



BOP, EBOPS, CPC & ISIC

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CONTENT



1. CPC & ISIC

2. BOP

3. EBOPS



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1. CPC & ISIC

2. BOP

3. EBOPS

1. CPC & ISIC



○ **What are we talking about?**

CPC = United Nations Central Product Classification

ISIC = International Standard Industrial Classification of All Economic Activities

CPC & ISIC are both members of the international family of economic and social classifications (i.e. registered into the United Nations Inventory of Classifications after approval by the United Nations Statistical Commission - or another competent intergovernmental board)

Examples

Product Classification

Reference Classification

- Harmonized Commodity Description and Coding System, (HS 1996)
- **Central Product Classification Version 1.1, (CPC Ver. 1.1)**

Economic Activity Classification

Reference Classification

- **International Standard Industrial Classification of All Economic Activities, Revision 3.1, (ISIC Rev. 3.1)**



○ What is CPC?

- ❖ **A comprehensive classification** of all goods and services that can be the object of domestic or international transactions or that can be entered into stocks
- ❖ **It is the standard** for all products that are an output of an economic activity, including transportable and non-transportable goods and services
- ❖ For services, CPC, Version 1.0 was **the first international classification** covering the whole spectrum of outputs of the various industries



○ **Why CPC?**

- ❖ Initiative in the 1970s to harmonize international classifications, in which a standard classification **for all** products (goods and services) was perceived as a key element, for instance for international comparison
- ❖ First version of the CPC (Provisional CPC) published in 1991
- ❖ CPC, Version 1.0 published in 1998 - First international classification to cover both goods and services



○ **Classification principles used**

- ❖ System of categories that are both **exhaustive and mutually exclusive**

- ❖ The CPC classifies products
 - based on the **physical characteristics** of goods or on the **nature** of the services rendered

 - as well as on the **principle of industrial origin** (attempt to group into one CPC subclass the products of a single industry)



○ Hierarchical structure (1/2)

❖ 5 Levels

- Section (one-digit code) (10)
- Division (2-digit code) (70)
- Group (3-digit code) (305)
- Class (4-digit code) (1,167)
- Subclass (5-digit code) (2096)



○ Hierarchical structure (2/2)

Example

- ❖ Rental of apartment to be found in subclass (72111)
 - ❖ Section: 7 - Financial and related services; real estate services; and rental and leasing services
 - ❖ Division: 72 - Real estate services
 - ❖ Group: 721 - Real estate services involving own or leased property
 - ❖ Class: 7211 - Renting or leasing services involving own or leased property
 - ❖ Subclass: 72111 - Renting or leasing services involving own or leased residential property

**Especially useful
for compilation**

❖ Explanatory note

This subclass includes:

- ❖ renting or leasing services concerning residential properties by owners or leaseholders to others:
 - houses, flats, apartment buildings
 - multiple-use buildings that are primarily residential
 - residential mobile home sites

This subclass does not include:

- ❖ lodging services provided by operating hotels, motels, rooming houses, school dormitories, camp sites and other lodging places, cf. 631



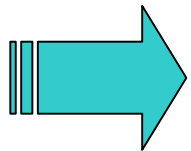
○ The 10 sections of CPC

0 – 4: Goods (transportable)

- 0 - Agriculture, forestry and fishery products
- 1 - Ores and minerals; electricity, gas and water
- 2 - Food products, beverages and tobacco; textiles, apparel and leather products
- 3 - Other transportable goods, except metal products, machinery and equipment
- 4 - Metal products, machinery and equipment

5 – 9: Services (mainly)

- 5 - Construction services
- 6 - Distributive trade services; lodging; food and beverage serving services; transport services; and utilities distribution services
- 8 - Business and production services
- 9 - Community, social and personal services





○ Applications of CPC in SITS

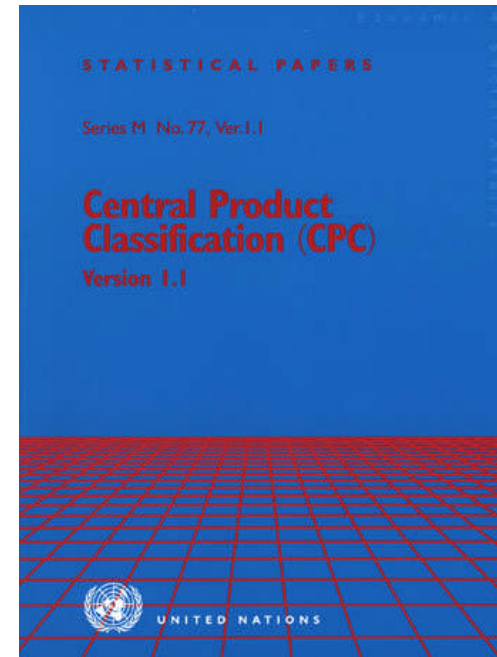
- ❖ Provisional CPC used for the elaboration of the categories of services that were used during the negotiations leading to **GATS** 1995
- ❖ CPC also used to describe the BOP services components recommended in **BPM5**
- ❖ CPC, Version 1.0 used to define more precisely the BOP services components recommended in **EBOPS**

1. CPC & ISIC



○ **Development of CPC and ISIC (1/2)**

- ❖ CPC Version 1.1 approved in 2002
 - intended to incorporate modifications due to recent changes in economies worldwide, *and*
 - sustained technological advancement in the period since the development of CPC version 1.0.





○ Development of CPC and ISIC (1/2)

Revision of CPC & ISIC **in 2006**



because HS2002 upgraded to HS2007, and CPC is in line with HS for the Goods part

- 2004: a draft version of ISIC Rev.4 circulated worldwide for comment
 - 2005: a revised draft proposal for CPC Vers.2.0 circulated to countries
 - 2006: during its 37th session (March), the UN Statistical Commission adopted **CPC Version 2.0** and **ISIC, Rev.4**.
- Information on Revision of ISIC and CPC
<http://unstats.un.org/unsd/cr/registry/regrev.asp?Lg=1>



○ **Specific aspects of CPC revision**

PURPOSE

- ❖ To better reflect requirements of globalization
International trade and the changing organization of production
Products of the 'Information sector' or Information and Communications Technologies.

IMPLICATION FOR SITS

- ❖ Better link to EBOPS, where possible, at an intermediate level, i.e. by introducing additional detail or minor structural changes

Advantage

CPC contains very detailed service categories

→ useful in the compilation of SITS

Problems

1. Scope issues: Repairs and processing goods are not services in EBOPS
2. Groupings in EBOPS a mix of product-based and transactor-based concept while CPC is strictly product based: Travel, Services between affiliated enterprises, Government services, n.i.e.
→ clean link not possible



CONTENT



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2. BOP

3. EBOPS

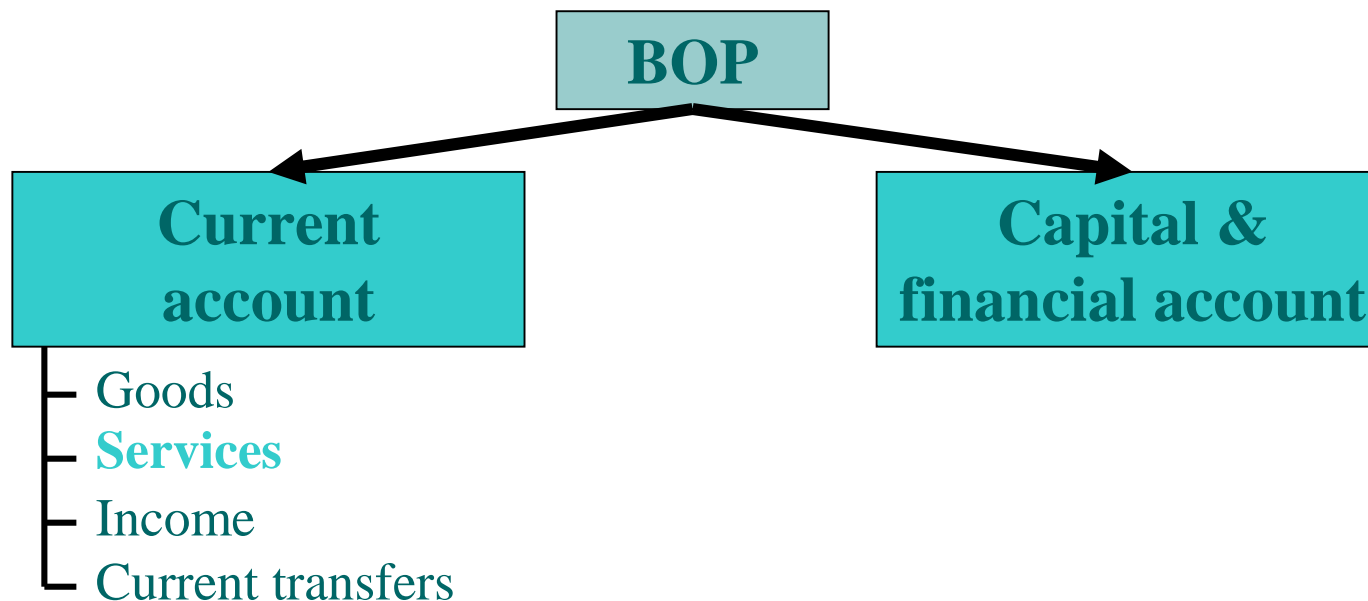
2. BOP



○ What is BOP for?

BOP = Balance of Payments

BOP summarises transactions of an economy with the rest of the world

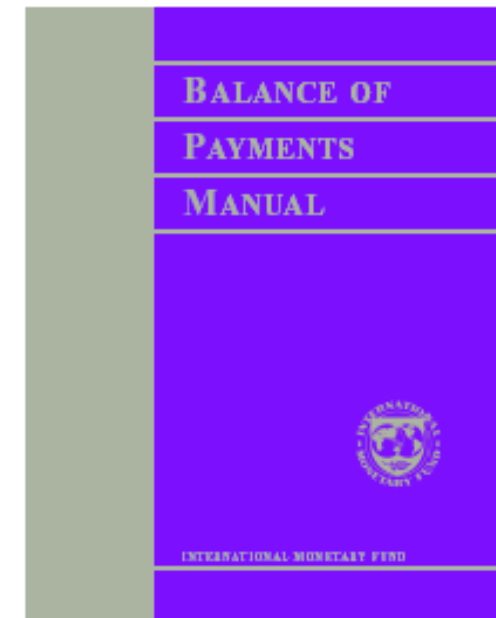


2. BOP



○ **BPM**

- ❖ The **Balance of Payments Manual** (BPM) provides the conceptual framework for the compilation of the BOP
- ❖ An accompanying **Compilation Guide** provides practical guidance for using sources and methods to compile statistics on the BOP (and the international investment position)





○ **BPM and SITS**

- ❖ BPM4 published in 1977 was highly deficient in the coverage of SITS

- ❖ BPM5 published in 1993: considerable disaggregation introduced in the classification of international services transactions, due to
 - unprecedented growth in the volume of SITS *and*
 - heightened analytical and policy interest in SITS – in particular in the context of the GATT negotiations on services



○ **BOP and CPC not fully linked**

BOP classification is mainly based on CPC, but:

- ❖ is **not as detailed**, since only international transactions are covered
- ❖ Two categories in the BOP classification of services, namely, **Travel** and **Government services n.i.e.** do not have analogues in CPC



○ **Main standard services components**

BPM5

1. Transportation
2. Travel
3. Communications services
4. Construction services
5. Insurance services
6. Financial services
7. Computer and information services
8. Royalties and license fees
9. Other business services
10. Personal, cultural, and recreational services
11. Government services, not included elsewhere (n.i.e.)



○ **Main proposed services components**

BPM6

1. Processing of goods
2. Repairs and maintenance of movable goods
3. Transport
4. Travel
5. Telecommunications, computer, and information services
6. Construction
7. Insurance services
8. Financial services
9. Franchise fees and property rights
10. Other business services
11. Personal, cultural, and recreational services
12. Government services, not included elsewhere (n.i.e.)

2. BOP



- **8 of them have additional detail (1/3)**

3. Transport

3.1 Sea transport

3.2 Air transport

3.3 Other modes of transport

3.4 Post and courier services

4. Travel

4.1 Business

4.2 Personal

2. BOP



○ 8 of them have additional detail (2/3)

5. Telecommunications, computer, and information services

5.1 Telecommunications services

5.2 Computer services

5.3 Information services

6. Construction

6.1. Construction abroad

6.2 Construction in the reporting country

7. Insurance services

7.1. Direct insurance

7.2 Reinsurance

8. Financial services

8.1. Explicitly charged and other financial services

8.2 FISIM

2. BOP



- **8 of them have additional detail (3/3)**

10. Other business services

9.1 Research and development services

9.2 Professional and management consulting services

9.3 Technical, trade-related, and other business services

May become
main
components

A yellow arrow points from the text 'May become main components' to a bracket that groups sub-components 9.1, 9.2, and 9.3.

11. Personal, cultural, and recreational services

11.1 Audiovisual and related services

11.2 Other personal, cultural, and recreational services

2. BOP



○ **From BPM5 to BPM6**

BPM6 should be finalized by the **end of 2008**

1. No Major changes to the framework expected
2. Should include a review of the BOP and EBOPS classifications

→Information on Revision of BMP5
<http://www.imf.org/external/np/sta/bop/iss.htm>

→Information on Update of the SNA93
<http://unstats.un.org/unsd/nationalaccount/snarev1.asp>



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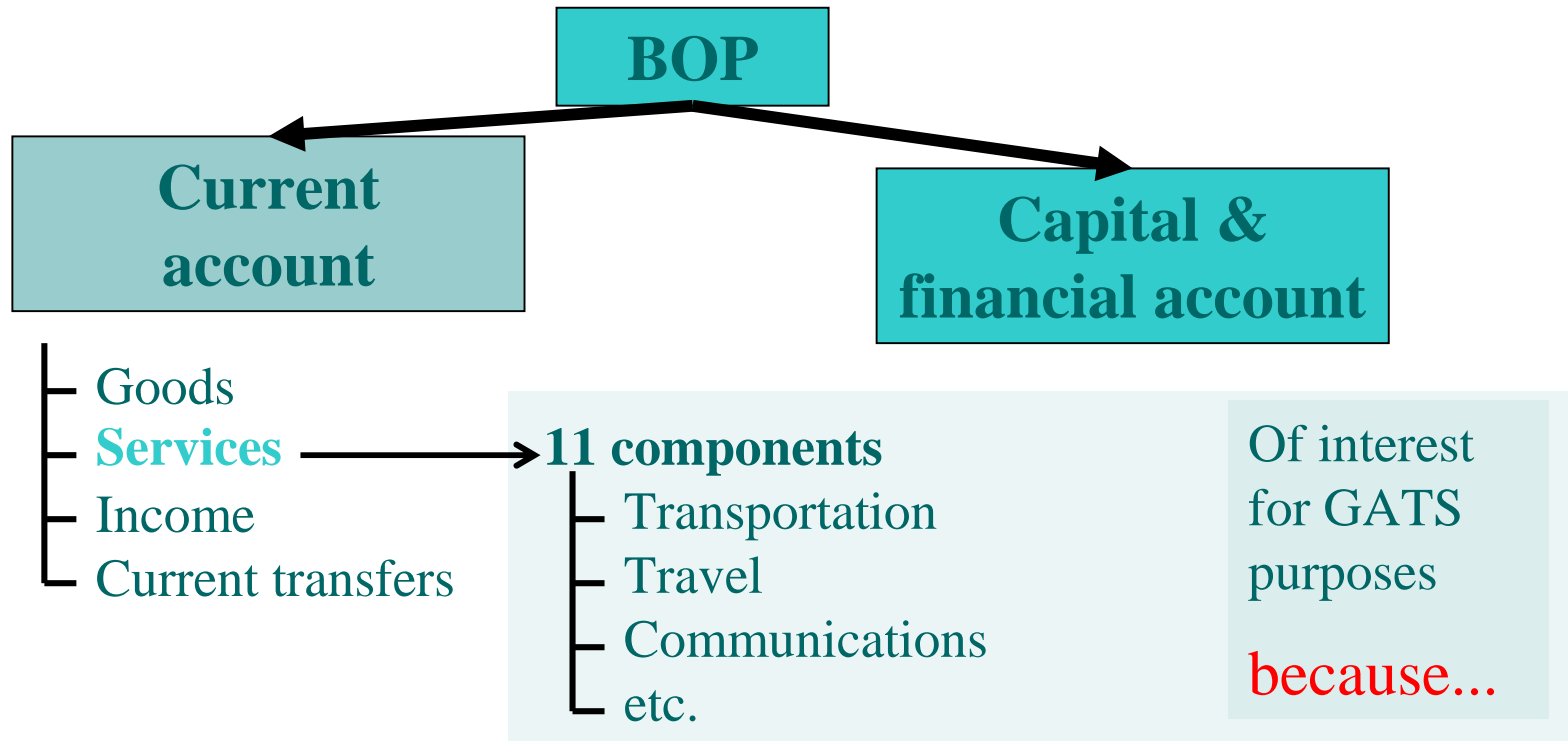
2. BOP

3. EBOPS

3. EBOPS



○ Why EBOPS?



More detail needed than 11 BPM5 services components

➔ MSITS introduces EBOPS (breakdown of BPM5 services)



○ **EBOPS main characteristics**

- mainly product-based classification
- consistent with 11 BPM5 services components
- more detailed than BPM5 services components [85]
- including additional memorandum items [24]
- Internationally accepted coding system
- Linked to CPC Version 1.0

[Correspondence table in Annex III of MSITS]

3. EBOPS



○ **EBOPS main proposed components**

Commercial services

1. Processing of goods
2. Repairs and maintenance of movable goods
3. Transport
4. Travel
5. Telecommunications, computer, and information services
6. Construction
7. Insurance services
8. Financial services
9. Franchise fees and property rights
10. Other business services
11. Personal, cultural, and recreational services
12. Government services, not included elsewhere (n.i.e.)

**Not in
GATS**

3. EBOPS



○ Proposed breakdown of main components

3. Transport

- Sea transport (passenger, freight, other)
- Air transport (passenger, freight, other)
- Other transport (passenger, freight, other)
- Post and courier services

4. Travel

- Business travel
 - Acquisition of goods and services by seasonal and border workers
 - Other
- Personal travel
 - Health-related expenditure
 - Education-related expenditure
 - Other

5. Telecommunications, computer, and information services

...

○ **The difficult CPC-EBOPS linkage (1/2)**



CPC could bring more precision to EBOPS...

Example

246 Postal and courier services

- 64240 Miscellaneous local delivery services
- 68112 Postal services related to parcels
- 68113 Post office counter services
- 68119 Other postal services
- 68120 Courier services

3. EBOPS



○ **The difficult CPC-EBOPS linkage (2/2)**

... but full correspondence is not possible, for at least 5 reasons

Reason 1

Three areas of EBOPS emphasize the mode of consumption of goods and services rather than the type of product consumed:

Travel, Construction services and Government services, n.i.e.

Reason 2

Repairs and processing goods are not (yet) services in EBOPS

Reason 3

Financial Intermediation Services Indirectly Measured (FISIM) excluded from EBOPS

Reason 4

Merchandising is (so far) present in EBOPS but has no correspondence in CPC

Reason 5

Royalties and license fees: CPC separates assets and payments for right to use, EBOPS doesn't

3. EBOPS



○ **Expected BOP/EBOPS developments**

- ❖ Repairs and Processing of Goods to be reclassified as services
- ❖ Merchandising excluded from EBOPS
- ❖ Re-arrangement of Communication services
 - Telecommunication to Computer services
 - Postal and courier services to Transport
- ❖ Construction services – adoption of EBOPS treatment in BPM6
- ❖ Inclusion of FISIM
- ❖ Alternative breakdown for Travel



شكراً جزيلاً على إنتباهكم

THANK YOU FOR YOUR ATTENTION