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INTERNATIONAL ECONOMIC AND SOCIAL CLASSIFICATIONS

Report of the Secretary-General

SUMMARY

The present report was prepared at the request of the Statistical
Commission at its twenty-eighth session with respect to the work on
international economic and social classifications. It provides an overview of
how the recommendations of the Commission concerning international statistical
classifications have been addressed since that session. The report of the
Second Meeting of the Expert Group on International Classifications, convened
in New York from 24 to 26 June 1996 is contained in annex I. Points for
discussion are set out in paragraph 8.

* E/CN.3/1997/1.

CONTENTS

I.   STATUS OF RECOMMENDATIONS

A.   Recommendations on international classifications made by
     the Statistical Commission at its twenty-eighth session

1.   The Statistical Commission, at its twenty-eighth session, endorsed the work
programme of the Expert Group on International Classifications (E/CN.3/1995/16)
and recommended:

   (a) In the field of economic classifications:[1]

   (i)   Utilizing existing groups, such as the Voorburg Group on Service
         Statistics, in the elaboration of technical details of the various
         classifications (see para. 2 (a) below and document E/CN.3/1997/5);

   (ii) Convening a second meeting of the Expert Group on International
         Classifications with the goal of identifying mechanisms to improve the
         coordination of classifications and expanding the work to include
         social classifications; the Expert Group should report to the
         Commission (see para. 2 (b) below and annex I, paras. 4 and 14);

   (iii) Continuing the work on the revision of the provisional Central Product
         Classification (CPC) by the Voorburg Group and ensuring wider
         participation of countries outside the Voorburg Group in commenting on
         proposals for revision of the classification (see paras.2 (a) and (c)
         below and document E/CN.3/1997/5);

   (iv) Including the recommendations for the CPC revision in a new version,
         labelled 1.0, after thorough consideration of the structure of CPC to
         ensure its adequacy both for reflecting new technologies and for
         facilitating future revisions (see para. 2 (e) below and document
         E/CN.3/1997/5);

   (v)   Setting up a mechanism for maintaining CPC and making efforts for a
         coordinated revision of the Harmonized Commodity Description and
         Coding System (HS) and CPC for goods and services (see para. 2 (e)
         below and annex I, para. 13 (d));

   (b) In the field of industrial statistics:[2]

   (i)   Drafting operational guidelines designed to link time series expressed
         in the International Standard Industrial Classification of All
         Economic Activities, Revision 2 (ISIC, Rev.2),[3] with new short-term
         series expressed in ISIC, Rev.3[4] (see para. 2 (f) below);

   (ii) Promoting common approaches for the conversion from national and other
         classifications to ISIC, Rev.3 and, as far as resources permit,
         assisting in training experts (see para. 2 (g) below);

> (iii) Launching a classifications hot line in the Statistics Division to handle and register queries relating to the conversion process from ISIC, Rev.2 to ISIC, Rev.3 (see para. 2 (h) below);

> (iv) Distributing to Member States manuals, correspondence tables and other technical materials to promote the implementation of ISIC, Rev.3 (see para. 2 (i) below).

B. Activities carried out in response to requests of the Commission

2.   In response to the Commission's requests, the following major activities have been carried out since the twenty-eighth session:

(a) The deep involvement of the Voorburg Group in classification development work - in particular, in the ongoing revision of CPC - continued throughout the period 1995-1996;

(b) The Second Meeting of the Expert Group on International Classifications, organized by the Statistics Division, was held in New York from 24 to 26 June 1996 with a broadening representation of countries and agencies active in the field of international economic and social classifications (see annex I for the report of the Meeting);

(c) The Classifications Subgroup of the Voorburg Group, headed by Statistics Canada, involved a large number of experts with diverse national experience. The Subgroup worked in close cooperation with the Statistics Division on finalizing the revision of the services part of CPC;

(d) On completion of a major revision process, CPC version 1.0 was finalized and discussed at a meeting of the Voorburg Group, held in Wales from 15 to 17 September 1996. The Commission has before it, at its present session, the report of the Voorburg Group describing the new CPC (see E/CN.3/1997/5); in sum, sections 5-9 of the provisional CPC have been thoroughly revised, restructured and complemented;

(e) The Expert Group agreed on a strategy for future revisions of CPC (see annex I, para. 13 (d)). Regarding the question of CPC's correspondence with HS, in the course of the revision of CPC that has just been completed, correspondences were established, checked and updated between the two classifications, as well as with ISIC, Rev.3 and the Standard International Trade Classification, Revision 3 (SITC, Rev.3) so that this information could be incorporated in the forthcoming publication on CPC;

(f) Although no specific activities with regard to the linking of time series between ISIC, Rev.2 and ISIC, Rev.3 have been carried out, correspondence tables and indexes including correspondences between the two revisions have been developed by the Statistics Division;

(g) A monitoring process for the national implementation of ISIC, Rev.3 was set up and frequent consultations have been held with national statistical

agencies for clarification of the recommendation. Regarding training, no further progress can be reported at present;

(h) The Classifications Hot Line (CHL) established in the Statistics Division is broader in scope than the one originally suggested by the Commission. It is not limited to queries regarding ISIC, but handles all kinds of requests in the field of economic and social classifications and promotes common approaches, principles and conventions relating to the use of classifications. The Hot Line is accessible by mail, facsimile or telephone and electronically on the Internet at chl@un.org. All related information is recorded and stored in an information registry database to keep track of the inquiries and take them into consideration for the planning of future improvements and the revision of classifications. CHL, which is intended to be a practical central reference service of international classifications, has been well received by users since its installation in early 1996. In the first five months, during the first phase of design and implementation, over 70 requests and queries from users have been handled through the Hot Line;

(i) Distribution of classification-related documents, publications, manuals and technical papers, including correspondence tables, continued and was not limited to ISIC. Printed documents were distributed, as were electronically transmittable files on diskettes and through the Internet by e-mail.

II. ADDITIONAL WORK ACCOMPLISHED IN THE FIELD OF INTERNATIONAL STATISTICAL CLASSIFICATIONS SINCE THE TWENTY-EIGHTH SESSION OF THE COMMISSION

3. A Classifications Inventory is being developed as part of the International Classifications Database system for global monitoring of developments in the field of classifications, recently created in the Statistics Division. Based on the recommendations of the Second Meeting of the Expert Group, the Inventory has been designed and the first round of data collection and entry has begun. The Inventory includes detailed descriptions of all classifications identified in the family of international economic and social classifications (see annex II). The International Classifications Database contains two of the main international economic classifications, namely ISIC and the provisional CPC. The Database also provides three major correspondence tables for comparing and using data originating from ISIC, HS and CPC. It also contains an alphabetical index of ISIC, Rev.3 and data for the global monitoring of the national implementation of classifications, based on information collected through questionnaires circulated by the Statistics Division in 1992.

4. The following is a brief description of the three major correspondence tables:

(a) The ISIC correspondence table compares ISIC, Rev.2 and ISIC, Rev.3 and has been updated based on the collaborative work of the Statistics Division, the Statistical Office of the European Communities (EUROSTAT), Statistics Canada and the United States Bureau of the Census. It is being distributed on request, through CHL. Moreover, a newly prepared alphabetical index to ISIC, Rev.3 (four-digit level) classes is now available for trial use from the Database;

(b) The HS correspondence table compares HS with three other classifications, namely ISIC, CPC and SITC. The initial version of the HS correspondence table was first produced and circulated by the Statistics Division in 1993. The current table is an updated version of that document, reflecting changes resulting from the revision of HS in 1996;

(c) The CPC correspondence table compares CPC with ISIC, HS and SITC. Recent changes made in this correspondence table reflect the recommendations of the Subgroup on Classifications to the Voorburg Group to adapt CPC to the newly revised HS 96 and also reflect related changes in correspondence to SITC and ISIC.

5. Work undertaken by the Organisation for Economic Cooperation and Development (OECD) on developing System of National Accounts (SNA) functional classifications, the Classification of Individual Consumption by Purpose (COICOP), the Classification of the Purposes of Non-Profit Institutions Serving Households (COPNI) and the Classification of the Functions of Government (COFOG) is assisted by the Statistics Division through circulating the draft documents of functional classifications to non-OECD member States for comment. The draft proposal of COICOP was sent in January 1996 to 140 countries and 16 international organizations, of which more than 40 countries and two international organizations have responded thus far. The remarks of countries have been summarized by the Statistics Division and all contributions have been submitted to OECD for consideration in the revision process. It is expected that the Statistics Division will conduct a similar review exercise for the newly revised Classification of the Functions of Government (COFOG).

6. A draft revised list of products and materials for the collection of international commodity production statistics has been prepared by the Statistics Division, based on PRODCOM, the list of industrial products of EUROSTAT. Tables of correspondence have also been prepared linking the draft revised list to PRODCOM, SITC, Rev.3 and HS, and work is in progress to establish correspondence with the provisional CPC. The draft revised list and its correspondence tables are available on request through CHL. The draft revised list has been circulated to selected countries and international organizations for comment.

7. As recommended by the Expert Group on International Classifications, plans are being made to review and discuss the role, purpose and structure of the draft revised list, in the light of CPC version 1.0 and SITC, Rev.3, for compilation of comparable international economic statistics. Preliminary discussions have begun between the Statistics Division and the Voorburg Group to seek ways to include the draft revised list in future work on the revision and updating of the goods part (sections 0-4) of CPC.

III. POINTS FOR DISCUSSION

8. The Statistical Commission may wish to discuss, based on the conclusions and recommendations of the Expert Group: (a) the preparation of a module, for use in the Common Code of Statistical Practice in the United Nations System, on best practices for the development and use of international classifications (see

annex I, para. 8 (h)); and (b) strategies for bridging differences between all commodity nomenclatures through increased dissemination and use of CPC, with specific attention to the goals of future work on the revision of the goods part (sections 0-4) of CPC (see para. 7 above and annex I, para. 13 (d)).

Notes

[1] Official Records of the Economic and Social Council, 1995, Supplement No. 8 (E/1995/28), para. 46.

[2] Ibid., para. 16.

[3] Statistical Papers, Series M, No. 4, Rev. 2 (United Nations publication, Sales No. E.68.XVII.8).

[4] Statistical Papers, Series M, No. 4, Rev.3 (United Nations publication, Sales No. E.90.XVII.11).

Annex I

REPORT OF THE SECOND MEETING OF THE EXPERT GROUP ON
INTERNATIONAL CLASSIFICATIONS

1.   The Second Meeting of the Expert Group on International Classifications was
convened in New York from 24 to 26 June 1996 at the request of the Statistical
Commission, based on the recommendation of the Expert Group at its first
meeting, in 1994. At that meeting, the Expert Group prepared a plan for
improving the coordination of future work on international classifications,
which contained the following conclusions:

    (a) Classification work is important and resource-intensive:

    (i) It is an ongoing process, involving the development, maintenance,
         updating, implementation and dissemination of classifications;

    (ii) The preparation of indexes, tables of correspondence, and guidance for
          use are integral parts of the overall work;

    (b) International, multinational and national classifications are
interrelated;

    (c) The existing classification groups are, in some cases, linked and they
are often used together;

    (d) Within some groups of classifications (at least the activity group and
the goods and services group), one or two "core" classifications can be
identified.

2.   The Expert Group also recognized that important additional work must be
undertaken, mainly for identifying mechanisms to improve coordination. Because
of the growing interdependence of classifications, there was general agreement
that further work on classifications could not be carried out effectively unless
a network was established defining the relations between classifications.

Terms of reference of the Second Meeting of the Expert Group on
International Classifications

3.   In order to move towards the identification of mechanisms for improving
coordination, it was recommended that the United Nations Statistics Division
convene a second meeting of the Expert Group to consider three topics: (i) a
network of classifications: the conceptual linkages; (ii) coordinating
mechanisms in a setting of linked and interrelated classifications; and
(iii) social statistics: where do they fit into the picture? It addition, it
was requested that at the second meeting the Expert Group formulate further
recommendations for improving coordination that would be reported to the
Statistical Commission in 1997. Participants in the second meeting included
representatives of international and multinational organizations and
representatives of a limited number of countries. A list of participants is
contained in the appendix below.

I.   CONCLUSIONS AND RECOMMENDATIONS ON IMPROVING CLASSIFICATIONS AND THEIR LINKAGES

4.   The Expert Group agreed to focus its attention on economic and social classifications and recognized the usefulness of exploring linkages between existing classifications and considering ways to harmonize their concepts as a part of a family of classifications. The Expert Group identified the components of such a network or family of international economic and social classifications that required further coordination and work (see annex II for a list containing the family of classifications).

5.   Some members felt that the notion of "core classifications" as described at the first Meeting of the Expert Group brought in the idea of a hierarchy of classifications that was not necessary. The Expert Group preferred the term "reference classifications".

6.   The Expert Group considered that the coordination and harmonization of international classifications required that proper attention be given to the following: examining the adequacy of classifications and signalling the need for the preparation of new classifications; identifying links and inconsistencies among them; considering the developmental requirements of existing and new classifications and responding to them in an organized manner.

7.   The Expert Group agreed that in addition to the need for further development of the family of classifications, concerted attention must be paid to learning more about existing classifications with particular reference to the translation and wording of similar concepts and terms across classifications. Information about the family of classifications should include an inventory of their availability, scope, links, correspondences, details and plans for revision. Those attributes must be shared through coordinating mechanisms such as the development of a classifications inventory and the dissemination and exchange of ideas and information through the Classifications Hot Line. The Expert Group also agreed that it was necessary to identify the custodians responsible for and mandated to carry out revisions of international classifications, their developmental changes and implementation schemes, in order to ensure that their conclusions and recommendations were widely distributed for further discussion and consideration.

II.   CONCLUSIONS AND RECOMMENDATIONS REGARDING THE PROCESS OF IMPROVING COORDINATION ACROSS THE FAMILY OF CLASSIFICATIONS

8.   The Expert Group identified problems that justified the need for closer cooperation and further development, as follows:

     (a) No central registration of problems regarding consistency of concept and measurement between classifications and the general economic and social statistics frameworks;

     (b) Unjustified inconsistency in the use of the same concept across international classifications;

(c) Lack of transparency and easy access to information on the development and maintenance of classifications;

(d) Lack of documentation as to why and how certain changes were decided in the various revision processes;

(e) Timing problems in the revision process, providing insufficient opportunity for the full participation of and contributions from the international statistical community;

(f) Lack of a coordinating mechanism for bilateral and multilateral work between countries wishing to exchange technical assistance and information on classifications and related matters;

(g) Insufficient guidelines, strategies and methods for implementing international classification standards at the national level;

(h) Lack of a statement of best practices for the development and use of international classifications;

(i) Lack of availability of harmonized country and area classifications.

9.   The Expert Group did not consider it useful or necessary to create a new coordinating body and agreed instead on a coordinating mechanism in which the Statistics Division would play a pivotal role. It stressed the importance of the coordination role of the Statistics Division in resolving differences and in harmonizing classifications, including further work on the development of correspondence tables, and, where appropriate, in assisting in the identification of classification commonalities. The Expert Group also stressed the need for increased opportunities for the exchange of information on existing economic and social classifications. Five major roles were identified for the Statistics Division in the resolution of the above-mentioned problems, the first four of which would be usefully supported by an inventory of classifications:

(a) Providing a central point for registering both existing and proposed classifications;

(b) Increasing access to the classifications by the international community and national statistical offices through a full display and wide provision of information;

(c) Identifying the custodians of classifications and the official points of contact and encouraging the exchange of information between them;

(d) Providing notice of the revision process and the implications of changes being made, and assisting in identifying potential problems with proposed modifications with respect to the consistency and harmonization of existing classifications;

(e) Proactive signalling to the Statistical Commission of issues requiring a larger forum for solutions.

10. In addition to the above roles, the Statistics Division has an advisory function and the responsibility for mobilizing outside expertise and for conducting meetings, as needed, to seek solutions to common problems and explore areas not already covered. It should also improve dissemination of information for reducing inefficiencies caused by duplicate activities.

11. The Expert Group agreed with the Statistics Division that notwithstanding its pivotal role in classifications, its capability could be augmented by seeking assistance from national statistical offices and from other multinational and international agencies.

12. It is proposed that statistical classifications be included as a standing item on the agenda of the Statistical Commission.

13. In view of the major roles of the Statistics Division described in paragraph 9 above, the Expert Group made proposals for defining the immediate steps related to the question of coordination that need to be taken by the Statistics Division to implement the recommendations of the Second Meeting. They include:

     (a) Continuing the ongoing work, in cooperation with Eurostat and other interested organizations, on the development of the inventory of classifications;

     (b) Developing and extending the use of the Classifications Hot Line;

     (c) Disseminating current information on classifications through the expanded use of electronic media, such as the Internet, and through circulars;

     (d) Requesting country assistance through, for example, the Voorburg Group, to conduct a review of and revise the goods part of CPC; and verifying the role, purpose, function and conceptual basis for the revision of the goods part of CPC;

     (e) Continuing work on the correspondence tables;

     (f) Cooperating with relevant organizations on the ongoing revisions of the classifications;

     (g) Recording and making available rulings on classifications.

14. Suggestions were made for the agenda of the Third Meeting of the Expert Group, to be held in 1997. It was recommended that the name of the Group be changed to Expert Group on International Economic and Social Classifications so as to reflect the conclusions of the present meeting. The agenda of the Third Meeting would include reporting on the progress of work based upon the recommendations of the Second Meeting of the Expert Group; and bringing together custodians of key classifications and considering their development plans and key problems. In particular, the participation of custodians of social classifications was stressed in order to give emphasis to the importance of social dimensions in the family of classifications.

Annex II

FAMILY OF INTERNATIONAL ECONOMIC AND SOCIAL CLASSIFICATIONS*

Economic Activities

    Reference

     ISIC

    Derived

     ANZSIC, NACE

    Related

     NAICS

Goods and services

    Reference

     CPC, HS

    Derived

     CPA, SITC

    Related

     Trade in services

Expenditure by purpose

    COFOG, COICOP, COPNI, COPP

Employment and occupation

    ICSE, ISCO

Social

    ICD, ICIDH, ISCED

Country

    M49 Standard Country or Area Codes for Statistical Use

Other

    Geographic

    Time use[a]

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    * The abbreviations are written out in full in the appendix below.

    [a] Included as a potential new classification that might provide another bridge between social and economic classifications.

Appendix

ABBREVIATIONS

ANZSIC   Australian and New Zealand Standard Industrial Classification

COFOG   Classification of the Functions of Government

COICOP   Classification of Individual Consumption by Purpose

COPNI   Classification of the Purposes of Non-Profit Institutions Serving
          Households

COPP   Classification of Outlays of Producers by Purpose

CPA   Classification of Products by Activity

CPC   Provisional Central Product Classification

HS   Harmonized Commodity Description and Coding System

ICD   International Statistical Classification of Diseases and Related Health
          Problems

ICIDH   International Classification of Impairments, Disabilities, and
          Handicaps

ICSE   International Classification of Status in Employment

ISCED   International Standard Classification of Education

ISCO   International Standard Classification of Occupations

ISIC   International Standard Industrial Classification of All Economic
          Activities

M49   Standard Country or Area Codes for Statistical Use

NACE   General Industrial Classification of Economic Activities within the
          European Communities

NAICS   North American Industry Classification System

SITC   Standard International Trade Classification

Appendix

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