

# Overview of the process for updating international classifications – ISIC and CPC

Julian Chow,  
United Nations Statistics Division

Annual Seminar on National Accounts for Latin America and the Caribbean, 2023:  
Advances and challenges  
10 October 2023

# What is ISIC

- International Standard Industrial Classification of All Economic Activities (ISIC) is the international reference classification of productive activities.
  - Covering economic activities within the production boundary of the System of National Accounts (SNA)
  - A hierarchy of structure with four levels
  - All categories at each level of the classification are mutually exclusive.
- The categories are designed based on a set of coherent and consistent criteria:
  - The inputs of goods, services
  - The factors of production
  - The process and technology of production; the characteristics
  - The outputs
  - The ways in which the outputs are used.

## Purpose of ISIC

- Main purpose is to provide a set of activity categories that can be utilized for collecting and reporting statistics according to economic activities.
- Is used to classify statistical units, such as establishments or enterprises, according to the economic activity in which they mainly engage
- The set of statistical units that are classified into the same ISIC category is then often referred to as an industry, such as “the furniture industry”
- ISIC is the recommended international classification for the coding of principal economic activity of a unit in SBR, and for stratification in survey design

# ISIC Revision Process

- Original revision of ISIC was adopted in 1948
- Five revisions of ISIC so far:
  - Original Revision: 1948
  - Revision 1: 1958
  - Revision 2: 1968
  - Revision 3: 1990
  - Revision 3.1: 2002
  - Revision 4: 2008
  - (Ongoing) Revision 5
    - Revision started by TSG-ISIC in June 2019, three rounds of global consultations
    - Complete structure of ISIC, Rev. 5 was endorsed by UNSD in March 2023
    - Explanatory notes will be available soon

## 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
  - 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, implementary guidelines, etc.
  - 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.

## 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 process of the Central Product Classification (CPC)

- The Task Team on CPC (TT-CPC) was formed by the United Nations Committee of Experts on International Statistical Classifications (UNCEISC) in November 2020 to develop a new revision of CPC.
- The TT-CPC identified a list of issues, and launched a global consultation in December 2021 on the issues to consider in the CPC revision.
- The TT-CPC collaborated with various groups of experts on national accounts, environmental statistics, international trade statistics, energy statistics, tourism statistics in the discussion on the list of issues.
- A new CPC structure is under development, and will be sent to countries for consultation



## List of issues

- The TT-CPC also received a request from the Inter-secretariat Working Group on National Accounts (ISWGNA) in May 2023 to identify new digital products, such as specific products related to Data, Artificial Intelligence, Cloud, Computing services and intermediation services



## Changes in CPC as the outcome of discussion on each issue

- Agricultural products
- New products as defined in HS 2022
- Research and development
- Education services
- Environmental services
- Intermediation services
- Financial services
- Data as product
- Alignment with the Standard International Energy Product Classification (SIEC) on energy products



No.	Guidance Note
1	Detailed proposal on the treatment of non-financial intermediation services
2	CPC note on financial Services and ISIC 5
3	Incorporating data in the CPC
4	Alignment of CPC with HS 2017/2022
5	Research and Development (Division 81)
6	Education Services (Division 92)
7	Harmonization between the Standard International Energy Product Classification (SIEC) and CPC
8	Selected environmental services in CPC
9	Food products
10	Forestry products
11	Fisheries
12	Fertilizers and Pesticides
13	Accommodation services (glamping) Division 63
14	Cultural products

## List of issues

- Changes in CPC as the outcome of discussion on each issue
- The TT-CPC also received a request from the Inter-secretariat Working Group on National Accounts (ISWGNA) in May 2023 to identify new digital products, such as specific products related to Data, Artificial Intelligence, Cloud, Computing services and intermediation services

# Example: Research and development(Div. 81)

CPC Ver. 2.	CPC Ver. 2.1 title	CPC 3.0 Code	CPC 3.0 Title	Type of change
8111	Basic research services in natural sciences and engineering	8111	Research and development services in natural sciences	Change in scope
81111	Basic research services in physical sciences	81111	Research and development services in biological sciences	Change in scope
81112	Basic research services in chemistry and biology	81112	Research and development services in chemical sciences	Change in scope
81113	Basic research services in biotechnology	81113	Research and development services in computer and information services	Change in scope
81114	Basic research services in engineering and technology	81114	Research and development services in earth and environmental sciences	Change in scope
81115	Basic research services in medical sciences and pharmacy	81115	Research and development services in mathematics	Change in scope
81116	Basic research services in agricultural sciences	81116	Research and development services in physical sciences	Change in scope
81119	Basic research services in other natural sciences	81119	Research and development services in other natural sciences	Change in scope
8112	Applied research services in natural sciences and engineering	8112	Research and development services in engineering	Change in scope
81121	Applied research services in physical sciences	81121	Research and development services in civil engineering	Change in scope
81122	Applied research services in chemistry and biology	81122	Research and development services in chemical engineering	Change in scope
81123	Applied research services in biotechnology	81123	Research and development services in electrical engineering	Change in scope
81124	Applied research services in engineering and technology	81124	Research and development services in electronic engineering	Change in scope
81125	Applied research services in medical sciences and pharmacy	81125	Research and development services in environmental engineering	Change in scope
81126	Applied research services in agricultural sciences	81126	Research and development services in materials engineering	Change in scope
		81127	Research and development services in mechanical engineering	New category
		81128	Research and development services in medical engineering	New category
81129	Applied research services in other natural sciences	81129	Research and development services in other engineering	Change in scope
8113	Experimental development services in natural sciences and engineering	8113	Research and development services in technology	Change in scope
81131	Experimental development services in physical sciences	81131	Research and development services in environmental biotechnology	Change in scope
81132	Experimental development services in chemistry and biology	81132	Research and development services in industrial biotechnology	Change in scope
81133	Experimental development services in biotechnology	81133	Research and development services in development services in nanotechnology	Change in scope
81134	Experimental development services in engineering and technology			Delete
81135	Experimental development services in medical sciences and pharmacy			Delete
81136	Experimental development services in agricultural sciences			Delete
81139	Experimental development services in other natural sciences	81139	Research and development services in other technology	Change in scope
		8114	Research and development services in medical and health sciences	New category
		81141	Research and development services in basic medicine	New category
		81142	Research and development services in clinical medicine	New category
		81143	Research and development services in health sciences	New category
		81144	Research and development services in medical biotechnology	New category
		81149	Research and development services in other medical and health sciences	New category

## The way forward with CPC, Ver. 3

- Draft CPC Ver. 3.0 structure discussed at TT-CPC for discussion (28 Sept 2023)
- The structure of the draft CPC Ver.30 has been submitted to the forthcoming UNCEISC meeting (24-27 Oct 2023) for discussion and recommendation
- Global consultation of the CPC structure (Nov-Dec 2023)
- Submission as a background document to the United Nations Statistical Commission (UNSC) in 2024 (mid-January 2024)
- Seek endorsement of the CPC Ver 3.0 structure from the UNSC (March 2024)



## Webinar series on International Classifications Sprint

- Three webinars are planned for the following dates:

25 October 2023 (NY time)

29 November 2023(NY time)

31 January 2024 (NY time)

For more details, please visit: <https://unstats.un.org/unsd/classifications/Sprint>

Also, if interested, please contact [chl@un.org](mailto:chl@un.org)

Thank you!



# Intermediation services

Proposed to move all intermediation activities under Division 85 “Support services” into four newly created 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 cease to exist
- One level of detail has been removed, i.e. 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  
i.e. 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  
i.e. 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, i.e. “Tour operator services,” have been moved and restructured under 859



## 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)



## Data in the CPC

- **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

- **Update language to align 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 would 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