 2022 codes consist of eight-digits. The first two digits designate the HS chapter, the second two designate the HS heading, the third two designate the HS sub-heading, and the fourth two designate the regional sub-heading. For example, HS code 1211.90.11 indicates Chapter 12, Heading 11, Sub-Heading 90 and Regional Sub-Heading 11. Refer to Table 4 above.

PACHS 2022 contains:



PACHS 2022 has many users and uses. Some of them being –

- it forms the basis for customs tariffs,
- it guides the NSOs in the collection, measurement, analysis, and reporting of IMTS,
- governments and other regulatory bodies to facilitate trade and investment as well as assist with policy decisions, e.g., ways to combat non-communicable diseases by imposing higher tariffs. It also assists with trade negotiations, e.g., free or preferential trade agreements for goods being traded.
- private sector to calculate the total landed cost of imported products and parts, and to identify selling and sourcing opportunities abroad.

PACHS 2017 can be accessed using this link: <https://purl.org/spc/digilib/doc/jduyc>
<https://sdd.spc.int/news/2018/06/20/launch-pachs17> and 2022 using this link:
<https://sdd.spc.int/news/2022/01/21/new-goods-classification-system-effect>

5. Revision policy of regional classifications

Over time new types of commodities, industries and occupations become more prominent phasing out the existing ones,⁵ or new analytical requirements need to be developed for data.⁶ This gives rise to the need to periodically review the derived regional classifications for their structure, definition of the categories and underlying principles. It is also important to consider the appropriate level of detail required at the regional level. Most international statistical classifications are too detailed for most regional statistical needs so consideration as to whether to expand an international statistical classification should not be made lightly. For example, if the expansion is only to provide additional detail in one part of a regional classification, then it is better to find alternative approaches such as derived or aggregated views.

Fitting more detail into the lowest level of an international classification such as ISIC or ISCO can be challenging because of the code range and limited available gaps in the structures. However, adding extra classes under the lowest levels of international classifications must be carefully considered. NSOs must assess the need and purpose for the additional detail and decide the best approach for data collection, outputting, and reporting. Expanding a classification can impose a significant burden on data collectors so consideration should be given to adapting an international standard in a simpler way, i.e. using only the most necessary bits and at the most appropriate level.

Reviews need to be done –

- on an ongoing basis such as on a five- or 10-year revision cycle. Should there be a major change in the commodities, industries and occupations in the PICTs, the regional classification will need to be revised to reflect this.

Reviews may be done –

- when a new international statistical classification is released.

Any classifications amendment needs to consider the impacts on time series but balance that against the need to reflect the contemporary reality of the economy or labour market and the data needs. A small change like a category name change needs to be well explained as it may change the scope of what is being measured and therefore affect the meaning of the data. Amendments may also affect analysis that depends upon using the classification over time. Refer to Figure 1 on how the commodity kava is correlated in five different classifications.

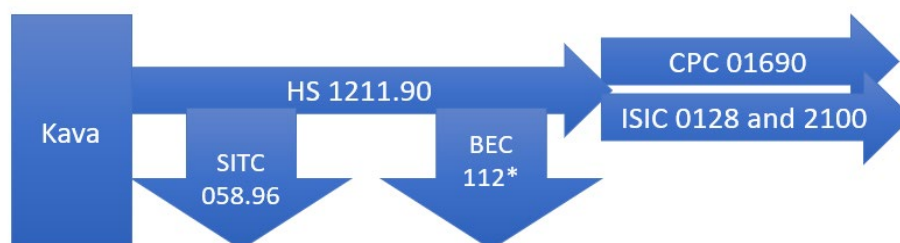


Figure 1: Correlation between different classifications

A standardised procedure announcing plans for change, giving sufficient time for the custodians and users of other classifications to determine the implications is necessary.

⁵A good example is typewriters phasing out and laptops and computers becoming more prominent and eventually replacing it.

⁶The need to analyse IMTS by preferential trade agreements as it impacts government revenue.

6. Conclusion

For the compilation of statistics, data needs to be organised into homogenous groups with common characteristics. Statistical classifications facilitate this; they provide the standard concepts that are used for describing a phenomenon such as, but not limited to, economic activity, products, and expenditure. They determine similarities in these phenomena within and across countries and geographical regions. Classifications form the basis for the production of reliable and methodologically sound statistics to inform policymaking.

With PICTs using the regional classifications based on international statistical classifications, they are able to compile statistics on commodities, activities and occupations specific to their country. This also allows their data to be compared with those of other countries to see how their statistical indicators compare with overall world development. All in all, PICTs have the opportunity to promote their data, and subsequently their country.

Appendix 1: Population of Pacific Island countries and territories

Table 5: 2020 mid-year population estimates

Country name	Land area sq km	2020 population			Sub-region
		Mid-year population estimate	Population density	Average annual growth rate	
American Samoa	200	56,800	285	0.3	Polynesia
Cook Islands	240	15,300	65	0.4	Polynesia
Federated States of Micronesia	700	105,500	150	0.3	Micronesia
Fiji	18,270	895,000	49	0.4	Melanesia
French Polynesia	3,520	278,900	79	0.4	Polynesia
Guam	540	176,700	327	0.9	Micronesia
Kiribati	810	118,700	146	1.7	Micronesia
Marshall Islands	180	54,600	302	-0.1	Micronesia
Nauru	20	11,700	557	1.6	Micronesia
New Caledonia	18,280	273,000	15	0.3	Melanesia
Niue	260	1,600	6	-1.2	Polynesia
Northern Mariana Islands	460	56,600	124	0.4	Micronesia
Palau	460	17,900	40	0.2	Micronesia
Papua New Guinea	462,840	8,934,500	19	2.1	Melanesia
Pitcairn Islands	47	50	1	n.a.	Polynesia
Samoa	2,830	198,600	68	0.6	Polynesia
Solomon Islands	27,990	712,100	25	2.2	Melanesia
Tokelau	10	1,500	125	0.0	Polynesia
Tonga	720	99,800	133	-0.3	Polynesia
Tuvalu	30	10,600	408	0.8	Polynesia
Vanuatu	12,190	294,700	24	2.2	Melanesia
Wallis and Futuna	140	11,400	80	-0.5	Polynesia

n.a. – not available

Source: SPC

Appendix 2: Selected international statistical classifications and their custodians

Custodian	Classification
World Customs Organization (WCO)	Harmonized Commodity Description and Coding System (HS)
United Nations Statistics Division (UNSD)	<ol style="list-style-type: none"> 1. International Standard Industrial Classification of All Economic Activities (ISIC) 2. Classification on Individual Consumption according to Purpose (COICOP) 3. Classification of the Functions of Government (COFOG) 4. Classification of the Purposes of Non-Profit Institutions Serving Households (COPNI) 5. Classification of the Outlays of Producers According to Purpose (COPP) 6. Central Product Classification (CPC) 7. Standard International Trade Classification (SITC) 8. Classification by Broad Economic Categories (BEC)
International Labour Organization (ILO)	International Standard Classification of Occupations (ISCO)
United Nations Educational, Scientific and Cultural Organization's (UNESCO)	International Standard Classification of Education (ISCED)