



**United
Nations**

Department of
Economic and
Social Affairs

Update on the development and implementation of ISIC, CPC and other classifications

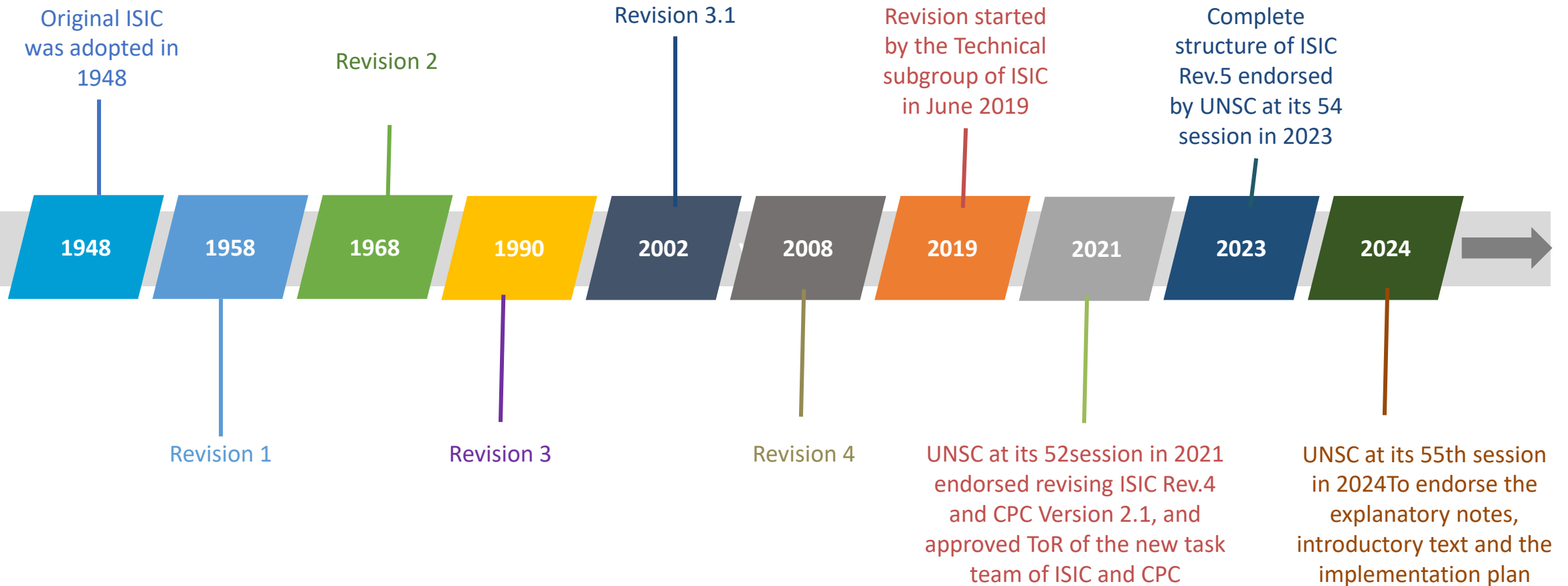
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24th Meeting of the Advisory Expert Group on National Accounts

18 October 2023

ISIC Revision Process



Main changes in ISIC – intermediation services

- Definition and identification of (non-financial) intermediation service activities
- No distinction between digital and non-digital intermediation service activities
- 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

- A split of ISIC, Rev. 4 Section J (Information and communication) into two
 - ISIC Rev.5 Section J - Publishing, content production and distribution
 - 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
 - ...
 - 6422 Activities of financing conduits
 - 6431 Activities of money market funds
 - 6491 Financial leasing activities
 - ...

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

The way forward with ISIC, Rev. 5

- Explanatory notes of ISIC, Rev. 5
 - Draft version is prepared by TT-ISIC
 - Will be available to the general public soon
- ISIC, Rev.5 implementation plan
- Planned work on correspondences:
 - ISIC, Rev. 4 – ISIC, Rev. 5
 - ISIC, Rev. 5 – NACE, Rev. 2.1
 - ISIC, Rev. 5 – CPC Ver. 3.0
- More planned work on ISIC
 - Develop other supplementary materials, such as alphabetical index, a case law center, alternative structure, implementation guidelines, etc.
 - Establish a Standing Task Team on ISIC and a more regular revision for cycle (for a more responsive, transparent and inclusive revision cycle)

Proposed timetable

Implementation plan	Statistical Domain	ISIC Rev.5
Adaption of national classification		By 2025
Adaption of Business register		By 2026
Use of ISIC Rev.5 in statistical programme		Starting in 2027
	Economic Census, business survey	2027
	National accounts	2027
	Environmental-Economic Accounts	2027
	Environment, waste and energy statistics	2027
	Population census and household surveys	2027



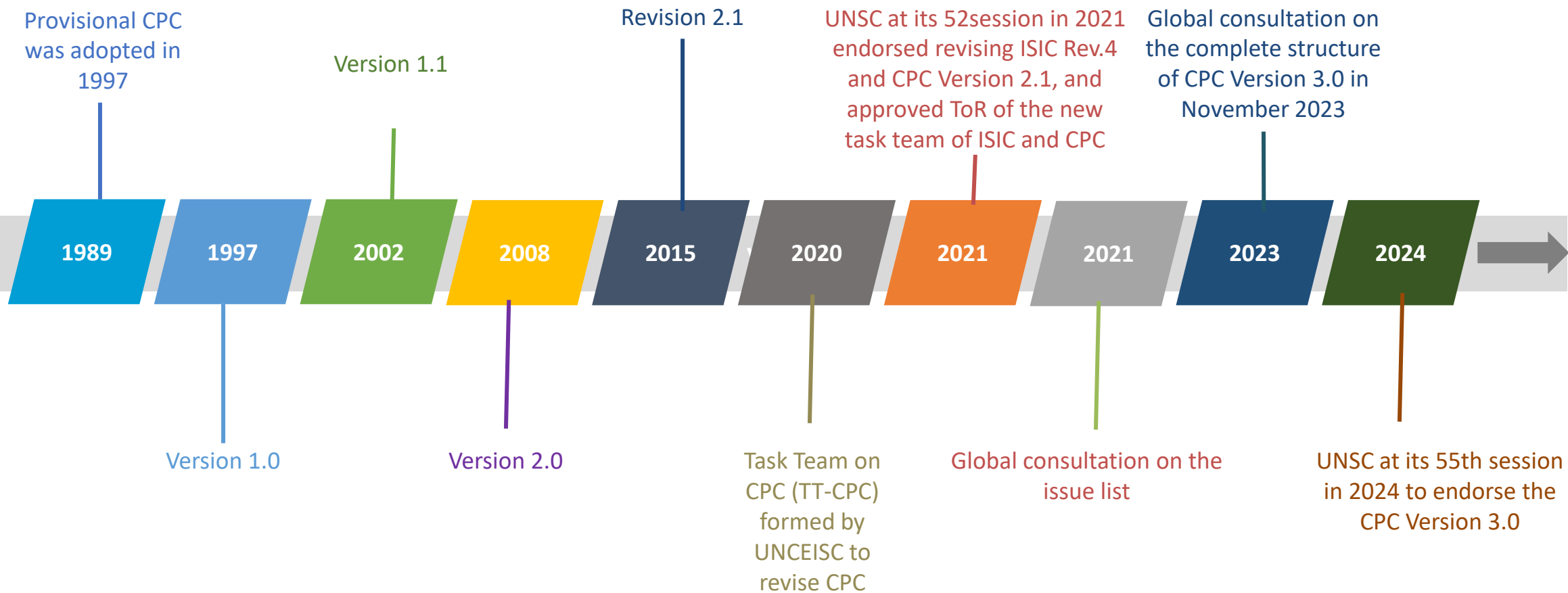
Update on the COFOG Revision

- March 2022 – The United Nations Statistical Commission ([E/CN.3/2022/41](#))
 - “Recommended the revision of the **Classification of the Functions of Government** and an assessment of whether changes are required in the other classifications of expenditure according to purpose...”

- Discussions and consultations
 - October 2022 – Meeting of the UN Committee of Experts on International Statistical Classifications
 - 18 April 2023 – Inception meeting on the revision of COFOG for stakeholder consultation

- Next steps
 - Update on COFOG revision at the forthcoming UNCEISC Meeting
 - Formulation of draft ToR for the COFOG revision task team (TT-COFOG) after the UNCEISC meeting
 - Establishment of the TT-COFOG

CPC Revision Process





CPC Revision Process

Task Team on CPC (TT-CPC):

- Formed by the United Nations Committee of Experts on International Statistical Classifications (UNCEISC) to revise CPC (November 2020).
- Identified a list of issues and launched a global consultation. (December 2021).
- Collaborated with experts on national accounts, environmental statistics, international trade statistics, energy, tourism statistics. (2021-2023)
- Developed a revised CPC structure and will be sent to countries for consultation (2023).

List of issues

Key Themes:

- Review definitions of goods, services, and products
- Review underlying principles of CPC
- Align CPC with
 - ISIC rev. 5 changes
 - HS 2017 and 2022 revisions
 - EBOPS
 - SIEC (energy products)
 - Research & Development statistics (Frascati)
 - Education statistics (ISCED)
 - FAO data collection products
 - Rotterdam convention (chemicals)
- Address environmental products and services, circular economy, waste, etc.

Product areas reviewed:

- Digital goods
- Financial products (including 'Fintech')
- Accommodation services
- **Intermediation services***
- Forestry, fisheries, agricultural goods
- Fertilizers and pesticides
- **Data as a product***
- Carbon capture and storage
- Cultural products
- **Artificial intelligence***
- **Cloud computing services***
- Energy products (coal, coke, peat)

* Inter-secretariat Working Group on National Accounts (ISWGNA) requested review of **these**



Alignment of CPC with HS 2022 (in CPC sections 2, 3 and mostly 4)

More breakdowns (mostly at the five-digit level) for new products defined in HS 2022

CPC Ver. 2.1

- × 43560 Other lifting, handling, loading or unloading machinery
- × 44826 Water heaters, instantaneous or storage, non-electric
- × 44919 Special-purpose machinery n.e.c. ...

New CPC

- ✓ 43561 Industrial robots (HS 2022:8428.70)
- ✓ 43562 Other lifting, handling, loading or unloading machinery
- ✓ 44826 Solar water heaters (HS 2022: 8419.12)
- ✓ 44827 Other non-electric water heaters
- ✓ 44920 Machines for additive manufacturing (HS 2022: 8485.10-.80)
- ✓ 44930 Special-purpose machinery n.e.c. ...



Financial services and ISIC Rev. 5

- **CPC v2.1 Class 7113 - Credit-granting services is split into new Classes**
 - 7113 - Non-business credit-granting services & 7115 - Business credit granting services
- **New Sub-classes created under 7115, corresponding to new ISIC Classes 6491-6495**
 - 71151 - Loan services for business purposes (previous CPC v2.1 71135)
 - 71152 - Financial leasing services (explanatory note will exclude “credit granting for non-business purposes”)
 - 71153 - International trade financing activities
 - 71154 - Securitisation activities
 - 71155 - Factoring services
- **Investment banking services (712/71200) are deleted**
 - These services are classified into the appropriate subclasses in CPC 7115 and 7119
- **7119 and 71121 are renamed**
 - 7119 is now “Other financial services, except insurance services and pension services” (“except investment banking” deleted, as it is now included)
 - 71121 is now “Deposit services to business and institutional depositors” (“corporate” changed to “business” to match 7115)



Intermediation services

All intermediation activities consolidated under Division 85 “Support services” in four new Groups:

855 Intermediation services on goods

- Group now includes all retail and wholesale trade services on a fee or contract basis; previous v2.1 categories discontinued
- One level of detail has been removed, e.g., trade of “Food, beverages and tobacco” is no longer broken into components

856 Intermediation services for accommodation, food and beverage, transport and electricity, gas and water distribution services

857 Intermediation for community, social and personal services

858 Other intermediation services

- Previous categories which were primarily intermediation are moved to one of the above Groups and cease to exist
e.g., 85511 - Reservation services for air transportation now included under 8561 - Intermediation services for passenger transportation
- Previous categories which included some intermediation services will have notes revised to exclude intermediation
e.g., 6799 - Other supporting transport services n.e.c. & 8399 - Other professional, technical and business services

859 Other support services

- Some other previous support services categories, e.g., “Tour operator services,” are moved and restructured under 859



Cloud Computing Services—no new classes, explanatory notes updated

Class or subclass	Title	Action
8315	Hosting and information technology (IT) infrastructure provisioning services	Add reference to ‘cloud computing infrastructure,’ IaaS, and PaaS in the explanatory notes to reflect how businesses describe themselves.
83152	Application service provisioning	Specify Software-as-a-service (SaaS) as inclusion to 83152 Application service provisioning
83159	Other hosting and IT infrastructure provisioning services	Specify Platform-as-a-service (PaaS), and IaaS as inclusions to 83159 Other hosting and IT infrastructure provisioning services



Data as a product

- **Working definition for ‘Data’ in the CPC**

- Original compilations of information content organized for retrieval and consultation, produced by accessing and observing phenomena

- **Newly created Group 837: Data and data compilation**

- **8371 - Data:** Equivalent to previous 8394 - Original compilations of facts/information
- **8372 - Compilation services of data:** Partially includes previous 8399 - Other professional, technical and business services, n.e.c., and includes all of previous 85952 - Mailing list compilation services

- **Align language with other manuals and guidance notes**

- 8394 - Original compilations of facts/information (now under 8371 - Data)
- 8399 - Other professional, technical and business services, n.e.c. (excluding the compilation of data)
- Explanatory notes will clarify that data products are independent from output that is being produced using the data

- **Other Classes determined not to be data so would remain separate:**

- 3223 - Directories, in print
- 47692 - Text-based disks, tapes or other physical media
- 837 - Market research and public opinion polling services (moved to 8394)
- 84313 - On-line directories and mailing lists
- 84394 - Web search portal content



Environmental services

Class or subclass	Title	Action
9114	Public administrative services related to the provision on environmental services	New class to align with ISIC rev. 5 changes
9444	Treatment of air pollution services	New class to align with ISIC rev. 5 changes and reflect growing prominence for this service
9445	Carbon capture and storage services	New class to align with ISIC rev. 5 changes and reflect growing prominence for this service
5465X	Noise or vibration insulation services	New subclass under 5465 Insulation services
5465X	Thermal insulation services	New subclass under 5465 Insulation services
8597	Landscape care and maintenance services	Revise explanatory notes to reflect inclusion of management and restoration services of ecosystems and biodiversity



Moving forward

- October 2023: UNCEISC reviews and endorses CPC structure
- Late 2023: Global consultation
- March 2024: UN Statistical Commission adopts CPC rev. 3.0
- Review revision cycle for CPC, standing task team

WEBINAR SERIES ON INTERNATIONAL CLASSIFICATIONS

Three sprints:

25 October 2023

29 November 2023

31 January 2024

- Jointly organized by UN Network of Economic Statisticians and UN Committee of Experts on International Statistical Classifications (UNCEISC)
- For more information, visit: <https://unstats.un.org/unsd/classifications/Sprint>
- Or contact chl@un.org



Other updates

- ❑ COICOP – Finalize the white cover version, to be submitted for publication
- ❑ Discussion on the establishment of a regular revision cycle for ISIC and CPC
 - Inconsistency in revision cycles for all major international classifications on activity and product
 - CPC 1989, 1997, 2002, 2008, 2015, 2023/24
 - ISIC 1948, 1958, 1968, 1989, 2002, 2006, 2023
 - Explore optimal timing of revision cycles for activity and product classification and their alignment
- ❑ Modernization of statistical classifications
 - Development of the Semantic Web to improve the interoperability of international statistical classifications
 - Machine learning techniques in assigning classification code

Thank you!