

# Update of ISIC Revision and NACE revision

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## Part 1 – ISIC

- Some background on the process
- Overview of the main changes for the proposed revised structure of ISIC
- Update on the revision process
- What's next

## Part 2 – NACE

- ISIC-NACE relationship
- Overview of the main changes in NACE 2.1
- Implementation of NACE 2.1
- Timeline

## Some background on the process for ISIC

- In 2018 the TSG-ISIC was mandated by the Expert group on International Statistical Classifications to review issues on ISIC and assess whether they could be addressed within the current structure of ISIC
- 18-20 June 2019 a meeting of the TSG-ISIC took place to discuss the issues
- September to October 2019 – Global consultation with countries and international and regional organizations to collect feedback on the identified issues and collect additional issues
- October 2020 – meeting of the TSG-ISIC to finalize its recommendation to the Expert Group that a revision of ISIC was necessary
- In 2021, UNSC mandate the revision process for ISIC
- During 2021, the revised structure of ISIC (up to the 3-digit level) was finalized, circulated for global consultation and submitted for endorsement by the UNSC
- March 2022, the UNSC endorsed the revised structure
- 2022 finalization of the class structure for submission to the UNSC 2023

The process was coordinated with the revision of NACE (and other classifications revision processes)

## Overview of the main changes in the revised structure of ISIC

- Since the approval of ISIC Rev. 4 by the UNSC in 2006, globalization and digitalization have changed the way in which many economic activities provide goods and services
  - new activities have gained importance while others have lost importance in the global economy
  - rapid and dynamic changes took place in the information technology environment
  - the increased awareness of the impact of the economy on the environment has created specialized activities to protect the environment.
- The revision of ISIC Rev. 4 aimed to address these issues to reflect more closely the reality of current economic activities in the classification

## ISIC Rev. 4 Section G – “Wholesale and retail trade; repair of motor vehicles and motorcycles”

### Division 47

#### ISIC Rev. 4 Division 47

47	Retail trade, except of motor vehicles and motorcycles
471	Retail sale in non-specialized stores
4711	Retail sale in non-specialized stores with food, beverages or tobacco predominating
4719	Other retail sale in non-specialized stores
472	Retail sale of food, beverages and tobacco in specialized stores
4721	Retail sale of food in specialized stores
..	...
478	Retail sale via stalls and markets
4781	Retail sale via stalls and markets of food, beverages and tobacco products
4782	Retail sale via stalls and markets of textiles, clothing and footwear
4789	Retail sale via stalls and markets of other goods
479	Retail trade not in stores, stalls or markets
4791	Retail sale via mail order houses or via Internet
4799	Other retail sale not in stores, stalls or markets

- The distinction between in-store and non-store retail is eliminated
  - The share of online and in-store sales (and the types of products sold via the various channels) can vary over time, affecting the stability of the classification
  - Industries classified by their predominant product sold will result in more accurate measurement of product data and increased consistency between activity and product classifications.
- The distinction between specialized and non-specialized retail trade is maintained

## Consistency of Division 45 - “Wholesale and retail trade and repair of motor vehicles and motorcycles” within Section G

### ISIC Rev. 4 Section G

G	Wholesale and retail trade; repair of motor vehicles and motorcycles
<b>45</b>	<b>Wholesale and retail trade and repair of motor vehicles and motorcycles</b>
451	Sale of motor vehicles
4510	Sale of motor vehicles
452	Maintenance and repair of motor vehicles
4520	Maintenance and repair of motor vehicles
453	Sale of motor vehicle parts and accessories
4530	Sale of motor vehicle parts and accessories
454	Sale, maintenance and repair of motorcycles and related parts and accessories
4540	Sale, maintenance and repair of motorcycles and related parts and accessories
<b>46</b>	<b>Wholesale trade, except of motor vehicles and motorcycles</b>
461	Wholesale on a fee or contract basis
4610	Wholesale on a fee or contract basis
462	Wholesale of agricultural raw materials and live animals
4620	Wholesale of agricultural raw materials and live animals
463	Wholesale of food, beverages and tobacco
4630	Wholesale of food, beverages and tobacco
...	...
469	Non-specialized wholesale trade
4690	Non-specialized wholesale trade
<b>47</b>	<b>Retail trade, except of motor vehicles and motorcycles</b>
471	Retail sale in non-specialized stores
4711	Retail sale in non-specialized stores with food, beverages or tobacco predominating
4719	Other retail sale in non-specialized stores
472	Retail sale of food, beverages and tobacco in specialized stores
...	...

- the TT-ISIC agreed that the classification of activities in ISIC Rev. 4 Division 45 should be made consistent in the classification structure of ISIC.
- This means that:
  - Wholesale of motor vehicles activities should be in Division 46 - “Wholesale trade”
  - Retail trade of motor vehicles activities should be in Division 47 - “Retail trade”
  - Activities of maintenance and repair of motor vehicles and motorcycles should be in Division 95 – “Repair of computers and personal and household goods”
- There will not be a loss of information with the new proposed structure as the ISIC Rev. 4 Division 45 can be reconstructed from the proposed new groups and classes in the revised ISIC.

## ISIC Rev. 4 Section J – “Information and communication”

- The rapid development of information and communication technologies prompted a major review and update of the structure of Section J - “Information and communication” to reflect the new activities and terminologies in ISIC
- The TT-ISIC review of the structure of Section J to reflect:
  - (a) the classification of new audio and video distribution activities;
  - (b) clear definitions of concepts such as publishing, programming, data processing, content distribution, facilities management, consultancy, communication, transmission, display, media, etc.;
  - (c) improved alignment with other industry classifications such as NACE and NAICS; and
  - (d) updated terminology.

Division	Group	Class	Description
<b>Division 58</b>			<b>Publishing activities</b>
	581		Publishing of books, periodicals and other publishing activities
		5811	Book publishing
		5812	Publishing of directories and mailing lists
		5813	Publishing of newspapers, journals and periodicals
		5819	Other publishing activities
	582	5820	Software publishing
<b>Division 59</b>			<b>Motion picture, video and television programme production, sound recording and music publishing activities</b>
	591		Motion picture, video and television programme activities
		5911	Motion picture, video and television programme production activities
		5912	Motion picture, video and television programme post-production activities
		5913	Motion picture, video and television programme distribution activities
		5914	Motion picture projection activities
	592	5920	Sound recording and music publishing activities
<b>Division 60</b>			<b>Programming and broadcasting activities</b>
	601	6010	Radio broadcasting
	602	6020	Television programming and broadcasting activities
<b>Division 61</b>			<b>Telecommunications</b>
	611	6110	Wired telecommunications activities
	612	6120	Wireless telecommunications activities
	613	6130	Satellite telecommunications activities
	619	6190	Other telecommunications activities
<b>Division 62</b>			<b>Computer programming, consultancy and related activities</b>
		6201	Computer programming activities
		6202	Computer consultancy and computer facilities management activities
		6209	Other information technology and computer service activities
<b>Division 63</b>			<b>Information service activities</b>
	631		Data processing, hosting and related activities; web portals
		6311	Data processing, hosting and related activities
		6312	Web portals
	639		Other information service activities
		6391	News agency activities
		6399	Other information service activities n.e.c.

# Main changes to ISIC rev. 4 Section J

## New Section J – “Publishing, broadcasting, and content production and distribution activities”

- Division 58 – “Publishing activities”
- Division 59 – “Motion picture, video and television programme production, sound recording and music publishing activities”
- Division 60 – “Programming, broadcasting, and distribution activities”

## New Section K - “Telecommunications, computer programming, consultancy, computing infrastructure, and other information service activities

- Division 61 – “Telecommunications”
- Division 62 – “Computer programming, consultancy and related activities”
- Division 63 – “Computing infrastructure, data processing, hosting, and other information service activities”

## ISIC Rev. 4 Section P – “Education”

- Changes are proposed for Division 85 – “Education” to better align with ISCED 2011
- The new structure of ISIC 85 is as follows:
  - 851 Pre-primary education
  - 852 Primary education
  - 853 Secondary and post-secondary non-tertiary education
  - 854 Tertiary education
  - 855 Other education
  - 856 Educational support activities

## ISIC Rev. 4 Section R – “Arts, entertainment and recreation”

### ISIC 4

#### Section R

#### Arts, entertainment and recreation

Division	Group	Class	Description
<b>Division 90</b>			<b>Creative, arts and entertainment activities</b>
	900	9000	Creative, arts and entertainment activities
<b>Division 91</b>			<b>Libraries, archives, museums and other cultural activities</b>
		9101	Library and archives activities
		9102	Museums activities and operation of historical sites and buildings
		9103	Botanical and zoological gardens and nature reserves activities
<b>Division 92</b>			<b>Gambling and betting activities</b>
	920	9200	Gambling and betting activities
<b>Division 93</b>			<b>Sports activities and amusement and recreation activities</b>
	931		Sports activities
		9311	Operation of sports facilities
		9312	Activities of sports clubs
		9319	Other sports activities
	932		Other amusement and recreation activities
		9321	Activities of amusement parks and theme parks
		9329	Other amusement and recreation activities n.e.c.

Expand ISIC 90 into:

901 - Arts creation and performing arts activities

902 - Performing arts

903 - Support activities to arts creation and performing arts

Structure of Division 91 to better captures conservation, restoration and other support activities for cultural heritage as reflected in the new groups:

911 - Libraries and archives activities

912 - Museums, collections, historical sites and monuments activities

913 - Conservation, restoration and other support activities for cultural heritage

914 – Botanical and zoological gardens and nature reserves activities

Rename the Section title to “Arts, sports and recreation”

## Cross-sectional issues 1: Intermediation service activities

- The TT-ISIC agreed to the following definition:  
“Non-financial intermediation service activities are activities that facilitate transactions between buyers and sellers for the ordering and/or delivering of goods and services for a fee or commission, without supplying and taking ownership of the goods and services that are intermediated. These activities can be carried out on digital platforms or through non-digital channels. The fee or commission can be received directly from either the buyers or sellers, or revenues for intermediation activities can include other sources of income, such as third-party revenues from advertising.”
- Although most intermediation services activities are facilitated by digital technologies, it was agreed not to use digitalization as a classification criterion in ISIC (see for example the distinction between of online and in-store retail trade presented above).
- The TT-ISIC agreed to create separate groups (or classes) in the divisions of ISIC where the intermediated goods and services are produced.

## The following new groups were created

354 Activities of brokers and agents for electric power and natural gas  
434 Intermediation services for specialised construction services  
479 Intermediation service activities for retail trade  
523 Intermediation services activities for transportation  
533 Intermediation services for postal and courier activities  
5591\* Intermediation services for accommodation  
5622\* Intermediation services for food and beverage services activities  
612 Intermediation services for telecommunications activities  
682 Intermediation services activities for real estate activities  
775 Intermediation services for rental and leasing of tangible goods and non-financial intangible assets  
824 Intermediation services for business support activities (except financial intermediation), n.e.c.  
8561 Intermediation services for courses and tutors  
8691 Intermediation services activities for medical, dental, and other health services  
8791 Intermediation services activities for residential care activities  
954 Intermediation services for repair and maintenance of computers, personal and household goods, and motor vehicles and motorcycles  
964 Intermediation services for other personal services

- The TT-ISIC recognized that an alternative treatment of non-financial intermediation service activities could be to classify all of them in a (single) separate division, but it was agreed to not create such a division

## ISIC Rev. 4 Section K - “Financial and insurance activities”

- Since the release of ISIC Rev. 4, there have been various innovations in the provision of financial services.  
Some examples of these innovations include increase in the use of digital technologies to facilitate the provision of or access to financial services; the expansion in many financial markets of nonbank financial intermediation as alternative to traditional banking; and a greater number of financial activities provided by the financial sectors.  
The changes to Section K include: a restructure of Division 64 to better reflect the range of activities in the financial markets and adjustments at the Group levels to reflect the digitalization of the financial sector.
- The TT-ISIC agreed to adjust Division 64 - “Financial service activities, except insurance and pension funding” to explicitly recognize the increasing importance of the provision of financial intermediation services facilitated by information and communication technology (digital technologies).
- The TT-ISIC reviewed the classification of financial technology companies (Fintechs) that are using digital technologies to provide, improve or increase access to financial services and agreed not to create additional groups as these activities can be covered within the existing structure of ISIC since in majority of the cases these are not actually new activities, just being provided via a new modality.

## Other changes

- **Factoryless Goods Producers (FGPs)**
  - Criteria were revised to identify FGPs to include ownership of the intellectual property products (IPP) and control of the production process
  - The TT-ISIC agreed to classify FGPs in Section C in the same class where they would be classified if they carried out the manufacturing process themselves.
  - The TT-ISIC recognized the analytical importance of separately identifying FGPs. However, based on current practices and feedback from the TT-ISIC members, it is not feasible at this stage to separately classify FGPs in ISIC.
- **Activities related to the environment**
  - TT-ISIC considered several issues and proposals such as activities related to climate change mitigation and conservation, management and restoration of ecosystems and biodiversity; activities related to electric cars (including manufacture, charging stations, etc.); and the classification of biofuels.
  - In general, no changes are proposed at division and group level. However, the TT-ISIC recognized the importance of these activities and therefore agreed to update the explanatory notes of relevant existing categories to elaborate on activities relevant to climate change mitigation, and conservation, management and restoration of ecosystems and biodiversity.

# What's next

- Finalization of the class structure by end of 2022
- Finalization of explanatory notes and correspondences by March 2023
- Implementation of the revised ISIC
  - Technical assistance activities
  - Implementation guide on ISIC



# NACE Rev 2.1

Meeting of the Group of Experts on Business Registers

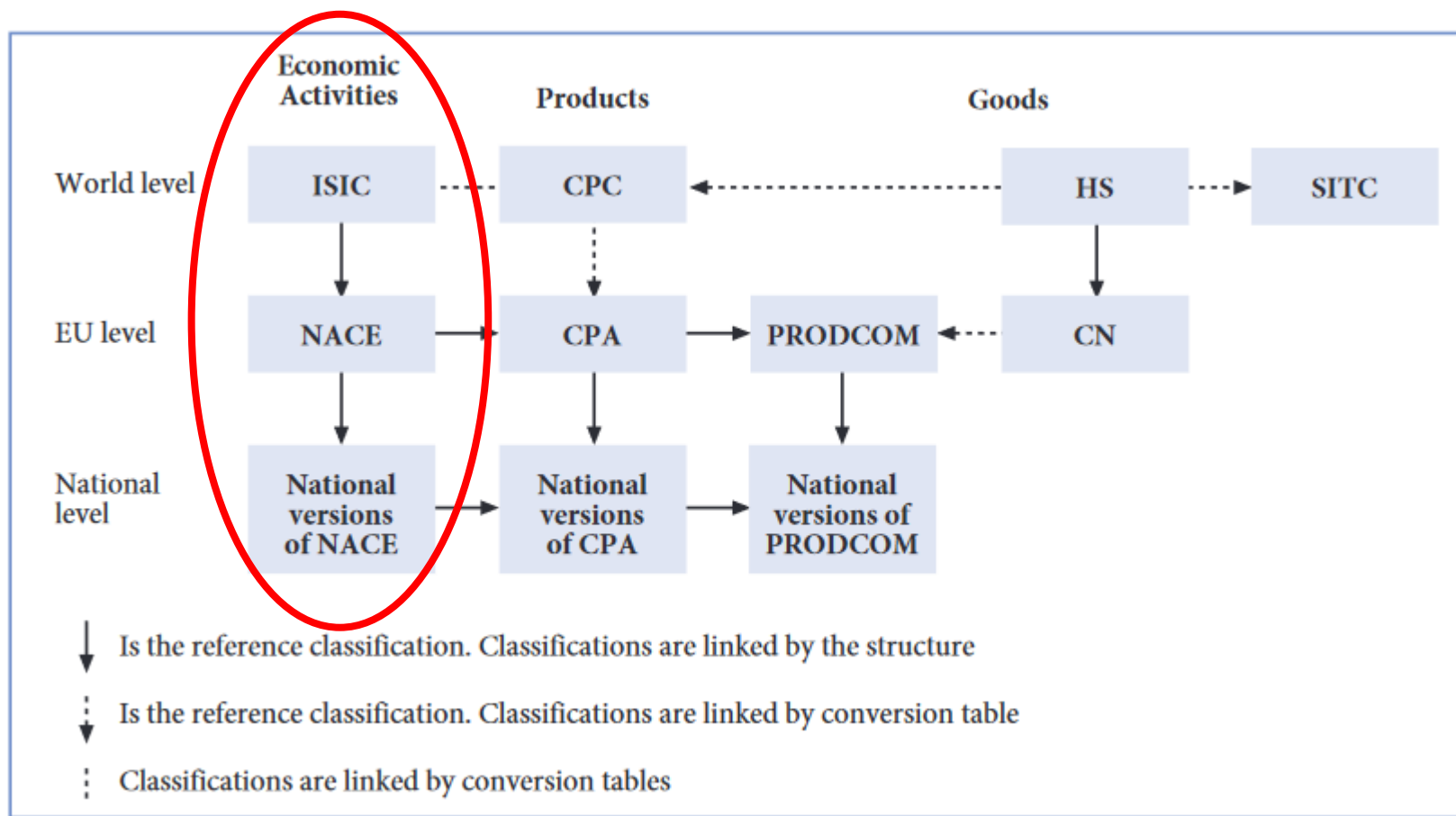
*UNECE, 26 September 2022*

# Summary

## Part 2 – NACE

- ISIC-NACE relationship
- Overview of the main changes in NACE 2.1
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- Timeline

# ISIC -> NACE



# ISIC -> NACE

- Finalisation of the structure of the ISIC at 3-digit levels (December 2021) and ISIC consultation (mid-January – end of February 2022)
- European Statistical System Committee (ESSC) discussion of draft structure of NACE; agreement on schedule for implementation and for review of CPA (10-11 February 2022)
- Endorsement of the ISIC structure at 3-digit levels by the UN Statistical Commission (1-4 March 2022)
- Finalisation of the NACE Rev. 2.1 (December 2021 – mid-March 2022)
- NACE consultation (15 March – 10 April 2022)
- Endorsement of the NACE Rev 2.1 by the ESSC (18 May 2022)
- Start on works of the NACE explanatory notes (March 2022)
- Start of the procedure for a NACE legal act (June 2022)

# The NACE Rev 2.1 structure (1/3)

	NACE Rev 2	NACE Rev 2.1	Difference
Sections (1 digit)	21	22	1
Divisions (2 digits)	88	87	-1
Groups (3 digits)	272	287	15
Classes (4 digits)	615	651	36

# The NACE Rev 2.1 structure (2/3)

Section	Title		NACE Rev 2	NACE Rev 2.1	Difference
C	MANUFACTURING	Group	95	92	-3
		Class	230	232	2
D	ELECTRICITY, GAS, STEAM AND AIR CONDITIONING SUPPLY	Class	8	12	4
E	WATER SUPPLY; SEWERAGE, WASTE MANAGEMENT AND REMEDIATION ACTIVITIES	Class	9	11	2
F	CONSTRUCTION	Class	22	27	5
G	WHOLESALE AND RETAIL TRADE	Division	3	2	-1
		Group	21	18	-3
		Class	91	83	-8
H	TRANSPORTATION AND STORAGE	Class	23	30	7

# The NACE Rev 2.1 structure (3/3)

Section	Title		NACE Rev 2	NACE Rev 2.1	Difference
J	PUBLISHING, BROADCASTING, AND CONTENT PRODUCTION AND DISTRIBUTION ACTIVITIES	Section	1	1	
K	TELECOMMUNICATION, COMPUTER PROGRAMMING, CONSULTING AND OTHER INFORMATION SERVICE ACTIVITIES	Section		1	
R	HUMAN HEALTH AND SOCIAL WORK ACTIVITIES	Class	12	20	8
S	ARTS, SPORTS AND RECREATION	Class	15	20	5
T	OTHER SERVICE ACTIVITIES	Class	19	24	5

# Implementation of NACE Rev 2.1

- Stepwise implementation of the new NACE into the statistical production. The ESSC agreed on 10-11 February 2022 with the following general roll-out:
  - National Statistical Business Registers by end of 2025
  - For most business statistics products, implementation will take place for the reference year of 2026
  - For a first part of the statistics within the remit of the sectoral and environmental statistics and accounts, implementation will take place for the reference year of 2027
  - Reference year 2028 for energy statistics, air emission accounts, physical energy flow accounts and a part of social statistics products
  - For the reference year 2029, NACE implementation is foreseen for National Accounts, Public Corporations, a part of education and Leading and Composite and Sentiment Indicators

# NACE Manuals (1/2)

- Manuals for the implementation of NACE Rev 2 (drafted in 2006)
  - Setting up an implementation plan for NACE Rev 2 in NSIs
  - Implementation of NACE Rev 2 in Business Registers
  - Back casting handbook
  - Handbook on sampling design and weights estimation
  - Handbook on outsourcing
  - Glossary

# NACE Manuals (2/2)

- Upon request by several statistical products, the back casting handbook will be revised
  - External expert - TA being drafted
  - Work in cooperation with Directorates
  - Which statistics need back-casted data?
- The manuals on implementation of NACE Rev 2.1 in Business Registers, on sampling design and weight estimation as well as the implementation plan in NSIs are currently in discussion with unit G1 “Coordination and infrastructure development“
- Glossary and the manual on outsourcing will be analysed at a later stage

# NACE - Timeline

What	When
Work on NACE explanatory notes and correspondence tables	Ongoing
Endorsement of the full ISIC structure and explanatory notes by the UN Statistical Commission (UNSC)	March 2023
Finalisation of the NACE Rev. 2.1 explanatory notes	March 2023
Adoption of the NACE legal act	Q4 2023
National NACE versions submitted to Eurostat for approval	Progressively until 3 <sup>rd</sup> quarter 2024
Common date of application for NACE Rev. 2.1 and the new CPA	1 January 2025

