

Revised new structure of ISIC

Note on the main changes to ISIC Rev. 4

14 January 2022

1. This note provides background information on the organization of the revision process of the International Standard Industrial Classification of All Economic Activities, Revision 4 (ISIC Rev. 4) and a summary of the main changes proposed by the Task Team on ISIC (TT-ISIC) including a recommendation to change the Section Level coding of the revised ISIC. This note was prepared by the TT-ISIC.

Part A. Background

2. Based on the Report of the Technical Subgroup on ISIC to the Expert Group on International Statistical Classifications¹ and the subsequent recommendations of the Expert Group on International Statistical Classifications (EGISC)², the United Nations Statistical Commission (UNSC) during its 52nd session in 2021 endorsed the revision of the ISIC Rev. 4, and approved the terms of reference of the United Nations Committee of Experts on International Statistical Classifications (UNCEISC), which replaced the EGISC, and approved the terms of reference of the Task Team on ISIC (TT-ISIC) responsible for developing recommendations for the revision of ISIC Rev. 4.

3. In 2021, the TT-ISIC worked through a proposed list of issues for review based on the 2019 global consultation with countries and international and regional organizations. During 2021, the TT-ISIC also made an effort to collect additional issues from relevant groups of experts such as the Advisory Expert Group on National Accounts (AEG), the Committee of Experts on Environmental-Economic Accounts (UNCEEA), the Intersecretariat Working Group on Environment Statistics, the Committee of Experts on Business and Trade Statistics (UNCEBTS), the Intersecretariat Working Group on Price Statistics (ISWGPS), the Committee on Balance of Payments Statistics (BOPCOM), the Intersecretariat Working Group on Energy Statistics (InterEnerStat), the Expert Group on time use, and the Voorburg Group on Service Statistics. Further consultations with these groups and committees will continue in 2022 following the feedback from the global consultation on the proposed revised structure of the ISIC and the progress with the revisions of other statistical standards on economic statistics.

¹ <https://unstats.un.org/unsd/statcom/52nd-session/documents/BG-3k-TSG-ISIC-report-to-EGISC-E.pdf>

² <https://unstats.un.org/unsd/statcom/52nd-session/documents/2021-15-Classifications-E.pdf>

4. To reflect more comprehensively on the substantive thematic areas in the revision of ISIC, the TT-ISIC membership was extended to experts on national accounts, balance of payments, financial statistics, and environmental economic accounts. The list of members of the TT-ISIC is presented at the end of this report.

5. The discussion was organized through online meetings of the TT-ISIC, supported by an online discussion wiki. In addition, several thematic meetings were organized to discuss specific issues with relevant members to advance the discussion.

6. Given the large number of issues and the time available to develop the revised structure of ISIC, the TT-ISIC, with the support of the Bureau of the United Nations Committee of Experts on International Statistical Classifications (UNCEISC), agreed to focus on the broad structure of ISIC up to the group level (three-digit codes). During the discussion, some agreement was reached at the class level and is reported in this note, but a systematic review of ISIC at the classes level (four-digit codes) will take place during 2022 to seek the final approval of the revised ISIC by the UNSC in 2023. This reflects the efforts to harmonize and improve the harmonization with derived and related activity classifications which generally aim at having compatible broad categories.

7. The Statistical Classification of Economic Activities Revision 2 in the European Communities (NACE Rev 2), which is currently also being revised, is a derived classification from ISIC. Therefore, for international comparison purposes, the strong relationship between categories at all levels of NACE have been maintained in this revision. NACE and ISIC remain identical at the two-digit level (divisions) of the classification. At lower levels, NACE has more detailed categories suitable for European users of the classification. In the revision of NACE and ISIC, efforts have been made to further improve the alignment of the two classifications at three-digit level of the classifications.

8. Similarly, for related classifications such as the North American Industry Classification System (NAICS), the Australian and New Zealand Standard Industrial Classification (ANZSIC) and other regional/national classifications, efforts have been made to ensure maximum consistency to the issues under consideration for the update of ISIC Rev. 4. Furthermore, the consistency with other international classifications, such as the International Standard Classification of Education (ISCED), was taken into account during the revision process.

9. It is recognized that the revision process must be more iterative allowing for more frequent revisions/updates to ensure a more flexible and responsive classification to new and emerging policy needs while ensuring consistency of time series.

Part B. Main changes in the revised ISIC

10. 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; and rapid and dynamic changes took place in the information technology environment. In addition, 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 aims to address these issues to reflect more closely the reality of current economic activities in the classification.

11. Below is the list of the major changes in the revised ISIC. They are organized by the Sections of ISIC Rev. 4 (sections G, J, K, P and R) followed by cross-sectional issues such as the classification of intermediation services, factoryless goods producers (FGPs), selected activities related to the environment and other issues.

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

1. Eliminate the distinction between in-store and non-store retail trade in Division 47 - “Retail trade, except of motor vehicles and motorcycles”

12. ISIC Rev. 4 makes a distinction at the Group and Class level between retail trade in stores and retail trade not in stores (with much greater Group and Class detail for in-store activities). This structure no longer satisfies the majority of the stakeholders and poses challenges in the implementation of the classification as a growing number of retailers carry out activities both in-store and online.

13. Eliminating the distinction between in-store and non-store retail in Division 47 is based on the following considerations:

- Most retail activities take place both in-store and online (as well as through other non-store distribution channels) and it is increasingly difficult to differentiate between distribution/sale channels based on the primary sales methods. Retaining the "mode of sale" as a classification criterion would add complexity to determine predominant activity and identifying products sold.
- The share of online and in-store sales of retailers (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.

14. The TT-ISIC recognises the analytical importance of monitoring online retail activities but agreed that the main classification criteria for retail trade in ISIC should be based on product specialization and not sales channels. The distinction for online retail activities can be made in the context of the product classification (CPC), in a national implementation of ISIC, or through other targeted inquiries.

15. The TT-ISIC agreed to retain the distinction in ISIC Rev. 4 between non-specialized and specialized retail trade, therefore -ISIC Rev. 4 Group 471 - “Retail sale in non-specialized stores” will remain (but with a new title “Non-specialized retailers”); it represents the highest percentage of turnover compared to the other groups of the division, and, due to the wide range of products sold in these units and no single product predominating, the classification of the units would become unstable and could change annually if this group was eliminated. Because of the decision to eliminate the distinction between in-store and online retail trade, being sale channels, ISIC Rev. 4 Groups 478 - “Retail sale via stalls and markets” and 479 - “Retail trade not in stores, stalls or markets” have been dropped and their content transferred to relevant existing categories.

2. Maintain the distinction between Wholesale and Retail trade activities

16. The distinction between wholesale and retail trade activities can be difficult to implement and has in practice become blurred as companies sell to both businesses and consumers, which is to a large extent facilitated by e-commerce.

17. The TT-ISIC agreed to maintain the distinction between wholesale and retail trade in Section G in two separate ISIC divisions. The economic characteristics for wholesale and retail trade are distinct, with different margins, different nature of sales, and different types of consumers. Moreover, retail trade data are important to reflect household consumption and purchasing power. In addition, the distinction between wholesale and retail trade is important for the National Accounts in the distinction of intermediate consumption from final consumption.

18. The TT-ISIC also agreed to develop practical guidance to distinguish between wholesale and retail trade activities when developing the explanatory notes and practical guidelines for the implementation of ISIC.

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

19. ISIC Rev. 4 Division 45 brings together the activities of wholesale, retail trade and repair of motor vehicles and motorcycles. These activities were grouped together in ISIC due to the importance of the auto industry and the need of users to keep relevant activities together at the division level. The TT-ISIC addressed several of questions related to Division 45, namely: (a) whether the classification of activities of wholesale and retail of motor vehicles should be made consistent with the current split at the division level between Wholesale (Division 46) and Retail trade (Division 47), and (b) whether the activities of repair should be classified under the appropriate division outside of Section G.

20. Overall, the TT-ISIC agreed that the classification of activities in ISIC Rev. 4 Division 45 - “Wholesale and retail trade and repair of motor vehicles and motorcycles” should be made consistent with 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”, and the activities of maintenance and repair of motor vehicles and motorcycles should be in Division 95 - “Repair of computers and personal and household-goods”³ in ISIC Rev. 4 Section S. 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.

4. Review the scope of Section G - “Wholesale and retail trade; repair of motor vehicles and motorcycles” to address the classification of digital products⁴

21. In the review of the classification of retail trade in digital products, including downloading and streaming, the TT-ISIC agreed to define the scope of Section G to include only trade in physical goods and therefore exclude distribution of digital products. Goods are defined in the *System of National Accounts 2008* (2008 SNA) para 6.15 as “Goods are physical, produced objects for which a demand exists, over which ownership rights can be established and whose ownership can be transferred from one institutional unit to another by engaging in transactions on markets.”

22. The TT-ISIC recognized that the production functions for trade in goods and distribution of digital products are different. For digital products, businesses do not need inventories or transport. In addition, providing downloading services to end users as predominant activity is rare because digital products are

³ Note the title of Division 95 is updated in the revised ISIC to reflect the change in scope of the Division.

⁴ Knowledge capturing products

usually provided through publishers' subscription services, streaming services, or in combination with predominant retail trade of goods.

23. The TT-ISIC agreed that distribution digital products, including downloading and streaming services, are included in Section J. Although this recommendation does not lead to a structural change in Section G the class definitions and explanatory notes will be reviewed to ensure the classification is clear.

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

5. Restructure Section J – “Information and communication” to address the classification of related activities such as social media, search engines, cloud technology and cybersecurity activities

24. 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.

25. ISIC Rev. 4 Section J - “Information and communication” currently distinguishes activities according to media (e.g., publishing activities, motion picture, video and television programme production, music publishing activities, broadcasting activities, and telecommunications activities). However, in recent years there was a rapid development of content distribution activities using a mixture of media and platforms.

26. The TT-ISIC review of the structure of Section J (section through class levels) aimed 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.

27. The TT-ISIC agreed to the following major revisions to the structure of Section J:

- Break down ISIC Rev. 4 Section J into two sections: the first (for which code J will be re-used), “Publishing, broadcasting, and content production and distribution activities”, includes the existing Divisions 58, 59 and 60, as well as news agencies and post-production recording conversion services to streaming formats, formerly in Division 63; the second Section (for which code K will be re-used) “Telecommunications, computer programming, consultancy, computing infrastructure, and other information service activities”, includes existing Divisions 61, 62 and part of 63.

The decision to break down ISIC Rev. 4 Section J is to reflect that the activities of publishing, broadcasting, and content production and distribution overlap and are often carried out together. Grouping these activities in a new section rather than in a combined division will avoid the loss of information at the detailed group and class levels of ISIC.

- Expand the scope of ISIC Rev. 4 Division 60 - “Programming and broadcasting activities” to a) include third-party audio streaming distribution services currently in ISIC Rev. 4 Group/Class

592/5920 – “Sound recording and music publishing activities⁵”, and b) add a group for news agency activities, currently in ISIC Rev. 4 Class 6391, and new content distribution activities not recognized in ISIC Rev. 4. This division will contain three groups:

601 Radio broadcasting and audio distribution activities, with new explanatory notes including third-party audio streaming distribution services.

602 Television programming, broadcasting and video distribution activities, with new explanatory notes including third-party TV/video streaming distribution services.

603 News agency and other content distribution activities, covering news agency activities and new activities of content distribution (sharing) platforms (including blog and wiki sites, social network sites, and third-party online gaming/video game sites; excluding vlog production activities, in Group 591 – “Motion picture, video and television programme activities”).⁶

- Remove the distinction between wired, wireless, and satellite telecommunications activities in ISIC Rev. 4 Division 61 with the merge of the relevant groups and classes, to acknowledge that the transmission of telecommunications and related service activities are carried out over a mix of distribution/transmission channels.
- Create a new group in Division 61 for intermediation services for telecommunications services
- Restructure ISIC Rev. 4 Division 62 – “Computer programming, consultancy and related activities” by adding the following groups:

- 621 Computer programming activities⁷
- 622 Computer consultancy and computer facilities management activities
- 629 Other information technology and computer service activities

- Identify but do not create new groups or classes for cybersecurity activities. The TT-ISIC agreed to elaborate the majority of these activities in the explanatory notes of Division 62 to include software development, programming, consultancy activities and incident/information management under the new Classes 6219 – “Other computer programming activities”, 6220 – “Computer consultancy and computer facilities management activities”, and 6290 – “Other information technology and computer service activities”. Cybersecurity software publishing will be added to the explanatory notes of Group 582 –

⁵ Although this is not explicitly recognized in explanatory notes of ISIC Rev. 4, it is interpreted through the CPC to ISC concordance, where streamed audio content is in CPC 84322, Streamed audio content. This CPC subclass links to ISIC 5920, Sound recording and music publishing activities.

⁶ In addition, for the new Class 6039 - “Other content distribution activities”, primary source of revenue from advertising does not have a bearing on the classification for these activities. The TT-ISIC also agreed that there will be no separate class for distribution activities of online gaming services. These activities are in the new Class 6039. If relevant, national classification can further identify these activities at a lower level

⁷ Within Group 621 is a new Class 6211 - “Development of video games, video game software, and video game software tools”. This class will exclude publishers of own produced content, which will be in the new Class 5821 – “Publishing of video games”, and third-party online gaming sites, which will be in the new Class 6039 – “Other content distribution activities”. A new Class 6219 – “Other computer programming activities” will include machine learning application development services, artificial intelligence/machine vision application development services, cybersecurity application development services, and provision of distributed ledgers (e.g., for the maintenance of a land register or generally for contracts; smart contracts).

“Software publishing”. Cybersecurity training and other cybersecurity activities not mentioned above will be elaborated in the explanatory notes of other relevant divisions in the revised ISIC.

- Rename ISIC Rev. 4 Division 63 – “Information service activities” to “Computing infrastructure, data processing, hosting, and other information service activities” to better reflect its scope. This division will contain two groups:

631	Computing infrastructure, data processing, hosting and related activities
639	Web search portals and other information service activities

The new Group 631 and Class 6310 will include activities other than web portals previously classified in ISIC Rev. 4 Class 6311, as well as cloud infrastructure and platform provision (IaaS, PaaS), and cloud computing (except software publishing and computer systems design), whether or not in combination with infrastructure provision; distributed ledger (blockchain) technology data processing activities; and technical infrastructure provisioning services related to streaming.

The new Group 639 and Class 6390 will include activities other than news agency activities previously classified in ISIC Rev. 4 Group 639, as well as websites that use a search engine to generate and maintain extensive databases of Internet addresses and content in an easily searchable format (known as Web search portals and previously classified in ISIC Rev. 4 Class 6312).

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

6. Review Section K - “Financial and insurance activities”

28. 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 non-bank 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.

29. 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 discussed the possible reference to selected financial activities at the class level or in the explanatory notes of existing categories. Examples of such activities include securitization, security and derivative dealing, short-term financing for corporate mergers and takeovers, financial leasing, etc.

30. 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. Fintech companies are classified based on their principal economic activity. Thus, a fintech unit principally active in financial intermediation will be classified in Section K, whereas a unit whose principal activity is to

provide digital technology that supports the provision of a financial service will be classified in Section J. Digital technology provision activities include, for example, provision of software used by financial services firms to digitize and improve their compliance structures, risk management procedures, regulatory monitoring, regulatory reporting, financial investigations and sanctions (often referred to as RegTech companies), and provision of information technology infrastructure (including hardware and software) and analytics to support insurance as underwriting, distribution, pricing, and claims processing. For the classification of activities related to crypto currencies, no additional groups were created as these activities are already in ISIC (in Section J or Section K). The TT-ISIC will further develop guidance on the classification of activities related to the mining, exchange, storage, and transfer of crypto assets in 2022, considering that the issue is still being discussed in the research agenda for the update of the 2008 SNA.

31. Since all sections of the classification will be recoded starting with Section J, ISIC Rev. 4 Section K will be recoded to Section L.

ISIC Rev. 4 Section P – “Education”

7. Add detail in the group structure of ISIC Rev. 4 Division 85 “Education”

32. New groups are proposed provide better detail on the level of education provided. In particular, ISIC Rev. 4 Group 851 - “Pre-primary and primary education” was split into two new groups. In addition, ISIC Rev. 4 Group 852 - “Secondary education” was extended (and recoded) to include “Post-secondary non-tertiary education” (moved from ISIC Rev. 4 Group 853 - “Higher education”). Finally, ISIC Rev. 4 Group 853 “Higher education” was recoded and changed its scope to include only “Tertiary education”. 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

33. Since all sections of the classification will be recoded starting with Section J, ISIC Rev. 4 Section P will be recoded to Section Q.

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

8. Improve group structure in ISIC Rev. 4 Divisions 90 and 91 – “Creative, arts and entertainment activities” and “Libraries, archives, museums and other cultural activities”

34. The TT-ISIC in its review of the structure of ISIC Rev. 4 Division 90 - “Creative, arts and entertainment activities” and Division 91 - “Libraries, archives, museums, and other cultural activities” considered improvements to better reflect the difference in nature of the activities in Divisions 90 and 91.

35. For ISIC Rev. 4 Division 90, it was agreed to distinguish the following groups in Division 90 to facilitate the collection and dissemination of statistics on cultural activities:

- 901 - Arts creation activities
- 902 - Performing arts
- 903 - Support activities to arts creation and performing arts

The title of Division 90 is changed to reflect the new groups.

36. Similarly, the agreed revised structure of Division 91 also 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

37. Since all sections of the classification will be recoded starting with Section J, ISIC Rev. 4 Section R will be recoded to Section S with the new title “Arts, sports and recreation”.

Cross-sectional issues

9. Define and classify Intermediation service activities

38. The TT-ISIC reviewed the classification of intermediaries in general, including digital intermediaries. Intermediation service activities through digital platforms have increased substantially due to technological advances and the identification of these activities is of great importance from the policy perspective. After the adoption of ISIC Rev. 4, the classification of intermediaries was facilitated by an intermediate ruling⁸ from the Expert Group on International Statistical Classifications on the treatment of intermediation activities, but enterprises are generally coded in Statistical Business Registers (SBRs) based on national rules or interpretations.

39. Some intermediation services activities are already identified in ISIC reflecting the intermediation activities prevalent at the time of writing ISIC Rev. 4. Intermediation activities have since spread across many more industries due to technological development, i.e. digitalization, and should therefore, be reflected in the new ISIC structure.

40. 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). Other classifications, alternative aggregations, or targeted inquiries could be used to separately identify-intermediaries that operate through digital means (i.e., digital platforms). The so-called “digital intermediation platforms” that provide intermediation services via online platforms will, therefore, not be treated differently in ISIC from those that provide similar intermediation services via other means (face-to-face, telephone, mail, email, etc.).

41. The TT-ISIC agreed to define intermediation service-activities, other than financial intermediation services, as follows:

⁸ See document ESA/STAT/AC.340/10 at <https://unstats.un.org/unsd/classifications/expertgroup/egm2017/ac340-10.PDF>, together with the decision of the Expert Group on International Statistical Classification in para 79 of the meeting report at <https://unstats.un.org/unsd/classifications/expertgroup/egm2017/ac340-4.pdf>

“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.”

42. The TT-ISIC agreed to create separate groups (or classes) in the divisions of ISIC where the intermediated goods and services are produced. These new categories, combined with existing dedicated categories, can identify all non-financial intermediation services where they are now a significant component in the intermediation of the underlying good or service of the respective divisions. Intermediation services (except financial services intermediation) that cannot be classified in a dedicated group or class, or those that deal with goods and services classified to several divisions, are integrated into a dedicated group in Division 82 - “Office administrative, office support and other business support activities”.

43. A list of relevant non-financial intermediation service activities were identified by the TT-ISIC, and 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
- 612 Intermediation services for telecommunications 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.
- 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

44. 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. This option may, however, be reconsidered in the future as more data become available on intermediation service activities. It should be noted that the new structure would allow for alternative aggregations to be defined if needed by the producers of statistical data, as the activities are classified in dedicated categories in the revised ISIC.

10. Modify the treatment of Factoryless Goods Producers (FGPs)

45. The current guidance on the classification of FGPs in ISIC Rev. 4 was reviewed in light of the ongoing discussion on the definition of FGPs within the update process of the *2008 SNA* and the *Balance of Payments and International Investment Position Manual (BPM6)* that is facilitated by the guidance note

*C.4 Merchanting and Factoryless Producers; Clarifying Negative Exports in Merchanting; and Merchanting of Services*⁹.

46. The TT-ISIC, after careful consideration, agreed that the criteria for the definition of FGPs should be extended to include the ownership of the intellectual property products (IPP) and not be solely based on the ownership of the input materials in a manufacturing activity as reflected in ISIC Rev 4. In addition, the control criteria for defining FGPs should cover some aspects of the control of the transformation process, including quality control and oversight of the production process. The distinction between affiliates and non-affiliates is not a relevant criterion in the definition and classification of FGPs.

47. The TT-ISIC recognized the analytical importance to 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. The TT-ISIC, therefore, agreed to classify FGPs in Section C in the same class where they would be classified if they carried out the manufacturing process themselves. In addition, the TT-ISIC encourages the identification of FGPs in the SBR so that this issue can be reconsidered in the next revision of ISIC.

11. Review and identify activities related to the environment

48. In its review to better reflect activities related to the environment the 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.

49. 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. It is expected that the TT-ISIC will clarify where these activities are classified by either making them explicit in the explanatory notes of existing classes or possibly creating separate classes considered relevant during the 2022 development of the class level classification. Further experimentation and testing in countries may prove useful to for future revision of ISIC.

12. Review other cross-sectional issues

50. The TT-ISIC also reviewed several additional issues covering the classification of activities related to 3D printing (such as modelling software development, manufacturing of 3D-printers), additive manufacturing, robotics, artificial intelligence, and activities related to drones (such as manufacturing of drones). In general, it was agreed that no structural changes in ISIC up to the group level is required to accommodate these activities. However, these activities will again be considered in the context of developing the class level classification, which will take place during 2022. It is expected that the TT-ISIC will clarify where these activities are classified by either making them explicit in the explanatory notes of existing classes or possible creating separate classes when considered relevant.

⁹ See Guidance note C.4 at <https://www.imf.org/en/Data/Statistics/BPM/CATT> and <https://mdgs.un.org/unsd/nationalaccount/RACONLIST.asp>

Part C. Revise the coding for ISIC

51. Given the number of structural changes recommended for the revised ISIC, including the breakdown of ISIC Rev. 4 Section J into two separate Sections, the TT-ISIC agreed to also revise the coding of ISIC. Different options for coding the new structure of ISIC were considered and, in consultation with the UNCEISC Bureau, the TT-ISIC decided to recode the structure of ISIC where necessary and to reuse codes at all levels of the structure to avoid gaps, in line with the coding system of ISIC Rev. 4¹⁰ (i.e., consecutive single letters for Sections, 2 digits for Divisions, 3 digits for Groups (starting at “1” at the 3rd digit) and 4 digits for Classes). One example of the application of this decision is the recoding of Sections J through V in the revised ISIC, where codes are re-used with different content.

52. It was however, recognized that a more general review of the coding systems for international statistical classifications is required and to address the topic as part of the long-term research agenda on the ongoing maintenance of international statistical classifications.

¹⁰ A full description of the coding system in ISIC is available in the ISIC, Rev. 4 publication, Chapter II, Section C, paras. 46-54.

Annex I:

Membership of the Task Team on ISIC (TT-ISIC)

The TT-ISIC currently consists of the following members

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- Mr. Grant Arnold (Australia)
- Mr. Francisco de Souza Marta (Brazil)
- Mr. Wei Ran, Ms. Shi Fengdan (China)
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UNSD serves as the Secretariat of the TT-ISIC.