

Conclusions of the Technical Subgroup meeting, 14-16 October 2014

The Technical Sub-Group on ISIC (TSG-ISIC) has been meeting to discuss the treatment of factoryless goods producers in ISIC. The meeting discussed the proposal put forward by the Task Force on Global Production (TGFP) and the Advisory Expert Group on National Accounts that factoryless goods producers be classified within Manufacturing.

After discussions within the Technical Sub-Group on ISIC and with key representatives of the TGFP via video conference a way forward was agreed to. As the TSG-ISIC is tasked with reporting back to the full Expert Group its recommendations, it was decided that given the nature of the recommendations and the need to do further work, waiting until the full 2015 Expert Group meeting was not ideal.

Consequently the Expert Group is being asked to approve the following proposals which will also extend the scope of the work of the TSG-ISIC.

The TSG-ISIC proposes that:

- no structural changes be made to the ISIC classification for now, and the status quo remain for the existing guidelines on outsourcing that are provided in the introductory text;
- whilst FGPs are an emerging phenomena, additional research is required to (a) fully understand the nature, composition, and importance of the activity of outsourcing of the production of goods in national economies, its impact on statistics classified by economic activity, as well as the consequences of any potential changes to their current ISIC treatment, in all relevant statistical domains; and (b) make sure the required data on outsourcing and in particular FGPs can be collected;
- additional research is required before (a) making any potential changes to the ISIC structure or to the existing guidelines on outsourcing that are provided in the introductory text; or (b) affirming the current treatment to ensure that the ultimate recommendation can be practically implemented by ISIC users;
- a typology be developed of the different arrangements for the production of goods (including integrated manufacturers, manufacture contractors and FGPs) by December 2014;
- a research plan be created by the TSG-ISIC to identify questions, operations and approaches that NSOs may use to inform a consistent treatment of outsourcing of goods production at the international level;
- a final paper be prepared by the end of March 2015 to facilitate discussion at the full Expert Group meeting in May 2015; and
- national statistical offices flag integrated manufacturers, manufacture contractors and FGPs in their survey programs or business registers to facilitate data analysis and future resolution on their placement within ISIC.

Note that the key outcome of the TSG-ISIC meeting is that there are no identifiable issues (other than the work above) that would warrant a review of ISIC Rev.4.