



UNITED NATIONS
DEPARTMENT OF ECONOMIC AND SOCIAL AFFAIRS
STATISTICS DIVISION

ECLAC2007/4
11 June 2007

**UN Workshop on International Economic and
Social Classifications
Panama City, Panama, 4-8 June 2007**

Final report

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I. ORGANIZATION OF WORK

A. Place, date and objective of the meeting

The Workshop on International Economic and Social Classifications took place in Panama City, Panama, June 4th - 8th 2007 and was organized by the United Nations Statistics Division and the Economic Commission for Latin America and the Caribbean of the United Nations. The Caribbean Regional Technical Assistance Centre (CARTAC) sponsored the participation of countries from the Caribbean.

The objective of this Workshop was to discuss with experts from the region the current state in the revision process of the economic classifications of activities, products and occupations, namely the International Standard Industrial Classification of All Economic Activities (ISIC), the Central product Classification (CPC) and the International Standard Classification of Occupations (ISCO). The drafts of the revised classifications (ISIC Rev.4, CPC Ver.2 and ISCO-08) served as background documents for the Workshop.

B. Attendance

Representatives from the following countries attended the Workshop: Argentina, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, Guatemala, Honduras, Jamaica, Mexico, Panama, Paraguay, Peru, Santa Lucia, Saint Vincent and the Grenadines, Trinidad and Tobago, Uruguay and Venezuela. The participants came from National Statistical Institutes of the countries in the region.

In addition, representatives from CARTAC, the United Nations Statistics Division (UNSD) and the Statistics and Economic Projection Division of ECLAC were present.

The complete list of participants is shown as Annex I to this report.

C. Organization of discussions

Chairmanship of the sessions was rotated among country representatives. Sessions were typically organized with an introductory presentation, followed by a discussion of the topic. During the sessions, participants presented the work carried out in their respective countries, at UNSD and at ECLAC.

D. Program and Documentation

The workshop centered mainly on the following topics:

- (a) International work in classifications, within the context of the International Family of Classifications;
- (b) Consideration of classification matters brought forward in previous workshops held in the region;
- (c) Current implementation and use of national activity, product and occupation classifications in Latin America and the Caribbean, and their relation to the International Standard Industrial Classification of All Economic Activities (ISIC), the Central Product Classification (CPC) and the International Standard Classification of Occupations (ISCO);

- (d) Overview of the final versions of the revised activity, product and occupation classifications;
- (e) Methodological changes related to the use of the revised classifications and their theoretical aspects;
- (f) Discussion on guidelines for the implementation process of the revised classifications;
- (g) Cooperative measures in the field of classifications, including coordination of regional and sub regional work;
- (j) Present state of the Classification by Broad Economic Categories (BEC) and plans for future revisions;
- (k) The United Nations List of Industrial Products and its use for data collection on commodity statistics;
- (l) Specific problems and future programs.

The necessary documents for discussion were made available for the workshop participants. The complete list of documents is shown as Annex II to this report. All documents for the workshop can be accessed at the UNSD Classifications website at <http://unstats.un.org/unsd/class/intercop/training/panama/panama-2.asp>.

E. Inaugural Session

In the inaugural session, the representative of the United Nations Statistics Division, Mr. Ralf Becker, highlighted the need to inform countries on the present state of advancement in the area of economic classifications. He also underlined that the present Workshop should be considered as the continuation of the previous workshops on economic classifications for ECLAC countries, which took place in Santiago, Chile in 2003 and Montevideo, Uruguay in 2005. He outlined the main objectives of the Workshop and noted that with the finalization of the revisions, the focus will now be on the implementation of these classifications.

The representative of ECLAC, Ms. Alejandra Ovalle, welcomed the country delegations and passed on a formal greeting from the Statistics and Economic Projection Division of ECLAC. She expressed thanks to CARTAC for its valuable contribution which allowed a substantial number of English-speaking Caribbean countries to attend the present workshop. She emphasized the importance and the need to analyze, jointly with the national specialists, the theoretical and methodological advances in the field and to establish a space to reflect on the experiences of the countries in the region and the adoption and adaptation of the families of economic and social classifications to particular circumstances.

In the name of Mr. Vallarino, Treasury-Inspector General of the Republic of Panama, the Under Treasury-Inspector, Mr. Amador extended a cordial welcome to the representatives of the 26 countries that participated in the workshop. He expressed special thanks to ECLAC and the United Nations, for the honor of having chosen Panama as the place to hold the workshop. He highlighted the coincidence of the timing, as the Office of Statistics and Census of Panama was currently meeting for the presentation to Parliament of the new law that would govern the National Statistical System. He underlined the efforts of the Office of Statistics and Census in the implementation and follow-up of classification systems and their revisions, with particular emphasis on the

large gain in comparability and consistency of the methodologies and data by different producers of statistical information.

F. Presentation of topics

The representatives of the United Nations Statistics Division held various detailed presentations of the topics on the agenda. These topics subsequently became objects of analysis and debate among all participants. A synthesis of topics handled in the various sessions of the seminar-workshop is given in the following section.

II. MAIN TOPICS DISCUSSED

The different topics of the workshop were introduced through presentations, which were then followed by an open discussion. For the content of the presentations themselves refer to the documents that are available (see Annex II and the website listed above).

During the discussions a number of issues were raised and, as much as possible, clarified by UNSD or through contributions from participants.

The following listing highlights some of the issues discussed and specific information obtained during the discussions:

- (a) Regarding country use of ISIC
 - (i) All countries reported using ISIC Rev. 3 or ISIC Rev. 3.1, in direct or adapted form. Some of them are already in the process of adapting ISIC Rev. 4.
- (b) Regarding country use of CPC
 - (i) The majority of countries uses CPC in its 1989 version, i.e. the Provisional CPC. A few are using or are in the process of adopting CPC Ver. 1.1.
 - (ii) The main use of the CPC in these countries is to serve as a basis for setting up the national accounts. It is also used in statistical surveys of inputs and products.
- (c) Regarding ISCO
 - (i) Almost all countries use an occupational classification based on ISCO-88, which is applied in household surveys.
- (d) Regarding correspondence tables and explanatory notes
 - (i) The Workshop participants asked the United Nations to express as clearly as possible the criteria used in each section to delimit sectors of activities.
 - (ii) They also repeated the importance of relying on detailed correspondence tables for the construction of national accounts.
- (e) Concepts and changes to ISIC Rev. 4
 - (i) The representative of UNSD pointed out that the main changes from ISIC Rev. 3 to ISIC Rev. 4 could be categorized in four groups: an increase in the number of headings from 17 to 21, more detail inside each heading, the inclusion of new concepts and finally the application of new rules.

Each structural change was explained in fair detail, keeping in mind that the main issue for this workshop was to clarify the concepts and driving factors behind the changes in the classification. The existing relationship between activities and products, i.e. ISIC and CPC, was discussed in connection with the ISIC changes.

- (ii) Subsequently, the discussion was focused on the three application rules for ISIC that have been revised or more precisely clarified in ISIC Rev.4.
 - a. The top-down method: The process remains very similar to that of previous versions, except for the trade section where the exceptions necessary to account for concepts such as “specialized trade” have been made more explicit. Various countries put forward the difficulty of differentiating between wholesale and retail trade. UNSD explained the different approaches discussed by the Expert Group and by countries in the past, emphasizing that the approach still maintained in ISIC remains the differentiation based on the kind of client, i.e. individual end user (households) vs. industrial user.
 - b. Vertical integration: UNSD pointed out that the treatment of vertically integrated activities in ISIC 4 is now similar to that of other multi-activity establishments, in other words, a unit is classified to the activity that accounts for the largest share of value added generated. The countries laid out the difficulties in classifying units that were themselves vertically integrated, especially in the case of "agro-industry" and industrial and commercial companies.
 - c. Outsourcing: UNSD illustrated that four basic situations exist where one can find outsourcing among economic entities, and that they are defined by the main characteristics of the agreements between the principal and the contractor. Topics discussed include the outsourcing of labour, the outsourcing of support functions, the outsourcing of parts of a production process, as well as the outsourcing of a complete production process. The latter has been discussed in detail for the area of manufacturing.
 - (iii) Some country representatives showed their interest in learning about the different uses of ISIC Rev. 4 in economic and in socio-demographic surveys.
- (f) CPC Ver. 2.0 - role and main changes
- (i) The CPC serves as a "central" classification that provides links to other product classifications like the Harmonized Commodity Description and Coding System (HS), the Standard International Trade Classification (SITC), ISIC and the Balance of Payment (BOP) classification.
 - (ii) The CPC also serves as a reference classification for services, therefore providing definitions of services.
 - (iii) The CPC provides a classification of all outputs of economic activities, as defined in the System of National Accounts (SNA).
 - (iv) UNSD explained that the main changes in CPC Rev. 2 concerned the restructuring of some lower-level areas and the addition of more detail, whereas higher structure had not been changed. In addition, waste products (regardless of commercial value) and produced assets have been clearly included in the scope of the CPC.

- (vi) Some products covered by the CPC, i.e. intellectual property products, do not meet the criteria laid down in the SNA for goods or services, but are clearly products, i.e. outputs of economic production. Examples are original sound or motion picture recordings, product design or output from research. In the CPC structure, this type of product has been newly introduced and these products have been placed in the CPC structure next to the services that are produced by the same activities.
- (vii) From its conception, the goods part of the CPC has been based on aggregating codes from the Harmonized System (HS). However, additional detail beyond HS has now been added in some important areas, like agriculture, software and computer equipment.

III. MAIN CONCLUSIONS AND RECOMMENDATIONS

As a result of the discussions that took place during the Workshop a number of issues related to the implementation of the classifications have been raised and participants agreed to formulate these as recommendations to UNSD.

- (a) Participants stressed the need for having classifications materials available in Spanish. This applies in particular to the classifications documents, i.e. introduction, structure and explanatory notes of ISIC Rev.4 and CPC Ver.2, which need to be provided as soon as possible in Spanish to allow for the timely implementation of these classifications in the region. Participants suggested that the existing translations of draft versions, carried out by some countries, should be used to speed up the process of official translation.
 - a. It was suggested that ECLAC provide assistance with the translation of the CPC Ver.2 sections related to agricultural and food products. Since these products are important to countries in the region and have undergone substantive changes in the classification, translation of this part should be given priority.
- (b) Participants noted the need for a dictionary of classification items that would contain detailed descriptions. This was recognized as an important tool in ensuring that technical classifications terminology would be correctly understood.
- (c) Participants suggested that a structured set of questions be prepared that can be used to facilitate the classification of activities in ISIC Rev.4. This will be important for the application of ISIC in business register coding as well as in household surveys, where the interviewer cannot always be fully aware of all ISIC details and coding options.

ANNEX I - LIST OF PARTICIPANTS

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- /20 Justificación para la Implementación de la Clasificación Central de Productos de Bolivia
- /21 Clasificación de Actividades Económicas de Bolivia (CAEB-2005)
- /21a Clasificación de Actividades Económicas de Bolivia (CAEB-2005)
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- /23 Experiencias de Cuba en la aplicación de los clasificadores de actividades y productos
- /24-e An analysis of SCIAN (NAICS) at ten years of its creation, a retrospective (Mexico)
- /24-s Análisis del SCIAN a 10 años de su creación, una retrospectiva (México)
- /24a Análisis del SCIAN a 10 años de su creación, una retrospectiva
- /25 Clasificaciones económicas y sociales en el INE Uruguay
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- /27 Avance en adaptación de clasificaciones sociales – CIUO 88, en Colombia
- /27a Estado de avance de la Clasificación Internacional Uniforme de Ocupaciones en Colombia
- /28 Uso de la Clasificación Central de Productos (CPC) y la Clasificación por Grandes Categorías Económicas (CGCE) (Colombia)
- /29 Implementación de Clasificación CIIU (ISIC) en la República Dominicana
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Background documents

- /Bk.1.E ISIC Rev.4 - Structure and explanatory notes (20 Nov. 2006) - English
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- /Bk.2 CPC Ver.2 - Structure and explanatory notes (15 May 2007)
- /Bk.3 Correspondence Table between ISIC Rev.4 and ISIC Rev.3.1