



# Economic and Social Council

Distr.: General  
9 December 2015

Original: English

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## Statistical Commission

### Forty-seventh session

8-11 March 2016

Item 3 (h) of the provisional agenda\*

**Items for discussion and decision: industrial statistics**

## Report of the United Nations Industrial Development Organization

### Note by the Secretary-General

In accordance with Economic and Social Council decision 2015/216, the Secretary-General has the honour to transmit the report of the United Nations Industrial Development Organization (UNIDO) on industrial statistics, which is presented to the Statistical Commission for its consideration. The report, which describes the current data collection programme of UNIDO and the Statistics Division of the Department of Economic and Social Affairs of the Secretariat, provides information on capacity-building and training activities for the implementation of the international recommendations for industrial statistics. The report states that, despite some positive trends, a crucial gap remains in industrial data in many developing countries. The lack of basic industrial data has seriously constrained the ability of policymakers in government and of business leaders to formulate an effective national industrial policy. The report emphasizes the increased relevance of industrial statistics in the context of global monitoring of the Sustainable Development Goals.

The Commission is invited to comment on the report and to call upon countries to give higher priority to industrial statistics, considering that such statistics provide an essential source of data for the compilation of the System of National Accounts (SNA), the System of Environmental Economic Accounting (SEEA) and other macroeconomic statistics.

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\* [E/CN.3/2016/1](#).



## **I. Introduction**

1. At its forty-first session, held from 23 to 26 February 2010, the Statistical Commission endorsed the data collection programme on industrial statistics under an agreed division of labour between the Statistics Division of the Department of Economic and Social Affairs of the Secretariat and the United Nations Industrial Development Organization (UNIDO) and took note of the technical cooperation activities conducted by both entities for the purpose of implementing the *International Recommendations for Industrial Statistics 2008*, which were approved at its thirty-ninth session.

2. Also at its forty-first session, the Statistical Commission endorsed the *International Recommendations for the Index of Industrial Production* and called upon the Member States to use and adhere to the practices described therein for the production of comparable indices of industrial production. At its forty-second session, the Statistical Commission recognized the importance of increasing the coherence of basic economic statistics to enhance the quality and analytical value of both basic economic statistics and national accounts and other macroeconomic statistics.

3. The current report provides updated information for the Statistical Commission about the recent activities of the Statistics Division and UNIDO and addresses some emerging issues in the field of industrial statistics.

## **II. Activities carried out in response to the requests of the Statistical Commission**

### **A. Implementation of international recommendations for industrial statistics**

4. In recent years, the Statistical Commission has endorsed a number of standards and recommendations on industrial statistics, including: the International Standard Industrial Classification of All Economic Activities (ISIC) Revision 4; the *International Recommendations for Industrial Statistics (IRIS) 2008* (United Nations publication, Sales No. E.08.XVII.8); and the *International Recommendations for the Index of Industrial Production 2010* (United Nations publication, Sales No. E.10.XVII.16). National statistical offices have been progressively implementing these standards and recommendations in their statistical systems. According to the data reported to UNIDO, around 75 countries have already implemented ISIC Rev.4, while 65 countries are in the process of implementing it. Similarly, more than 125 countries conduct annual or periodic surveys of industrial establishments, and are progressively implementing IRIS 2008. The implementation of IRIS 2008 provides each country with the ability to produce a comprehensive set of sector-level data to improve the estimates of national accounts and other macroeconomic indicators, as well as a wide range of statistics relevant to its development policies and programmes.

## **B. Regional workshops and capacity-building activities**

5. The regional workshops for national statistical offices have proven to be a cost-effective way to inform national statisticians about the latest international recommendations endorsed by the Statistical Commission. Normally, the national statistical offices within a given region share a number of common issues. The regional workshops not only provide space for deliberations on conceptual problems, but are also an excellent forum for the exchange of experiences and best practices. In recent years UNIDO and others have jointly conducted a number of regional and international workshops, including: an international workshop on industrial statistics in Dalian, China, in June 2010; a workshop on manufacturing statistics for the States members of the Economic Commission for Latin America and the Caribbean in Santiago in March 2011; an international workshop on industrial statistics in Beijing, in July 2013; a regional workshop on industrial statistics and classifications for the Arab countries in Doha in September 2013; and a regional workshop on the implementation of ISIC Rev.4 for the Arab countries in Amman in September 2014.

6. Under its technical assistance programme, UNIDO has also conducted a number of regional workshops in various parts of the world, including workshops for: countries of the Common Market for Eastern and Southern Africa in Lusaka in June 2015; countries of the East African Community in Dar-es-Salaam, United Republic of Tanzania, in June 2013; and West African countries in Yaoundé in November 2012. Regional workshops for former and current countries of the Commonwealth of Independent States were conducted in Saint Petersburg, Russian Federation, in May 2014 and in Vienna in December 2014. On the application side, UNIDO conducted a training programme on the use of the software “R” in industrial data processing in Amman, in May 2015, in cooperation with the Arab Institute for Training and Research in Statistics, and in Brussels in March 2015, with the support of the Statistical Office of the European Union (Eurostat).

7. UNIDO organizes a regular technical cooperation programme in the field of industrial statistics, which includes rapid advisory services, national workshops and long-term technical assistance. Long-term technical assistance is directed at building the institutional capacity of national statistical offices to establish an operational business register, conduct industrial surveys and establish a system of short-term indicators. Capacity-building activities also include the compilation of analytical and performance indicators relevant to the formulation of industrial policy and the monitoring of programme implementation. In recent years, UNIDO technical assistance was provided, at different scales, to Ethiopia, Gabon, the Lao People’s Democratic Republic, Nepal, Oman, the United Republic of Tanzania and Viet Nam. Currently, a regional project for capacity-building is being implemented in 11 countries of the Commonwealth of Independent States region.

### **III. Division of work on industrial statistics within the United Nations system**

#### **A. Data collection programme on industrial statistics**

8. Data collection activities for industrial statistics continue at the Statistics Division and UNIDO, following the agreed division of labour between the two.

##### **1. Data collection by UNIDO**

9. UNIDO has assumed responsibility for the collection of annual general industrial statistics pertaining to the mining, manufacturing and electricity, gas and water industries at the 3- and 4-digit levels of ISIC. For this purpose, UNIDO collects such data directly from approximately 150 countries that are not members of the Organization for Economic Cooperation and Development (OECD), while it receives data for OECD member countries directly through OECD, thus avoiding duplication of efforts. Countries are requested to report relevant data in accordance with ISIC Rev.4 or ISIC Rev.3.

10. Following the recommendations of the Statistical Commission at its twenty-seventh session in 1993, international responsibility for the collection and dissemination of general industrial statistics was transferred from the Statistics Division to UNIDO and OECD in 1994. Moreover, an inter-agency agreement has been drawn up between Eurostat and OECD, whereby OECD collects data directly from countries not members of the European Union and Eurostat collects business statistics for countries members of the European Union.

11. Since 2010, in order to meet the increasing need for current growth trend figures (especially in the aftermath of the 2008 global financial crisis), UNIDO has published a quarterly report, "World Manufacturing Production", based on the index numbers of industrial production. The data are obtained from multiple online sources, and from the publications of national statistical offices and the Statistics Division. The growth estimates are published for world manufacturing as well as for country groups, including industrialized economies, emerging industrial economies, other developing economies and the least developed countries.

12. In recent years, UNIDO has expanded the scope of its worldwide dissemination of industrial statistics. In addition to the *International Yearbook of Industrial Statistics*, which covers the manufacturing industry, since 2010, UNIDO has been publishing the *World Statistics on Mining and Utilities*. This biennial publication provides data on important energy sectors, including the production of coal, crude petroleum and natural gas, as well as on the production and distribution of electricity. Both publications contain country data, mostly based on ISIC Rev.4. Data are disseminated through statistical publications in print as well as in electronic media. UNIDO databases can be accessed and downloaded by national statistical offices, international agencies and other users in accordance with the data dissemination policy of UNIDO.

13. In a new arrangement between the Statistics Division and UNIDO, in June 2015 the responsibility for the collection of structural business statistics for the mining and utilities sectors, including data collection, processing and publication, was transferred from the Statistics Division to UNIDO.

## 2. Data collection by the Statistics Division

14. The data collection activities of the Statistics Division comprise data collection in the following two areas: (a) industrial commodity statistics; and (b) index numbers of industrial production.

### *Industrial Commodity Production Statistics*

15. Through its Industrial Commodity Production Statistics, the Statistics Division collects and publishes industrial production data for about 200 countries and territories on the value and volume of production during a given reference period. The data are based on the United Nations List of Industrial Products, established in 2005, which consists of about 600 industrial commodities. Industrial commodity statistics data are mainly collected through an annual questionnaire sent to national statistical offices.

16. In addition, for a limited number of commodities, monthly data collection is carried out through the distribution of a questionnaire issued in the United Nations publication, *Monthly Bulletin of Statistics*.

17. Annual data are published online through the UNdata portal of the Statistics Division as well as in print in the *Industrial Commodity Statistics Yearbook*. Monthly data are published in both the online and print versions of the *Monthly Bulletin of Statistics*. The historical data series covers the period from 1950 to 2013.

### *Index numbers of industrial production*

18. The Statistics Division collects, compiles and publishes monthly, quarterly and yearly indices of industrial production. Data are collected through a questionnaire sent to national statistical offices. Monthly data are collected at the 1-digit level of ISIC, while quarterly and annual indices are collected at the 2-digit level of ISIC.

19. Data are collected and published according to ISIC Rev.4 or ISIC Rev.3, depending on national abilities.

20. Monthly and quarterly data for about 115 countries are currently available and, since July 2014, are being reported using 2010 as a base year. Additionally, annual data on indices of industrial production for about 125 countries are now available using 2005 as a base year.

## B. Standards and methods

21. The Statistics Division assumes responsibility for relevant standards and methods, including methodological recommendations, classifications, guidelines and manuals in the field of industrial statistics. The main international recommendations are: the *International Recommendations for Industrial Statistics (IRIS) 2008* and the *International Recommendations for the Index of Industrial Production (IRIIP) 2010*. The main reference classifications most relevant to the compilation of industrial statistics are ISIC and the Central Product Classification (CPC), which are also maintained by the Statistics Division.

### **1. International Recommendations for Industrial Statistics 2008**

22. At its thirty-eighth session, in 2007, the Statistical Commission was presented with a proposed outline of a revised version of the *International Recommendations for Industrial Statistics* (IRIS) reflecting the latest developments in the economic environment and in statistical methodology. The revision, IRIS 2008, was adopted by the Statistical Commission at its thirty-ninth session in 2008.

### **2. International Recommendations for the Index of Industrial Production 2010**

23. The final text of the *International Recommendations for the Index of Industrial Production* (IRIIP) was submitted for approval to the Statistical Commission at its forty-first session in February 2010 (IRIIP 2010 is currently being published; the unedited version is available online).

24. In addition, country practices in the compilation of the index of industrial production, surveyed in 2007, have been summarized in the publication of the Statistics Division entitled: “Country practices for the collection and calculation of the Index of Industrial Production (2008)” (ESA/STAT/2008/8), which is available from the website of the Statistics Division.<sup>1</sup>

### **3. Industrial classifications**

25. Industrial classifications used in industrial statistics, namely ISIC and CPC, provide tools for describing economic activities and their outputs in the industrial sector. ISIC Rev.4 was published in 2008, whereas version 2.1 of CPC was released in 2015. As the custodian of these classifications, the Statistics Division is providing active support to member countries on the interpretation and implementation through its Classifications Registry (CHL@un.org).

## **IV. Existing data gaps and the need for an internationally coordinated response**

26. Despite the ongoing efforts of UNIDO and the Statistics Division, it should be noted that the need for technical assistance in industrial statistics in developing countries, especially in sub-Saharan Africa, is much greater than the resources currently available. While some positive trends in the improvement of industrial statistics have been observed globally, a crucial gap remains in industrial data in many developing countries. A relatively small number of developing countries conduct annual industrial statistical surveys, while others conduct such surveys either in 5 or 10-year intervals, and some have not conducted one for over 15 years. Due to the complications related to business registration, administrative data are often scattered across different institutions and are poorly maintained. In the absence of regularly updated and centralized administrative records, censuses and surveys have become the only source for a complete list of industrial activity units in operation. A census — or any large-scale survey operation — is quite expensive, and many national statistical offices or line ministries can afford to conduct them only occasionally. In cases where there are long intervals of time between surveys, the undertaking of such an operation will always require starting again from scratch,

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<sup>1</sup> See <http://unstats.un.org/unsd/industry/guidelines.asp>.

and consequently, the cost of carrying out a survey becomes even higher, making it more difficult to plan another one within a shorter interval. This vicious cycle has been continuing for years, making data on industrial statistics rarer, and therefore more expensive to produce.

27. The lack of basic industrial data has seriously constrained the ability of policymakers in government and of business leaders to formulate an effective national industrial policy. Many African countries have quite high economic growth prospects thanks to their rich reserves of mineral resources and other raw materials, low labour costs and strong export potential. However, establishing any new business is considered too risky by investors if the basic information essential for decision-making is not available.

28. The data gap in production sectors has a direct impact on the quality of estimates of gross domestic product (GDP) and other major macroeconomic indicators. In a number of countries, GDP and other national accounts estimates are based on weak databases that have very limited coverage of economic activities. Large portions of the data are projected from year to year, without the updating of the benchmark statistics for a considerable period of time. Not surprisingly, national accounts figures show an astronomical jump in some countries when the figures are rebased with newly conducted survey data.

29. Establishing a new, functional industrial statistics system with a regularly updated business register and periodically conducted industrial surveys requires a significant amount of time as well as financial and human resources. Since industrial survey data greatly contribute to the improvement of the compilation of SNA and SEEA, it is crucial that technical cooperation and any assistance programme in developing countries be well coordinated among the units producing sectoral data and national accounts. SNA and SEEA require a large amount of statistical data generated from sector-based surveys. It is highly recommended that international development partners, donors and national statistical offices, as recipients of technical assistance, check the availability of basic economic data at the sectoral level before they launch a project or study on the national accounts or environmental economic accounts.

30. In this context, wider cooperation among development partners and national statistical offices within a given region would be necessary for the launch of a more comprehensive and integrated technical assistance programme, which could significantly improve the production of industrial statistics, SNA and SEEA.

## **V. Increased relevance of industrial statistics in the monitoring of the Sustainable Development Goals**

31. For the purpose of monitoring progress in the achievement of the Millennium Development Goals, many developing countries successfully attracted essential technical assistance for the strengthening of their statistical capacities to produce a range of social and general environmental indicators. Since the adoption of those Goals in 2000, the priority in the area of external assistance has been centred on enabling countries to produce relevant indicators of achievement. However, the Millennium Development Goals had limited coverage of the economic dimension of development, and consequently, the field of industrial statistics, like other fields of

economic statistics, did not obtain much benefit from the capacity-building programmes developed for the monitoring of those Goals over the last 15 years. In a number of countries, the priority shifted from the regular industrial statistics programme to other fields of statistics. This situation changed following the announcement of the Sustainable Development Goals, which cover the development agenda, including economic growth and industrialization. Monitoring the targets under several goals, in particular Goal 8 on economic growth, Goal 9 on industrialization and Goal 12 on sustainable consumption,<sup>2</sup> will require a large amount of data from production sectors, including on industrial activities. In its resolution 70/1, entitled “Transforming our world: the 2030 Agenda for Sustainable Development”, the General Assembly recognized that “baseline data for several of the targets remains unavailable” and called “for increased support for strengthening data collection and capacity-building in Member States, to develop national and global baselines where they do not yet exist”.<sup>3</sup> With the acceptance of industrialization as one of the global Sustainable Development Goals of the 2030 Agenda, the need for monitoring the progress towards their achievement significantly increases the relevance of industrial statistics in the post-2015 era.

32. As a specialized agency of the United Nations, UNIDO promotes inclusive and sustainable industrialization around the world. UNIDO leads numerous development initiatives for achieving several Sustainable Development Goals and targets: it assists Member States in building their production and trade capacity by improving the quality and competitiveness of products in international markets; it promotes programmes for women and youth employment and entrepreneurship; and it assists countries in adopting renewable energy sources and reducing emissions. The UNIDO core activities guide the development of a comprehensive industrial statistics system that can measure the progress achieved in sustainable industrialization.

33. Statistics will play an indispensable role in policy formulation and in monitoring the development targets of sustainable industrialization. The task and relevance of industrial statistics at the national level go far beyond the indicators of global monitoring. It is high time for national statistical offices and development partners to seize the opportunity to build a solid industrial statistical system and make an effective contribution to the 2030 Agenda for Sustainable Development.

## **VI. Points for discussion**

34. **The Statistical Commission is invited to:**

(a) **Comment on the report with respect to the implementation of the *International Recommendations for Industrial Statistics 2008 (IRIS 2008)* and the index of industrial production 2010;**

(b) **Call upon developing countries to give higher priority to industrial statistics and to implement previous recommendations made by the Commission, considering industrial statistics as an essential data source for compilation of SNA, SEEA and other macroeconomic statistics;**

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<sup>2</sup> See General Assembly resolution 70/1.

<sup>3</sup> *Ibid.*, para. 57.

**(c) Request UNIDO and other development partners to increase assistance to developing countries in the form of capacity-building programmes on industrial statistics, especially in the context of the Sustainable Development Goals.**

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