Update on ISIC, Rev. 5

Meeting of the United Nations Committee of Experts on International Statistical Classifications
New York, 24 - 27 October 2023
ISIC Revision Process

Original ISIC was adopted in 1948

Revision 1

Revision 2

Revision 3

Revision started by the Technical subgroup of ISIC in June 2019

Revision 3.1

UNSC at its 52nd session in 2021 endorsed revising ISIC Rev.4 and CPC Version 2.1, and approved ToR of the new task team of ISIC and CPC

Complete structure of ISIC Rev.5 endorsed by UNSC at its 54th session in 2023

UNSC at its 55th session in 2024 to endorse the explanatory notes, introductory text and the implementation plan
Main changes in ISIC – intermediation services

- Identification of intermediation service activities
- Definition of non-financial intermediation service
- No distinction in the ISIC classification criteria between “digital” and other means (face-to-face, telephone, mail, email, etc.)
- A number of groups and classes were created exclusively for intermediation services
  - ...  
  - 4790 Intermediation service activities for retail sale 
  - ... 
  - 5540 Intermediation service activities for accommodation 
  - ... 
  - 6120 Telecommunication reselling activities and intermediation service activities for telecommunication 
  - ...
Main changes in ISIC – FGP

- Updated criteria for defining Factoryless Goods Producers (FGPs)
  - Ownership of input also includes intellectual property products (IPP)
  - FGPs should cover some aspects of the control of the transformation process, including quality control and oversight of the production process

- FGPs will continue to be classified in the same class where they would be classified if they carried out the manufacturing process themselves in Section C (Manufacturing).
Main changes in ISIC – section G (Wholesale and retail trade)

- Elimination of distinction between online and in-store sales channels in section G
- New treatment of wholesale and retail trade and repair of motor vehicles and motorcycles
  - ISIC, Rev. 4 division 45 (Wholesale and retail trade and repair of motor vehicles and motorcycles) was removed, and its activities were moved to other divisions.
  - The activities of maintenance and repair of motor vehicles and motorcycles
    - moved away from ISIC section G to section T (Other service activities)
    - placed in Division 95 (Repair and maintenance of computers, personal and household goods, and motor vehicles and motorcycles), together with the repair of computers and personal and household goods.
  - Activities on the wholesale and retail trade of motor vehicles and motorcycles were moved to the respective divisions on wholesale and retail trade.
Main changes in ISIC – new activities in ICT and finance

• A split of ISIC, Rev. 4 Section J (Information and communication) into two
  o ISIC Rev.5 Section J - Publishing, content production and distribution
  o ISIC Rev.5 Section K - Telecommunications, computer programming, consultancy, computing infrastructure, and other information service activities.
• The distinction at the group level between wired, wireless, and satellite telecommunications activities has been removed.
• A new group, ISIC Rev. 5 group 631 “Computing infrastructure, data processing, hosting and related activities” containing a single class “Computing infrastructure, data processing, hosting and related activities” has been created to include activities such as cloud infrastructure, platform provision and cloud computing
• A new group, ISIC Rev. 5 group 639, “Web search portal activities and other information service activities”.
• Cybersecurity activities will be integrated in activities of software development, programming, consultancy activities and incident/information management
Main changes in ISIC – new activities in finance

• More breakdowns for financial activities and updated explanatory notes to reflect new technology

• Compared to section K in ISIC, Rev. 4, the new section L (Financial and Insurance activities) includes some new classes for financial services
  o ... 
  o 6422 Activities of financing conduits 
  o 6431 Activities of money market funds 
  o 6491 Financial leasing activities 
  o ...
Main changes in ISIC – education, arts, culture

- Updated the structure of section P on education to better align with International Standard of Classification of Education (ISCED).
  - For example, ISIC Rev. 4 Group 851 - "Pre-primary and primary education" was split into two new groups: "Pre-primary education" and "Primary education".
- More breakdowns for activities related to Section S on arts and cultural activities.
  - The structure of ISIC Rev. 4 division 90 - "Creative, arts and entertainment activities" and division 91 - "Libraries, archives, museums, and other cultural activities" were reorganized to distinguish arts creation activities, performing arts, museums, collections, historical sites, and monuments activities, 913 - Conservation, restoration and other support activities for cultural heritage, etc.
Main changes in ISIC – environment, and others

- Environmental Issues
  - Division 39 (remediation and other waste management service activities): inclusion of carbon remediation, capture and storage activities
  - New classes 3511 and 3512 on electric power generation activities from non-renewable sources vs. renewable sources
  - New class 8413 - Regulation of the activities of providing environmental services
  - Class 8130 (Landscape service activities) - Improved explanatory notes to reflect selected activities on managing and conserving ecosystem and biodiversity
  - Separate Nature reserve activities (9412) from Botanical and zoological garden activities (9411)

- Other changes at the class level
  - Further breakdown of 2610: new class for the manufacture of solar cells and panels, and photovoltaic inverters vs. for other electronic components
  - Further breakdown of 3100: news class for the manufacture of wooden furniture vs. for other furniture
Changes in the ISIC, Rev. 5 explanatory notes

• Comprehensive review of specific activities. A few examples among the many changes are given below:
  o Quails are explicitly included in 0146 (Raising of poultry).
  o Manufacture of intercontinental ballistic missiles (ICBM) is removed from 3030 (Manufacture of air and spacecraft and related machinery) and implicitly included in 2520 (Manufacture of weapons and ammunition)
  o Distinction between 5510 (Hotels and similar accommodation activities) and 5520 (Other short term accommodation activities) in the relevant explanatory notes

• Alignment with SNA guidance notes
  o Treatment of crypto assets with and without liabilities in 6310, 6499, 6612, 6619 and 8299
  o No change in ISIC, Rev. 5 on Islamic finance
Changes in the ISIC, Rev. 5 introductory text

- Increased alignment with 2008 SNA (e.g., para 39 on the characteristics of activities)
- Updated description on the treatment of repair and maintenance activities (pp. 138-139)
- Updated criteria on FGPs (pp. 146-150)
- New discussion on intermediation services (pp. 157-159)
- New discussion on financial activities (e.g. SPEs, in pp. 160-164)
- List of changes from ISIC, Rev. 4 to Rev. 5
The way forward with ISIC, Rev. 5

• Explanatory notes of ISIC, Rev. 5
  o Draft version is prepared by TT-ISIC
  o Available on the UNCEISC meeting webpage

• ISIC, Rev.5 implementation plan

• Planned work on correspondences:
  o ISIC, Rev. 4 — ISIC, Rev. 5
  o ISIC, Rev. 5 — NACE, Rev. 2.1
  o ISIC, Rev. 5 — CPC Ver. 3.0

• More planned work on ISIC
  o Develop other supplementary materials, such as alphabetical index, a case law center, alternative structure, implementation guidelines, etc.
  o Establish a Standing Task Team on ISIC, make ISIC revision process more predictable and transparent in the future, and keep ISIC responsive to new user needs and emerging issues.
Questions to UNCEISC

• Do you think ISIC, Rev. 5 explanatory notes are fit for general release?
• Do you think ISIC, Rev. 5 introductory text are fit for general release?
• Do you have any suggestions on the way forward with ISIC, Rev. 5?
Thank you