

# **Classification of Individual Consumption According to Purpose**

## **COICOP-2018**

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# Overview

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- Revision process
- Main changes
- Selected changes
  - Division 1 – Food and non-alcoholic beverages
  - Division 8 – Information and communication
  - Division 12 – Insurance and finance
  - Division 13 – Personal services
- Publication process

# Revision process (1)

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- Proposal to revise the 1999 COICOP was brought to Expert Group on International Statistical Classifications in 2011
- Followed by global consultations to identify key areas for review:
  - Need for more detail
    - In general and in certain categories (e.g. for miscellaneous goods and services, food)
  - Revised consumption patterns in some areas
  - Separation between goods and services

# Revision process (2)

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- Review by EGISC in 2013 and forming of a Technical Subgroup
- Clarification of issues and agreement to full revision of COICOP at EGISC 2015
- Drafting of new COICOP structure started in 2016 by TSG
  - Followed by global consultation
- Draft reviewed and endorsed by EGISC in Sep 2017
- COICOP 2018 endorsed by UN Statistical Commission in Mar 2018

# Main changes (1)

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- Introduction of a fourth level (5<sup>th</sup> digit) in COICOP
- Reflection of new products and changed consumption patterns
- More consistent separation of goods and services
- Closer alignment with product and other classifications
- Optional high-detail structure for food products

# Main changes (2)

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- Structural changes:
  - Top level of COICOP remains mostly unchanged
  - Moderate restructuring of Divisions 8 and 9 (Communications; Recreation)
  - Separation of Division 12 (Miscellaneous goods and services) into two new Divisions

# Structure changes

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- Number of categories at each level

Level	COICOP 1999	COICOP 2018
Division	14	15
Group	58	63
Class	157	186
Subclass	-	338
(optional) food products	-	269

# Top level changes

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## **COICOP 1999**

- 01 Food and non-alcoholic beverages
- 02 Alcoholic beverages, tobacco and narcotics
- 03 Clothing and footwear
- 04 Housing, water, electricity, gas and other fuels
- 05 Furnishings, household equipment and routine household maintenance
- 06 Health
- 07 Transport
- 08 Communication
- 09 Recreation and culture
- 10 Education
- 11 Restaurants and hotels
- 12 Miscellaneous goods and services
  
- 13 Individual consumption expenditure of non-profit institutions serving households (NPISHs)
- 14 Individual consumption expenditure of general government



# Top level changes

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## COICOP 2018

- 01 Food and non-alcoholic beverages
- 02 Alcoholic beverages, tobacco and narcotics
- 03 Clothing and footwear
- 04 Housing, water, electricity, gas and other fuels
- 05 Furnishings, household equipment and routine household maintenance
- 06 Health
- 07 Transport
- 08 *Information and communication*
- 09 Recreation, *sport* and culture
- 10 Education *services*
- 11 Restaurants and *accommodation services*
- 12 Insurance and financial services
- 13 Personal care, social protection and miscellaneous goods and services
- 14 Individual consumption expenditure of non-profit institutions serving households (NPISHs)
- 15 Individual consumption expenditure of general government

# Selected changes – Division 01 <sup>(1)</sup>

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- Most of the classes from COICOP 1999 were retained
- Further detail introduced at subclass level
  - providing extra information on the different types of processing (e.g. for meat and fish)
  - to ensure better consistency with the CPC (e.g. for vegetables and fruits)
- A new subclass for ready-made food (prepared meals and dishes) was introduced due to the increased consumption of these goods worldwide
- A new group 01.3 (Services for processing primary goods for food and nonalcoholic beverages) was added
  - covering services purchased for the processing of primary products provided by households to produce food and non-alcoholic beverages for own final consumption
    - e.g. grinding of cereals to produce flour, oil pressing or fruit/vegetable crushing, and pressing services to produce juices

# Selected changes – Division 01 <sup>(2)</sup>

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- The share of expenditure on food items varies widely across the world
- To allow more detailed analysis in countries where food expenditures are large, a separate (optional) high-detail structure for food products has been developed
- This allows to keep the overall structure of COICOP to a 5-digit level

# Selected changes – Division 08 <sup>(1)</sup>

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- Division 08 was renamed to “Information and communication” to better reflect its content
  - The list of examples reflects existing electronic products, but at the same time aims to provide a list that copes with the fast developments in this area
  - This also involves some changes in scope and, of course, a new structure

# Selected changes – Division 08 (2)

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- Changes in scope:
  - Former Group 08.1 (Postal services) was moved to Class 07.4.1 (Postal and courier services) in Division 07 (Transport)
    - Most of the postal services used by households are now for sending and receiving parcels, and rarely to send letters
      - Strongly increased with e-commerce
    - Therefore, the purpose of the postal services is more accurately reflected as transportation of goods
  - Previous Classes 09.1.1, 09.1.3 and 09.1.4 were moved to Division 08, since this type of equipment is now mainly used for information and communication
    - Equipment for the reception, recording and reproduction of sound and pictures, Information processing equipment, Recording media
  - Related services for repair and rental of information and communication equipment, licenses fees for television and subscriptions to television networks were also moved from former Division 09 (Recreation and culture) to Division 08

# Selected changes – Division 08 (3)

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- New structure:
  - 08.1 Information and communication equipment (old 08.2)
  - 08.2 Software excluding games
  - 08.3 Information and communication services (old 08.3)
- 08.1 and 08.3 now include goods and services beyond the traditional “telephone” scope, e.g.
  - fixed and mobile telephone equipment, smartphones and tablets, information processing equipment, equipment for the reception, recording and reproduction of sound and vision, unrecorded recording media etc.
  - fixed communication services, mobile communication services, Internet access provision and net storage services, bundled telecommunication services, repair and rental of information and communication equipment etc.

# Selected changes – Divisions 12 and 13 <sup>(1)</sup>

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- Former Division 12 (Miscellaneous goods and services) was split into two divisions:
  - Division 12 (Insurance and financial services)
  - Division 13 (Personal care, social protection, and miscellaneous goods)
- Reasons for split:
  - Division 12 in COICOP 1999 was too heterogeneous
  - The share of expenditures in Division 12 was high, relative to other COICOP divisions in many countries

# Selected changes – Divisions 12 and 13 (2)

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- Structural changes:
  - At class level there are no real changes
    - Some recoding and reordering
    - Prostitution was lowered to subclass level
  - Additional detail at 5<sup>th</sup> digit has been added in a few cases
    - Personal transport insurance + travel insurance
    - Separate subclass for remittances fees
    - Breakdown of social protection and other services
      - E.g. Child care
      - E.g. Religious services
    - Separate subclasses for rental and repair of goods in Division 13



# Selected changes – Divisions 12 and 13 <sup>(3)</sup>

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- Scope changes:
  - Only very minor changes to some categories
    - Delivery is now separately identified in 07.4.9 instead of with the goods being delivered
    - Car seats for babies
    - Advent wreaths

# Impact on other expenditure classifications

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- The TSG had been asked to assess the potential impact of COICOP changes on the other classifications of expenditure according to purpose – COFOG, COICOP, COPNI, COPP
- The issue was later discussed by the Advisory Expert Group (AEG) on National Accounts in December 2017
  - The AEG agreed that there is no need to revise COFOG, COPNI and COPP
  - The AEG also recognized that the uptake and use of the COPP and COPNI classification is limited
- Divisions 14 and 15 of COICOP (Individual consumption expenditure of NPISHs and government) remain unchanged

# Finalization of the classification

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- Since COFOG, COPNI, COPP remain unchanged, COICOP 2018 will be issued as a stand-alone publication
- The editing process has started in 2018
  - Formal editing by a UN Department
- A number of technical problems in the classification have delayed the process
- Finalization is expected by Dec 2020
- Translation into Spanish has been discussed with Eurostat (and their members), but no progress has been made so far
  - May be expedited after finalization of English version
  - UN translation currently not planned (budget restrictions)

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**Thank you**

