



Workshop on Trade Policy and Trade Indicators

Module 1.2



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INTERNATIONAL TRADE CLASSIFICATION

These are specific forms in which trade statistics are collected. Several types exist and the use of one or the other depends on their own characteristics and the aims of the analysis. The most prominent classifications are:

- Harmonized System (HS)
- Standardized International Trade Classification (SITC)
- International Standardized Industrial Classification (ISIC)
- Broad Economic Categories (BEC)
- Trade Classification by Economic Use or Destination (CUODE)
- ECLAC's Statistical Yearbook Basic Classification

DEVELOPMENT OF MAIN TRADE CLASSIFICATIONS

HS	SITC
Geneva nomenclature (1931)	Minimum List of Commodities (1938)
Brussels Convention (1949)	Standardized International Trade Classification (1950)
Brussels Tariff Nomenclature (1955)	SITC, Revision 1 (1960)
Customs Cooperation Council Nomenclature (1974)	
CCCN 2 (1978)	SITC, Revision 2 (1976)
Harmonized System (1983)	
HS (1988)	SITC, Revision 3.1 (1986)
HS (1992)	SITC, Revision 3.2 (1991)
HS (1996)	
HS (2002)	SITC, Revision 3.3 (2002)
HS (2007)	SITC, Revision 4 (2008)
HS (2012)	
HS (2017)	



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HS – Development of the classification

- Providing the base for the development of tariffs;
- Collecting statistics;
- Establishing rule of origin;
- Since 1988 it has 6 digits;
- It's last revision took place this year;
- World Custom Organization.

	Sections	Chapters	Headings	Subheadings
GN (1931-1937)	XXI	89	991	-
BTN (1955)	XXI	99	-	-
CCCN (1978)	XXI	99	1 011	-
HS88 (1988)	XXI	96	1 241	5 019
HS12 (2012)	XXI	96	1 225	5 299



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SITC – Development of the classification

The classification criteria have been conserved over time to guarantee the conceptual coherence between its revisions:

- The nature of the good and the materials used in its production,
- The processing stage,
- The market practices and uses of the product,
- The importance of the commodities in terms of world trade, and
- The technological changes.

	Sections	Divisions	Groups	Subgroups	Basic items
No. of digits	1	2	3	4	5
Revision 1	10	56	177	625	944
Revision 2	10	63	233	786	1 466
Revision 3	10	67	261	1 033	2 824
Revision 4	10	67	262	1 023	2 970



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ISIC – Genesis and development

- Since 1948 is used in statistics on population, production, employment and others.
- This is a classification by type of economic activity and not of goods and services.
- It aims on establishing a standardization of all productive economic activities.
- It is not possible to establish a biunivocal correspondence between activities and products and therefore it does not allow a measurement of production with any degree of detail.
- Several specialized organisms and programs of the United Nations have applied this classification their studies and publications (FAO, UNIDO, ILO, and UNESCO, among other).
- Its most recent revision is the 4th of 2008.



CUODE – Genesis and development

Developed by ECLAC to cover the need for a classification for foreign trade statistics in broad economic categories whose structure would facilitate the economic analysis of international trade flows before and after the 1960s.

ECLAC currently uses global coverage classifications developed under the aegis of the United Nations Statistical Commission, namely the Classification of Broad Economic Categories (BEC). This classification is similar to CUODE regarding the grouping of the products taking into account their final use and the processing stage, but it is homogeneous for all countries.



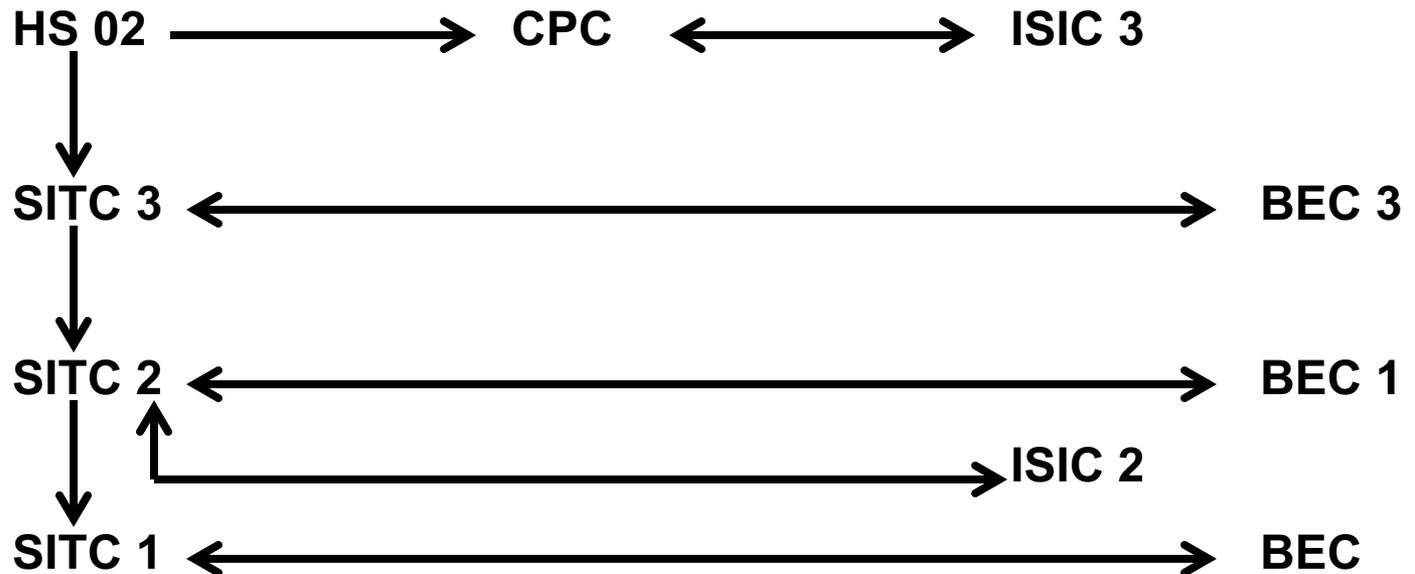
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BEC and the CPC

- **Broad Economic Classification**
 - Distinguish between food, industrial supplies, capital goods, and durable and non-durable consumer goods
 - It complements the data summarized by SITC
 - Rev.3 was published in 2008 and corresponds to SITC Rev. 3
- **Central Product Classification**
 - Includes services and the new technologies.
 - Its purpose is to satisfy the needs of detailed statistics of production, consumption, and prices, capital, among others
 - It contains important information for the input-output tables and the Balance of Payment
 - Version 2,1 was published in 2015, in accordance with HS12 and SITC Rev. 4

CONCORDANCE BETWEEN THE CLASSIFICATIONS





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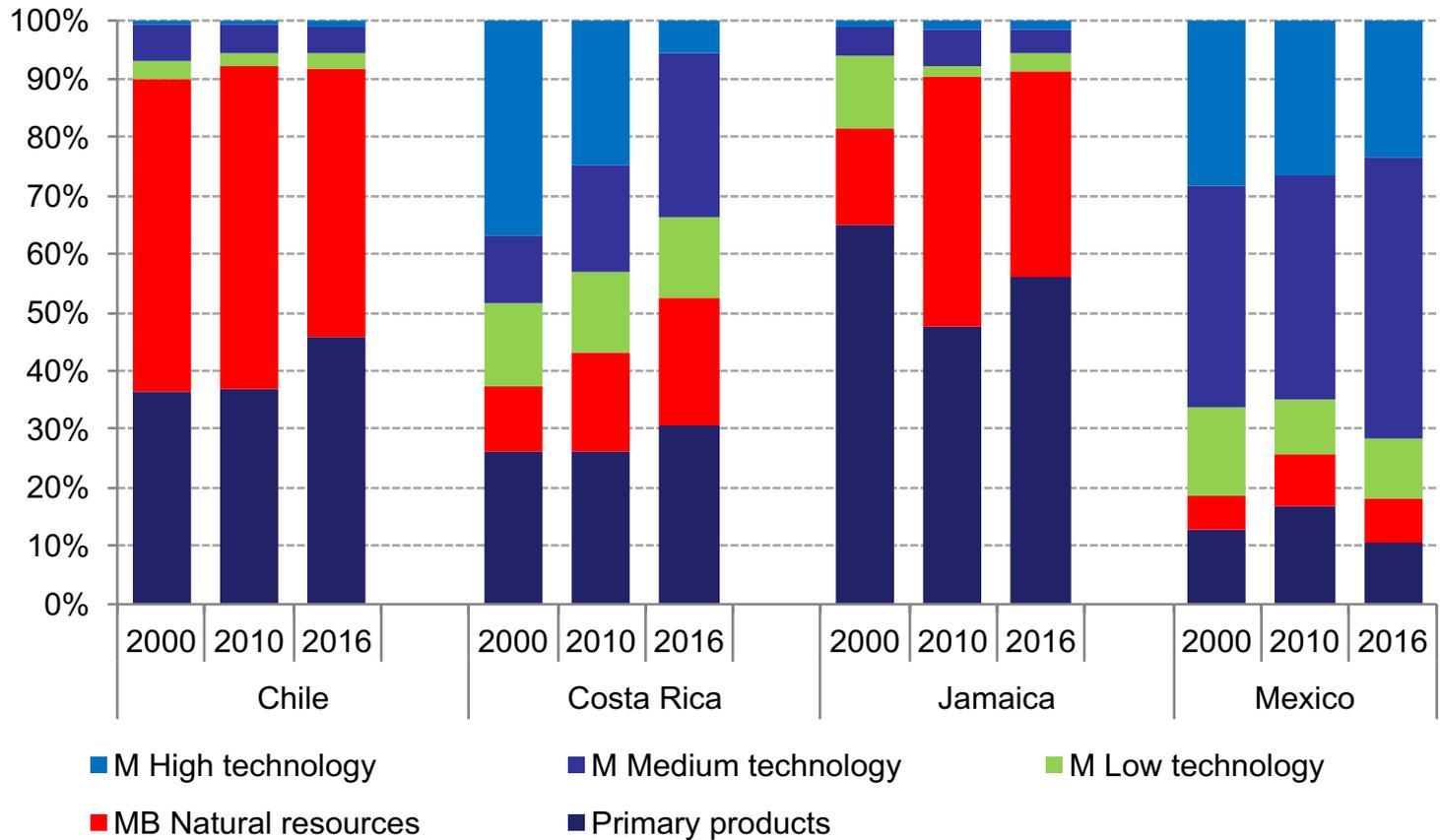
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SPECIFIC CLASSIFICATIONS

- Complete correlation
 - Classification of Pavitt (1984): large groups of industries, taking into account different channels through which the firms of each group of sectors acquire and develop their technology; [SITC Rev.1]
 - Classification by Technological Intensity; [SITC Rev.2]
- Partial re-classification
 - Classification of Information and Communication Technologies; [HS96]
 - Classification by Environmentally Sensitive Goods; [SITC Rev. 1]
 - Classification of Environmental Goods. [HS07]

Application of the Classification of Technological Intensity

Selected countries: change in the structure of technological intensity in exports



Source: ECLAC/ITID



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TRADE AND INVESTMENT MICRODATA

- How many enterprises export?
- How many of those enterprises are new?
- How many enterprises stopped exporting?
- How many products does each enterprise export?
- Have the enterprises diversified their exports?
- To which countries does each enterprise export?
- How many employees does each enterprise export?
- How many of those employees are women?

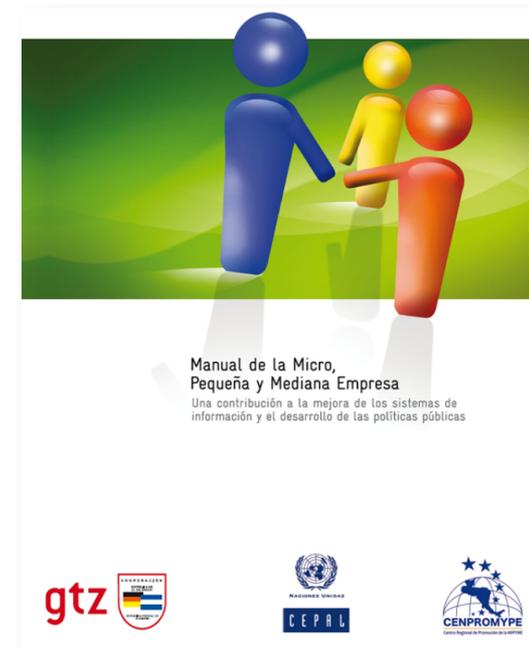


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This information allows us to produce some basic indicators

- Evolution of the number of enterprises by size
- Entry index
- Exit index
- Rotation index
- Diversification / concentration
- Market power (employment & sells)
- Export performance index



Common problems while working with microdata

- Heterogeneity or poor quality
- Entry duplication due to typos. E.g.:
 - LAN; LAN AIRLINES; LANCHILE
 - Security number or Tax Identification are always preferred
- Typos in the data. E.g.:
 - These are more frequent in microdata than in traditional trade data;



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What are the barriers to the use of microdata?

- Lack of coordination among the different public offices that produce the information
- Confidentiality /statistic secret;
- It's potential is still not well known;
- Our experience in the region is that the administrative registries are not use to it's full potential;
- The definition of SMEs are not always comparable between countries.



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