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**Country report on the state of revision of the Jamaica Industrial Classification (JIC)
and
Central Product Classification (CPC)**

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**COUNTRY REPORT ON THE STATE OF REVISION OF
THE JAMAICA INDUSTRIAL CLASSIFICATION (JIC) AND
CENTRAL PRODUCT CLASSIFICATION (CPC)**

JAMAICA – May 2007

1.0 BACKGROUND

In Jamaica, the Statistical Institute of Jamaica (STATIN) is the official custodian and one of the primary users of a number of statistical classification systems including:

- i. The Jamaica **Industrial** Classification (**JIC**)
- ii. The Central **Product** Classification (**CPC**)
- iii. The Standard International **Trade** Classification (**SITC**)
- iv. The Jamaica Standard **Occupational** Classification (**JSOC**), and
- v. The Classification by **Broad Economic Category** (**BEC**)
- vi. The Classification of **Individual Consumption** According to Purpose (**COICOP**)

The Institute utilizes other classification systems such as the Harmonized Commodity Description and Coding System (HS), a trade classification system that is cross classified with the SITC and CPC.

As custodian of statistical classifications, the Research, Design and Evaluation Unit of the Statistical Institute has responsibility for the development and revision of these classifications; for planning and implementing training activities and well as for dissemination and promoting the use of the classifications. The revision of the trade classification system is treated differently however. These revisions are undertaken at the regional level by CARICOM member states and then mapped into the SITC by the primary users of the trade classifications (The External Trade Unit, STATIN and Jamaica Customs). The Institute has a relatively long history of use and revision of the classifications under its portfolio.

2.0 REVISION OF THE INDUSTRIAL CLASSIFICATION

2.1 History of Revision of the Jamaica Industrial Classification (JIC)

Jamaica's use of activity classifications date back to the 1960s and the first national classification of economic activity was published in 1967. A second revision of the JIC was undertaken in 1975 and a third in 1987.

Revisions of the JIC (Jamaica Industrial Classification) have been based on updated versions of the International Standard Industrial Classification (ISIC) although implementation of national revisions often trail revisions of the parent classification by several years.

Officially Jamaica is still using the 1987 edition of the Jamaica Industrial Classification (JIC) but the draft revision of 2005 that is based on ISIC Rev 3 is in fairly wide circulation. In particular, it is currently being used in the implementation of the 1993 System of National Accounts. Work needed to complete this revision is very advanced and it is expected that the revised classification will be published by the Third Quarter of 2007.

2.2 JIC Structure and Revision Procedures

2.2.1 *Structure:*

The JIC is a five tiered hierarchical classification system that replicates the international standard (ISIC) up to the Group (3-digit) level. In a vast majority of instances, the structure patterns the ISIC up to the class level (4-digit) and then branches out to reflect national circumstances.

Uses and Applications:

For statistical purposes, the classification is used for:-

- i. classifying establishments in the national business register;
- ii. classifying the labour force and employment by industry (as required for labour force and labour market surveys),
- iii. classifying business activity engaged in by households (as required for informal sector studies).

- iv. census reporting on employment, earnings and economic activity,
- v. compilation of production and price statistics and
- vi. compiling and reporting on national income and accounts.

2.2.2 *Revision and Verification Procedures:*

Draft revisions of the JIC are undertaken at STATIN by a *revision committee* that consists of divisional representatives who are users of the classification. The drafted revision is then submitted to an *advisory committee* that has responsibility for resolving technical problems and for reviewing and finalizing the revised structure. For the 2005 revision, this advisory committee relied on the **UN classification hotline** for addressing special issues and for ruling on controversial cases. They also consulted **related classifications** such as the CPC and ISCED and made use of all **available upgrades of the ISIC** (including Rev 3.1 and Draft Rev 4).

At the end of the review phase, a second draft revision of the JIC was produced for verification. This was circulated (in total and sometimes in sections) to external stakeholders and users for feedback and recommended adjustments.

The verification process, though lengthy, accomplished two objectives:

1. It identified errors and inconsistencies in the classification and areas that required improvements in the revised structure
2. It revealed classification misconceptions and inaccuracies among users that needed to be addressed in upcoming classification training.

2.3 Challenges and Problems Encountered

2.3.1 *Maintaining the integrity of the structure of ISIC Rev 3*

The 2005 revision of the JIC went through a very prolonged review process that extended from the mid 1990s to the present. This extended review can be attributed mainly to the absence of a dedicated classification team, other resource constraints and major organizational restructuring at STATIN (the custodial agency) in the late 1990's and early 2000s. Combined, these factors

resulted in periodic suspensions to the work on the revision exercise, sometimes for extended periods.

During the revision period, both the 2002 update of ISIC Rev 3 (Rev 3.1) and the 2004 draft revision of ISIC Rev 4 became available. These editions of the ISIC were consulted heavily during the latter stages of the revision of JIC and it was decided that where possible, the revision should incorporate the latest updates. One condition applied however, that the revised structure remains unaltered.

The challenge therefore was to incorporate as many of the new updates as possible without altering the core structure. This meant that a number of relevant changes that would have contributed more fully to the modernization of the JIC could not be included in the revision since they required modifications to the structure.

The limited introduction of Rev 4 activities and their disaggregation will allow classification users access to the most current forms of economic organization without having to wait for the next revision to see these changes reflected.

2.3.2 Updating the Structure for Agriculture

For Agriculture, the national structure for Division 01 (Agriculture, Hunting and Related Service Activities) had to be significantly condensed and reorganized in order to map back into the structure of the ISIC. Re-establishing correspondence with the ISIC proved challenging but attempts were made to have the activities in Division 01 reorganized to achieve this.

2.3.3 Interpretations and Rulings

In attempting to classify a number of activities with national peculiarities, Jamaica had to rely on experts from the UN Classification hotline for assistance. This support proved invaluable. However, there were points on which national differences or, problems arising from a difficulty in

communicating unique local situations, led to advice from the experts that was open to different interpretations locally. These issues generated lengthy discussions and some still have no clear or agreed solutions. Included among these are:

- (i) Issues related to the boundary between Secondary and Higher Education and those between Investment and Security Dealing Companies.
- (ii) The definition and classification of Mixed Farming

2.3.4 National Verification of the Revised Structure

Attempts at verification of the revised classification structure in some industries were not as effective as was desired because some industry practitioners possessed very limited knowledge of classification systems. The result was that they were either unable to critically assess the proposed revisions, or could offer very little guidance on how to improve the proposed structure.

3.0 THE CENTRAL PRODUCT CLASSIFICATION (CPC)

Jamaica has not yet developed a complete national classification for all Products and Services. The classification of goods and services utilized for statistical purposes at the present time is based on one of several international reference classifications of products, namely, the Central Product Classification (CPC Ver.1 1997), the Harmonized Commodity Description and Coding System (HS '07) and the closely related Standard International Trade Classification (SITC)

Jamaica's last Household Expenditure Survey (HES) conducted in 2004/2005 utilized a modified Central Product Classification code (CPC Ver1) for classifying the items covered in the HES and the products and services included in the CPI prices survey. This modification included an extension of the 5-digit CPC reference code to include a **4-digit COICOP prefix** and a **3-digit suffix** or extension to the **CPC** core codes. The

HES items thus coded represent just under 20% of the products (and services) classified in CPC Version 1.

Development of a national product classification for Jamaica would require a comprehensive review of all products and services and the introduction of the necessary country modifications to the latest edition of the parent CPC. It is unlikely that this will be accomplished before 2010 given the agenda for revising the national classification of occupations that is required for use in the 2010 population census.

4.0 OTHER CLASSIFICATIONS

4.1 Classification by Broad Economic Categories (BEC Rev 3)

Jamaica uses the End-Use or Economic Function that is based on the UN's Broad Economic Category (BEC) to categorize its imports into 3 broad groups namely:

- a. Consumer Goods
- b. Raw Materials/Intermediate Goods and
- c. Capital Goods

The Broad Economic Category is tailored by Jamaica to reflect national realities. The result is that some commodities are assigned more than one end-use. For example a commodity can be classified as a consumer good or as a capital good.

Data generated using the Broad Economic Category feeds into the System of National Accounts. As such, both trade and national accounts statisticians agree on the end-use codes assigned to all commodities in the database. This normally occurs when there is a revision to the HS/SITC.

Users of the data generated from the BEC include:-

- a) National Accountants
- b) Central Bank
- c) National Planning Agency
- d) Ministries and other government agencies

- e) Private sector and other analysts.

4.2 The Jamaica Standard Occupational Classification (JSOC)

The 1991 edition of the JSOC is essentially a coded list of occupations based on ISCO '88. The edition did not carry occupational definitions or information on the academic and skill requirements needed to perform in the various occupations. In addition, since the last update, rapid technological changes had altered a number of occupational categories and this created problems for labour market practitioners who sought to use the classification.

Under the Caribbean Labour Market Information Systems Project (CLMIS) of 2003, work commenced on the revision of three national occupational classifications in the Caribbean region namely, the Jamaican JSOC, Barbados' SOC and Trinidad & Tobago's DOTT. The revision of these classifications was intended to:-

- Address the shortcomings of the earlier editions
- Facilitate the harmonization of regional occupational classifications required for use in the Caribbean Single Market and Economy and
- Support the development of a regional labour market database

Under the CLMIS project, Jamaica developed the methodology and procedures for revising the occupational classification and created a prototype for updating the structure and writing the occupational definitions.

The actual revision and implementation of the classification system should be concluded in time for the 2010 round of population censuses.