

# ISIC / CPC revision process

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United Nations Statistics Division

ECE-WS 09/04

# Main goals for 2002/2007

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- Discussed by UN Statistical Commission 1999
  - Consider larger framework of classifications
  - Convergence
    - ❖ For activity and product classifications
  - Address economic changes
    - ❖ New activities and products
    - ❖ New concepts?
  - Engage all countries

# Schedule for 2002/2007

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- Convergence requires extensive research and discussions
- Pressing need to address several issues
- Consideration of concepts requires time
- Two full-scale revisions in 5-year time frame not possible

## Solution:

- Address some needs in a limited update, leaving structure intact (2002)
- (Possible) full-scale revision in 2007

# Previous and next revisions

ISIC	CPC	SITC	COFOG..
1948		1951	
1958		1961	
1968		1975	1968
1989	1989	1986	
	1998		1998
2002*	2002*		
2007	2007	2007	-

\* - Update

# Revised goal for 2002

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- Update supplementary texts (introduction)
- Reflect major changes in economy
  - Limit impact on structure
  - No new concepts
  - Use alternate aggregations
  - Chapter review of CPC

ISIC / CPC 2002 ~~updates~~

# What has changed in ISIC?

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- Introduction
  - Chapter on statistical units
  - Examples for coding
  - Coding guidelines
  - General review

# What has changed in ISIC?

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- Explanatory notes
  - More line items, more examples
  - Division and group notes
  - Style change
    - ❖ Common language = small step towards convergence

# What has changed in ISIC?

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- Alternate aggregations
  - Dropped: Tourism (replaced by TSA)
  - New: Information Sector (NAICS)
  - New: ICT Sector (OECD)
  - New: Informal sector aggregates



# What has changed in ISIC?

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- Structure
  - Added: Division 96, 97
    - ❖ Undifferentiated goods / services producing activities of private households
    - ❖ Touches SNA boundaries
    - ❖ Uses: Labour force surveys, household statistics

# What has changed in ISIC?

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- Structure
  - Split: Division 05 (Fishing and fish farming)
    - ❖ New classes:
      - 0501 Fishing
      - 0502 Aquaculture
  - Based on frequent country requests
  - Individual economies will still need more detail (e.g. PICs)

# What has changed in ISIC?

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## ■ Structure

- Split: Group 5150 (Wholesale of other machinery)
  - ❖ New classes:
    - 5151 Wholesale of computers, computer peripheral equipment and software
    - 5152 Wholesale of electronic and telecommunications parts and equipment
    - 5159 Wholesale of other machinery, equipment and supplies
- Based on requests by countries and the WPIIS; necessary to identify ICT Sector

# What has changed in ISIC?

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- Structure
  - Split: Group 7220 (Software consultancy and supply)
    - ❖ New classes:
      - 7221 Software publishing
      - 7229 Other software consultancy
  - Based on country requests; necessary to identify Information Sector

# What has changed in ISIC?

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- Class definitions
  - Change: Education (Section M)
    - ❖ Aligned with ISCED-97
  - Clarification: On-line publishing etc. (class 7240)
    - ❖ Aligned with previous rulings
  - Smaller corrections

# Is ISIC Rev.3.1 compatible to Rev.3?

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- Structure has only changed for divisions or groups that were not subdivided before
  - New structure allows countries to identify detail in a standardized way
  - Aggregates are compatible

# What has changed in CPC?

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- Introduction
  - Regular update
- Goods part (Section 0-4)
  - Recognized changes in Harmonized System (HS) 2002
    - ❖ Mostly updates of HS links only
    - ❖ Few adjustments in subclass scope
    - ❖ One creation of a new group
    - ❖ One deletion of a subclass

# What has changed in CPC?

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- Services part (Section 5-9)
  - Assets – new group 733, deletion of divisions 51-53
  - Revision of Division 84 (Telecommunications services)
  - Revision of Division 86 (Services on a fee or contract basis)



# What has changed in CPC?

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- Smaller structural changes
  - Mixed mode transport 6411
  - Real estate appraisal 7224
  - Advertising services 8363
- Small corrections in subclass scope
  - Adjustments to explanatory notes

# Is CPC Ver.1.1 compatible to Ver.1.0?

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- Structure in divisions 84, 86, 87 has changed considerably
  - 84 provides more detail
  - 86-89 mostly renumbered
  - Correspondence tables are provided
- Changes in section 5 and group 733 affect the scope of CPC
  - Future asset classification and SNA review of treatment of intangible assets will provide further guidance

# What are the next steps?

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- Prepare for revision in 2007
  - Evaluation of recent changes
  - Sector review for CPC
  - Evaluation of country needs and convergence requirements for ISIC
  - Relationships to other classifications

# The process – ISIC 2007

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- Discussion papers on:
  - Conceptual issues
  - ISIC structure draft (top levels)
  - Coding options
- Questionnaires sent to countries in 2001 and 2003
- Review of convergence work
- Full structure draft (distributed in May 2004)
- Plan: Final structure to be submitted to Statistical Commission in March 2006
  
- Revisions are part of larger frame of work on SNA and BOP revisions

# The process – CPC 2007

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- Discussion papers on:
  - Conceptual issues
  - Specific proposals
- Questionnaires sent to countries in 2001 and 2003 (part of ISIC questionnaire)
- Explicit request for proposals and comments (distributed in July 2004)
- Plan: Final structure to be submitted to Statistical Commission in March 2006
- Revisions are part of larger frame of work on SNA and BOP revisions

# How do classifications fit in a larger framework?

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- What do they cover?
- How do they relate to each other?
- What is their place in the System of National Accounts?
- What are other uses of these classifications?

# Conceptual issues

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- Larger framework and scope
  - Legal entities (e.g. funds) that exceed current ISIC boundaries
  - Coherent framework for ISIC and CPC
    - ❖ CPC measuring output of ISIC categories
  - Unifying principle
- Other applications
  - Can it reflect tourism, environment etc.?

# Conceptual issues

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- Choice of statistical unit
  - Identification of proper unit is one of the most challenging problems
  - Treatment of ancillary units
    - ❖ Consistency with SNA
- Classification principles
  - Criteria for class definitions
  - For mixed and vertically integrated activities
  - Top-down approach



# Conceptual issues

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- Activity-product link
  - Industry of origin
  - Treatment of vertical integration
  - What industry distinctions are observable in trade classifications?
  - How useful is HS for defining product categories?

# ISIC structure

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- Extension of top structure reflects
  - Relevance enhancements
  - Adoption of new concepts
  - Recognition of major services areas
- Stability/continuity for many areas remains priority
  - Raised by large group of ISIC users

# ISIC structure

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- High-level categories
  - A. Agriculture, forestry and fishing
  - B. Mining and quarrying
  - C. Manufacturing
  - D. Electricity, gas, steam and air-conditioning supply
  - E. Water supply; sewerage, waste management and remediation activities
  - F. Construction
  - G. Trade
  - H. Transport and storage

# ISIC structure

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- High-level categories
  - J. Accommodation and food service activities
  - K. Information and communication
  - L. Financial and insurance activities
  - M. Real estate, rental and leasing activities
  - N. Professional, scientific and technical services
  - O. Administration and support service activities
  - P. Education

# ISIC structure

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- High-level categories
  - Q. Human health and social work
  - R. Arts, entertainment and recreation
  - S. Other service activities
  - T. Public administration and defence; compulsory social security
  - U. Activities of households as employers; undifferentiated goods- and service-producing activities of households for own use
  - V. Extraterritorial organizations and bodies

# ISIC 2007

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- Key areas under review
  - Agriculture, fishing (01-05)
  - Information (21, 22, 64, 92)
    - ❖ Computer services, Manufacturing, Telecommunications, Cultural activities
  - Recycling (37)
  - Wholesale and Retail trade (50-52)
  - Business services (74)
  - Sport, recreation, culture (92)
  - Sanitation (90)
  - Repair (29-36, 52, 72)
  - Manufacturing of machinery (28-33)

# CPC 2007

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- Key questions under review  
(No specific sector review at this time)
  - Link between CPC and ISIC \*
  - Link between CPC and HS/SITC
  - Link between CPC and EBOPS
  - Special needs of CPC users / applications

Will affect:

- Scope of CPC
- Detail of CPC

(structure is proposed to remain unchanged for now)

# More information

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- **UNSD Classifications Website**  
<http://unstats.un.org/unsd/class>
- **UNSD Classifications Hotline**  
[CHL@un.org](mailto:CHL@un.org)