

Classifications *Newsletter*

United Nations Statistics Division (UNSD)

Number 17
May 2006

Revised classifications are presented to the Statistical Commission

The Statistical Commission (the Commission), the leading forum for discussion of issues of statistical importance to international, regional and national statisticians, held its annual meeting on 7-10 March 2006. As usual, the deliberations covered a wide range of substantive issues. However, this newsletter will report on those which pertain to classifications.

This year the Commission was informed of the revision activities of a number of the classifications in the family of international, economic and social classifications whose revisions are scheduled for publication in 2007. Of foremost importance were the revisions of the International Standard Industrial Classification of All Economic Activities (ISIC), the Central Product Classification (CPC), the Standard International Trade Classification (SITC) and the International Standard Classification of Occupations (ISCO). The draft structures of ISIC and CPC were presented for adoption, as background documents to the meeting, as was that of SITC.

The Commission commended the work of the Expert Group on International Economic and Social Classifications (the Expert Group) and its Technical Subgroup (TSG), in revising ISIC and CPC and recommended that the newly revised versions of the classifications be recognized as the international standards for economic activity and product classifications respectively. It also took note of the provisional draft of the SITC which had previously been endorsed by the Task Force on International Merchandise Trade Statistics. In the case of ISCO, since this is scheduled for publication in 2008, the Commission was apprised of the processes planned for the foreseeable future, prior to formal submission of ISCO at its 2007 session (See: Progress on Updating ISCO).

The document which was presented to the Statistical Commission, containing the ISIC Rev.4 structure, along with the explanatory notes, can be accessed at <http://unstats.un.org/unsd/cr/isic-4.asp>.

Additionally, the document containing the CPC Ver.2 structure and explanatory notes, which was also presented to the Commission, can be accessed at <http://unstats.un.org/unsd/cr/cpc-2.asp>.

Update on ISIC Rev. 4 activities

The Commission was briefed on the entire revision process for ISIC Rev. 4. It was informed of the inputs of the Expert Group, the conduct of seven regional workshops and the organization of three rounds of country consultation. It was noteworthy that more than 2000 individual comments for improving the classification were received in the third round of country consultation. The above activities, along with some ten meetings of the TSG, ensured the involvement of a wide cross section of stakeholders and guaranteed that the modifications that are being adopted are representative of a wide variety of economic settings.

Concerning the organization of the classification, a proposal has been made for the development of a “top-top” structure. This will be included in the new ISIC manual as an annex, but not as part of the regular structure. The Advisory Expert Group on National Accounts (AEG), which was delegated to consider this issue, decided that OECD/Eurostat and the United Nations Statistics Division will cooperate to propose top-level aggregations that are acceptable to all (for more on this proposal, see documentation on meetings of the Advisory Expert Group on National Accounts at <http://unstats.un.org/unsd/nationalaccount/aeg.htm>).

Furthermore, an alternate aggregation structure for information and communication technology (ICT) activities will be introduced into the classification. This is being discussed by the Working Party on Indicators for the Information Society (WPIIS) at its meeting of May 2006.

These changes at the higher level in the classification complement the addition of a significant amount of relevance-enhancing detail at the lower levels of the classification. In this regard, one of the most impacted areas at the detail level is “Agriculture, forestry and fishing”. Here, the number of classes has risen from eleven to thirty-eight. This

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introduction of detail is expected to better reflect activities that are represented in a larger number of countries.

Update on CPC Ver. 2 activities

In the case of CPC, the Commission was notified of consultation activities, similar to those used in the case of ISIC. While the responses were less voluminous, they nevertheless facilitated the development of this latest version, CPC Ver. 2. The CPC draft was also reviewed by the Expert Group and was vetted by its Technical Subgroup which met some ten times, over the duration of the revision exercises. This process was also subjected to repeated rounds of country consultation.

For the areas of food and agriculture, significant inputs for the structure were provided by the Food and Agriculture Organization. Eurostat also made important contributions to its finalization. This comprehensive effort resulted in significant improvements in the area of agricultural, raw and processed product. Furthermore, it has ensured alignment of the agricultural classifications with ISIC, CPC and ISCO and has resulted in the formulation of a list of some 200 aggregated primary foods items that are important for compiling food balance sheets and supply utilization accounts. These accounts are germane to some of the statistics and indicators used in monitoring progress of the Millennium Development Goals.

Other areas targeted for improvement in the CPC included: information products, information and communication technology-related products, transportation services, accommodation services, professional services, waste management services, health services, telecommunication services and originals.

An aggregation of ICT products (goods and services) is also being developed for inclusion in CPC 2. This is expected to be given active consideration at the WPIIS meeting mentioned above.

In contrast to ISIC, the higher level structure of the CPC has remained largely unchanged (For more detail on CPC changes see article Technical Subgroup focuses on CPC).

Update on SITC revision activities

The Commission was made aware of the activities of the revision process for the development of the latest version of SITC, SITC Rev. 4. It was informed

that a Provisional draft was developed and circulated to members of the Expert Group for comment. The draft included a correlation table between SITC Rev. 4 and the Harmonized Commodity Description and Coding System 2007, along with two annexes that presented: a list of SITC Rev. 3 codes that had been deleted and a list of new SITC Rev. 4 codes. The Commission was also notified of the progress made in improvement of correspondence between SITC Rev. 4 and the CPC. The Commission took note of the endorsement, by the Task Force on International Merchandise Trade Statistics, of the provisional draft of this fourth revision of the Standard International Trade Classification.

Update on ISCO revision activities

The Commission was informed of the consultation and other processes being undertaken in the revision of ISCO. It agreed that ILO should work collaboratively with the Expert Group, while being mutually respectful of each other's mandates, in arriving at this new version of ISCO (For more detail on the ISCO revision, see article - New revision of ISCO goes to the next level).

Ottawa Group requests assessment of the UNSPSC for use in price statistics

In its prior session, in March of 2005, the Statistical Commission, in its discussions on the Ottawa Group on Price Indexes, enquired about the potential usefulness of the United Nations Standard Products and Services Code (UNSPSC) for improving data collection in the area of prices. In that regard it requested that the possibility be examined for UNSPSC to be designated a derived classification in the family of international economic and social classifications. In responding to that request, an investigation was made into the development of concordances between the UNSPSC and the CPC. As a result, a trial correspondence between CPC and the UNSPSC was developed for a portion of these two classifications. This exercise served to demonstrate that the conceptual differences between the classifications are so substantial as to render the development of a full correspondence which can be used to convert data between the two classifications in a precise manner, practically impossible. The Commission agreed not to pursue the creation of a correspondence between the two classifications and resolved to assess the potential of CPC for satisfying the needs of the Ottawa Group, regarding price statistics.

Technical Subgroup focuses on CPC

With regard to the process employed in revising the CPC, an initial country consultation was undertaken to solicit general proposals for the classification, based on an understanding of country-needs. A second round of country consultation focused on conceptual issues that could impact on the scope of the CPC and its relation to other classifications, while a third round sought feedback on proposals for specific areas such as health services, waste management services and information products. The replies to this third round of consultation were instrumental in creating a first complete draft for presentation to the Expert Group in June 2005. The Expert Group agreed with the proposals that had been presented in the draft and agreed that this draft should also be widely discussed and that upon receipt of the responses, the TSG should meet to undertake the task of reviewing and finalizing the draft that had been presented to them.

Accordingly, on 24-28 October 2005, the TSG convened to discuss primarily, the revision of the CPC. The agenda of this meeting covered review of responses that had been received as well as a number of ISIC issues. Once this review was accomplished, the draft was once again presented to the Expert Group, this time electronically, for their comment and approval prior to submission to the Statistical Commission.

Revision activities of classifications other than ISIC and CPC

The meeting was updated on important aspects of parallel revision activities of some of the other classifications in the international family of economic and social classifications. In one such case, it was reported that for the Statistical Classification of Products by Activity in the European Communities (CPA), the revision will aim, as far as possible, at complete consistency between CPC and CPA, at the class level, for the goods part.

In the case of the revision of the Balance of Payments Manual, a number of areas were still under active consideration, including the treatment of originals and the treatment of downloadable products that can be delivered by traditional methods, e.g. on-line gambling services.

With regard to the revision of the Standard International Trade Classification (SITC), the results of the latest round of consultation were reflected in the draft of the classification that was presented as a

background document in the Statistical Commission meeting of March 2006. This draft was endorsed by the Statistical Commission. On the subject of its relationship to the CPC, attempts have been made to maintain the tight links between these classifications, with each CPC code being linked to one or more SITC codes, as appropriate. All efforts have been made to avoid links that result in splits in CPC codes.

CPC revision highlights

As part of this revision, the Transportation Section of CPC has been reorganized, with the disaggregation by passenger and freight becoming the first major disaggregation instead of by mode of transportation – land, sea and air. This will enhance the usefulness of the classification for analytical purposes in this area.

The subject of Information products stimulated much discussion regarding the optimal manner for grouping this type of product. The objective was to develop detail that would improve on the analytical logic of this part of the classification, finding the right balance, while respecting the constraints imposed by the HS aggregation structure for these products. The issue was compounded by the wide variation from country to country, among products that are commonly described as newspapers, journals and periodicals. The position that emerged was a split according to “newspaper and periodicals, daily in print” and “...other than daily in print”.

The meeting also had lengthy deliberations on the new concept of “originals”. In this regard, the TSG noted that every produced asset is a product and must therefore be accounted for in the CPC. Accordingly, it was decided to create new categories for originals classification-wide, wherever they were not already reflected. In the case of intangible assets, where new categories have to be created, they would be placed in the classification, near to the services that produced them. Among the categories introduced in this regard were: “Research and development originals” in Division 81 – Research and development services, “Software originals” in Group 831 – Management consulting and management services; Information technology services; “Design originals” under Group 839 – Other professional, technical and business services; “Radio and television broadcast originals” under Group 846 – Broadcasting, programming and programme distribution services and “Original compilations of facts/information” (more commonly recognized as database originals), also in Group 839.

Another area that received much attention during the meeting was that of time-shares. Discussions in this area centred on the need to adequately reflect the full range of services associated with time-shares including the initial payment for time-share accommodations, the property management aspect, the sale/resale of time-shares and time-share exchanges. Accordingly a number of subclasses were created to reflect the necessary products. Included in the Accommodation, Food and Beverage services division is a subclass for “Room or unit accommodation services for visitors, in time-share properties”. In the Real Estate Division the following classes were included for time-shares: “Time-share property management services on a fee or contract basis”, “Sale of time-share properties on a fee or contract basis” and “Trade services of time-share properties”, while in the Support services division, a new subclass was included for “Time-share exchange services”. Incidentally, as a matter of clarification/emphasis, the construction services of time-share properties is now explicitly recognized in the subclass for General construction services for other non-residential buildings.

In the area of Agriculture, the revision process was a joint activity that involved the Food and Agriculture Organization (FAO), as well as the TSG. The discussions commenced in the TSG were further refined in a follow-up meeting at the FAO. The development of the classification in the area of agriculture and food has now been enhanced considerably to take account of the needs of agricultural statistics, with the inclusion of a more detailed breakdown for the production of crops, the raising of animals, food products, etc. These inclusions have effectively facilitated the use of the CPC in the next World Programme for the Census of Agriculture. The classification of crops, livestock and machinery and equipment, recommended in the World Programme for the Census of Agriculture - 2010 are now fully compatible with both ISIC and CPC. As a result the level of detail for the section – Agriculture, forestry and fishery products - has increased immensely, with the number of subclasses increasing from eighty-three to two hundred and nine. This increase in detail addressed previous requests for more detail that had been made by a number of countries.

Another area of the classification that experienced a sharp rise in the number of classes, was the area of human health. This time, the scrutiny in this area arose out of the recognition of the steadily increasing

relative importance of human health services in economies world-wide. Indeed, evidence of this could be seen in the OECD initiative to implement an accounting framework for statistics of health expenditure and financing for its member countries. This framework is embodied in the System of Health Accounts (SHA) and its International Classification for Health Accounts (ICHA-HC). The decision to further disaggregate the CPC in this area will facilitate the creation of correspondence between the ICHA-HC and ISIC and CPC. One outcome for the CPC was the disaggregation of the category for hospital services, resulting in new subclasses for the different specializations in inpatient services.

More details on previous activities of the TSG, with respect to the current revisions of ISIC and CPC can be found in prior issues of the Classifications Newsletter, starting with the Issue 5 (see Classifications Newsletter at <http://unstats.un.org/unsd/class/intercop/newsletter/>.)

ASEAN steps up harmonization of standard industrial classifications

As a concrete follow-up to an agreement in the ASEAN Heads of Statistical Office Meeting (AHSOM) 4, held in Yangon, Myanmar on 9-10 December 2002, to work on the harmonization of statistical classifications, the ASEAN Secretariat has recently embarked on the implementation of the project, Development of the ASEAN Industrial Classifications Guide-Phase 1, under the ASEAN-European Union Programme for Regional Integration Support (APRIS). The project is set to implement the work program initially agreed among ASEAN member countries (AMCs) during the 2nd Meeting of the ASEAN Task Force on the Harmonization of Statistical Classifications (TFSC)¹, held on 4-6 October 2004 in Manila, for the formulation of an ASEAN Common Industrial Classification (CIC), aligned with the International Standard Industrial Classification (ISIC) Rev 4.

The project kicked off with the 3rd Meeting of the TFSC, held on 20-22 March at the UN Conference Centre in Bangkok, Thailand, in collaboration with

¹ The Task Force was created by the ASEAN Heads of Statistical Offices Meeting (AHSOM) 4, Yangon, 2002, to serve as a forum and mechanism for sharing country experiences and expertise.

The TFSC also provides a venue for discussing technical issues on statistical classifications that affect the generation of comparable data deemed essential in the implementation and monitoring of the ASEAN integration process toward an ASEAN community by 2020, as laid out in the Vientiane Action Programme (VAP) of 2003.

the UN Economic and Social Commission in Asia and the Pacific (UNESCAP) Statistics Division and in close consultation with the UN Statistics Division. Representatives from the national statistical offices of the 10 AMCs, namely, Brunei Darussalam, Cambodia, Indonesia, Lao People's Democratic Republic, Malaysia, Myanmar, the Philippines, Singapore, Thailand and Viet Nam participated in the meeting, along with a project consultant.

The 3rd Meeting has come to agree on a draft ASEAN CIC at 3-digit level, based on the ISIC Revision 4, with some modifications to suit important economic conditions and activities in the ASEAN region. The Meeting acknowledged the need for AMCs to extend the 3-digit ASEAN CIC up to 4 or even 5 digits to suit the national needs, and therefore has also agreed to formulate a set of guidelines aimed at helping AMCs in the corresponding revisions of their current national standard industrial classifications. The guidelines will cover, among other things, principles of classification, criteria for classification, and whenever possible, rules for dealing with the delineation of boundaries and vertically-integrated economic activities. Along this line, the Meeting agreed to carry out national studies to provide inputs and tests for the draft structure of ASEAN CIC, the industry descriptions as well as the guidelines.

The discussion on the draft ASEAN CIC at the 3rd Meeting attracted AMCs' individual and collective analysis of the prevailing economic activities and emerging industries/sectors that resulted in the elevation to and/or refinement of the 3-digit level of certain major activities. Among the sectors that the AMCs have considered significant at present and/or potentially strong in the future, both from an economic and policy standpoint, include the mining of precious metals, transport by bus, retail trade of motor vehicles and motorcycles, pre-primary education, as well as personal services for physical wellness like spa, sauna, bath, beauty and hair salons/barber shops, and laundry services, which have characterized many of the AMCs' current tourism industries.

While the project primarily aims to come up with a common structure at the 3-digit level, the Meeting acknowledged the need to facilitate comparison of ASEAN data in greater detail. Guidelines for extending the common 3-digit structure to more specific activities/industries will also be addressed and the AMCs have further agreed to consider, in the

near future, working on correspondence tables to facilitate comparison and enhance harmonization efforts.

The Task Force convenes anew on 17-18 April 2006 at the UNCC in Bangkok, Thailand for its 4th Meeting when the AMCs are expected to firm up and adopt an interim ASEAN CIC, including the corresponding industry descriptions. They will also be expected to finalize plans and approaches for the special industry studies. The Meeting will also discuss the need to provide an interim solution, by providing correspondence tables linking the AMCs' current classifications with the ASEAN CIC and ISIC Rev.4.

The project will culminate in August 2006 and will bring the Task Force to Yogyakarta, Indonesia for its 5th and final meeting of the year on 26-28 July 2006. The ASEAN Heads of Statistical Offices are expected to join the meeting to evaluate the project, adopt the ASEAN CIC and guidelines for revision of national standard industrial classifications, and discuss strategies for moving forward efforts toward better harmonization of other national classification systems in the ASEAN region.

The ASEAN Secretariat's statistics website provides more information about the project and Task Force's activities (<http://www.aseansec.org/13100.htm>).

Progress on updating ISCO

Since discussion of ISCO at the meeting of the Expert Group on International Economic and Social Classifications in June 2005, progress on updating ISCO-88 has proceeded mainly with the activities of the Technical Expert Group for Updating ISCO (TEG/ISCO). The first meeting of this group was held from 8-11 November 2005 at the International Labour Office (ILO) in Geneva. It was attended by experts in occupational classifications from 13 countries as well as by representatives from Eurostat, the United Nations Statistics Division and the ILO.

The main purpose of TEG/ISCO is to provide advice and assistance to the ILO on the resolution of issues associated with updating ISCO and on the preparation of papers for the ILO Tripartite Meeting of Experts on Labour Statistics, to be held in late 2007. This meeting will be asked to adopt the updated classification as mandated by the 17th International Conference of Labour Statisticians

(ICLS). While the group will meet on a regular basis, the bulk of its work will be conducted out of session.

The group has discussed and agreed on the work plan necessary to complete the revision by the end of 2007. With respect to the boundaries of the work to be undertaken, the group agreed with the resolution of the 17th ICLS that the main structure and conceptual principles of ISCO-88 should be preserved. The extent of the changes that may need to be implemented on ISCO-88 was discussed in some detail, however. It was concluded that ISCO needed to be updated, mainly to reflect occupational change since the late 1980s and to correct known problems in the classification structure. It was agreed that major groups should only be merged, deleted or otherwise changed in exceptional circumstances. To date no requirements that would justify such a change have emerged.

It was also agreed that sub-major and minor groups should be merged or split when there is significant growth or decline in the numbers of people employed in them, and/or where groups at a lower level have been split or merged. Unit groups can be split, merged or moved and new groups can be created to reflect occupational change and newly identified requirements, while taking care to avoid unnecessary disruption to time series.

A particularly important point of agreement is that occupations with the same job content but with different formal education requirements in different countries should be classified to a single category. This has eliminated the need for “parallel groups” where, for example, primary school teachers may be classified in ISCO-88 Major group 2 or Major group 3 depending on the formal education requirements in the country concerned.

The definition and measurement of the concept of skill level and the application of this concept in ISCO and in its national adaptations has been a major topic of discussion. It was emphasised that the focus in ISCO should be on the skills required to carry out the tasks and duties of an occupation but not on the skills possessed by a particular worker. There was agreement on the need to avoid excessive reliance on formal education and training to determine the skill level of occupations.

No changes have been made to the existing skill levels or to the boundaries between them but

updated and extended definitions of the concept of skill level, and of each of the 4 ISCO skill levels, have been developed. TEG/ISCO has also agreed on the mapping of these skill levels to ISCED-97 levels of education and on a set of principles and guidelines to help decide what skill level should be assigned to an occupation when there are differences between countries in formal education and training requirements.

The major part of TEG/ISCO’s work has been concerned with structural issues which remained unresolved following analysis of the first questionnaire on updating ISCO-88. Agreement has been reached on the approach to be taken in a number of areas where major problems with the ISCO-88 structure have been identified. Most notably, members have agreed on a proposal to replace the ISCO-88 sub-major groups for Corporate Managers and General Managers with 3 new sub-major groups.

TEG/ISCO members have also reached substantial agreement on the treatment in ISCO-08 of a number of other groups of occupations where a need for change has been identified. These include administration professionals, specialised secretaries, receptionists and information clerks (including client contact centre workers), “fast food” and street cooks, street food vendors, stall and market salespersons, door-to-door salespersons and street service workers, domestic workers, architects, engineers and sorters of refuse.

In a number of areas there is agreement on the overall approach to be taken where ISCO-88 is either out-of-date or does not provide sufficient detail, although further advice from stakeholders is needed before the classification structure can be finalised in detail. For example, in occupations concerned with information and communications technology there are concerns about the diversity of jobs referred to by the occupation title “computer programmer”, about the need to address the convergence between information technology and telecommunications technology, about the distinction between hardware and software engineers and about the coverage of occupations in telecommunications.

Other significant areas where further advice is required from specialist organisations include occupations in agriculture, forestry and fishing and in human health. The ILO will prepare proposals on these groups of occupations based on the discussion

among TEG/ISCO members, and provide them to relevant stakeholders for consultation and advice.

The ISCO team at the ILO and TEG/ISCO members are currently working through issues of detail associated with the agreed changes and the parts of the classification where further advice is needed. This process is leading to the identification of a number of proposals for change to the ISCO-88 structure which have not previously been discussed.

It is intended to circulate an updated, draft ISCO structure together with a questionnaire on outstanding issues to all ILO member countries and other relevant stakeholders as soon as possible in 2006. Consultation about this draft will proceed until late 2006 when TEG/ISCO will meet to agree on a final draft structure. This will be widely circulated for comment in early 2007.

Information about updating ISCO can be found at the ISCO Website which is located at the following address

<http://www.ilo.org/public/english/bureau/stat/isco/index.htm>.

The agenda and papers discussed at the first meeting of TEG/ISCO and a full report of the meeting are available on the ISCO Web Forum. Readers can subscribe to this forum by selecting "Inscription for Web discussion" from the ISCO Website. Further information can be obtained by contacting the ISCO Team: isco@ilo.org.

Calendar of Meetings

Technical Subgroup Meeting

The next Meeting of the Technical Subgroup of the Expert Group on International Economic and Social Classifications is scheduled for 19-23 June 2006. The main focus of this meeting will be to finalize ISIC Rev. 4 and CPC Ver. 2. The structures of these classifications have already been approved by the Statistical Commission at its meeting of March 2006.

Publications

Printed versions of the Central Product Classification (CPC) Ver. 1.1 are now available in English, French and Russian. The International Standard Industrial Classification of All Economic Activities (ISIC) Rev. 3.1 is now available in Arabic, Chinese, English, Russian and Spanish. These print publications may be ordered from the UN Publications Sales and Marketing Section, email: publications@un.org.

This CPC version is also now available electronically in English, French, Russian and Spanish. For electronic versions of the classifications, please see the Classifications Website at <http://unstats.un.org/unsd/class>, under "Sales". Orders can be sent by email to: chl@un.org and by facsimile to: 1 212 963 1374.

Editorial note

The Classifications Newsletter summarizes recent developments in the field of international classifications, announces upcoming events and draws attention to the availability of relevant classifications material in print and on the Internet. The Classifications Newsletter can be found at the United Nations Classifications Website <http://unstats.un.org/unsd/class> under "International cooperation in classifications", "Classifications Newsletter".

To receive the Classifications Newsletter by e-mail, you can sign up for our mailing list at <http://unstats.un.org/unsd/cr/regmaillist.asp> or select "Mailing list" from the menu at the classifications website.

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