

## **Status of the revisions of ISIC and CPC**

The revision process of the International Standard Industrial Classification of All Economic Activities (ISIC) and the Central Product Classification (CPC) is following a time line that has been recommended by the Expert Group on International Economic and Social Classifications in 1999 and approved by the United Nations Statistical Commission at its subsequent meeting in 2000. The work on the revision is largely carried out by the United Nations Statistic Division , with substantial support by the Technical Subgroup of the Expert Group.

The process for both revisions was expected to engage all countries in a consultation to set priorities, guidelines and discuss detailed issues and has therefore been organized as a set of consultation rounds with increasing level of detail.

The first round of consultations, held in 2001, focused on conceptual basics for the classifications, while the second round, held in 2003, considered proposals for the top-level structure of ISIC. This second round also solicited proposals for CPC changes, but only with limited success.

Based on the different degree of responses related to ISIC and CPC, the different levels of implementation o these classifications in the world and the fact, that the CPC has been more recently revised than ISIC and may require less structural changes, a decision was taken in 2003 that the two processes would be separated in time. The work of UNSD and the Technical Subgroup would focus on one classification at a time, with the CPC trailing the ISIC development by about six months. This would also allow for the CPC to take into account changes to the ISIC structure that may need to be reflected in the product definitions of the CPC.

### **ISIC**

The last round of consultations took place in 2004. A complete ISIC structure draft has been distributed to countries, accompanied by a small set of questions soliciting country input for specific structure questions. Since the top-level structure of ISIC has been approved by the Statistical Commission in early 2004 as a basis for further work, most of the questions relate to structure issues at the more detailed level.

In total, 59 countries and organizations have replied to the questionnaire. The replies have been recorded and categorized and will be discussed at the next meeting of the Technical Subgroup in February 2005. A first rough review of the replies has not revealed any new major issues and most replies focus on the questions embedded I the draft ISIC structure. The treatment of repair and maintenance had been expected to be heavily discussed, as the current “compromise solution” had been heavily criticized in previous classifications workshops conducted by UNSD. However, the replies are mostly silent on this issue.

The Technical Subgroup is expected to react to the comments and proposals received and prepare a final ISIC Rev.4 to be submitted to the Expert Group, which will meet in June 2005. If the Expert group agrees with the proposed classification, it will be submitted to the UN Statistical Commission for adoption in March 2006.

#### CPC

In the third round of consultations for the CPC, a questionnaire outlining proposals already received was distributed to countries in 2004, with the aim of soliciting more proposals from countries. 47 replies from countries and organizations have been received, mostly reacting to issues raised in the questionnaire, with only few additional proposals. The replies and existing proposals have been discussed at the Technical Subgroup meeting in October 2004, which was entirely devoted to the CPC. Most proposals have been accepted as general improvements to the CPC, but detailed discussions of the proposals have revealed the need for reformulation of specific portions of it. The original authors of the proposals have been asked to revise these proposals and resubmit them – this work is still ongoing.

The discussion at the last Technical Subgroup meeting identified a number of target areas for review, which includes fast changing areas of products, such as Information products, ICT products, professional services, transportation services and environment related services. In addition, an attempt was made to bring the CPC structure and detail for agricultural products more in line with statistical practices for agriculture statistics. An FAO proposal in that regard was discussed. Another area of concern for the CPC revision was the improvement of links to other classifications, most notably the consideration of changes to the Harmonized System in 2007 affecting the goods part of the CPC and the link to the Extended Balance of Payments Services Classification for the services part of the CPC. For the latter, a link between EBOPS components and CPC groups (3-digit level) has been envisioned, but there are a number of conceptual differences and some detailed issues that need to be resolved. While the detailed issues require (mostly smaller) changes in both classifications, the conceptual questions affecting, for instance, the scope of the classifications, have to be addressed in EBOPS.<sup>1</sup>

According to the current schedule, a revised CPC draft, incorporating all proposals received, should be circulated to all countries in the first half of 2005. Since revised proposals have not been received yet, the this CPC draft has not yet been prepared. Replies to this draft should be received in time for the Expert Group to make a recommendation to the Technical Subgroup on how to proceed with this revision. If the number of changes to the CPC is limited, as expected, the Technical Subgroup would prepare the final version of the CPC, under the guidance of the Expert Group, to be submitted to the Statistical Commission in 2006.

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<sup>1</sup> For details see document TSG/6 on <http://unstats.un.org/unsd/class/intercop/techsubgroup/04-10/tsg0410-2.htm>