

Statistical Commission
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Background document
Available in English only

Items for discussion and decision: International economic and social classifications

International economic and social classifications

Current developments

Prepared by UNSD, UNESCO, FAO, IMF.

1. Introduction

1. At its thirty-eighth session, the Statistical Commission considers two reports, namely the Report of the Secretary-General on International Economic and Social Classifications (E/CN.3/2007/10), which focuses on the implementation of the recently approved International Standard Industrial Classification of All Economic Activities (ISIC), Rev.4 and the Central Product Classification (CPC), Ver.2, and the Report of the International Labour Office on updating the International Standard Classification of Occupations (ISCO) (E/CN.3/2007/11).

2. However, these two reports do not reflect the total scope of classifications work carried out in the previous year. This background document provides information on other projects of revisions within the Family of International Classifications that have been carried out during the previous year or are planned for the near future.

3. This information has been provided by the agencies involved in these projects, namely the United Nations Educational, Scientific and Cultural Organization (UNESCO), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Statistics Division (UNSD) and the International Monetary Fund (IMF).

2. UNESCO Institute for Statistics update on the work on Classifications in the fields of Education, Culture, Communications and Science and Technology

a. International Standard Classification on Education (ISCED 97)

4. The UIS appointed a staff member full-time to work on ISCED at the beginning of 2006 to take on the work on ISCED for which UNESCO has lead responsibility. One of the main objectives is to finalize the guide for the implementation of the ISCED which will include practical examples of the classification of diverse programmes around the world to help countries apply the standard consistently and hence improve international comparability. An ISCED specific questionnaire was sent out as part of the Survey 2007 programme. This questionnaire will collect a broader range of metadata on all of education programmes and their characteristics including both formal and non-formal sectors, as stipulated in the ISCED 97 classification. During 2006, detailed discussions were held with different countries during the UIS' annual workshops as well as with international agencies and UN agencies that use the ISCED in order to enhance co-operation at all levels. The outputs expected from these meetings will also contribute to the identification of potential problems or classification issues that need to be addressed either in the guide mentioned above or in any possible future revision of the ISCED 97.

b. Science, Communication and Information

5. UIS revived its Science programme in 2003 following an international review and has since taken forward its responsibility for science and communications statistics under

the UN mandate. Following agreement with OECD UIS has adopted a policy of producing annexes to OECD standards which discuss their potential adaptation for developing countries. Such annexes have been published as part of OECD Oslo manual on innovation statistics (2005 edition) and the OECD Guidelines to Measuring the Information Society (2005 edition). In 2007 we will be working on a similar though larger 'annex' for the OECD Frascati manual on R&D statistics.

c. Culture

6. The UNESCO culture statistics framework dates to 1986. During 2006 UIS has begun the review of this standard to update it with regard to trends such as globalisation, ICT developments, as well as to reflect the intangible heritage, traditional knowledge and other areas of concern.

3. Status of the revision process of agricultural classifications

7. Since the last session of this Commission, in which the new structure of CPC v.2.0 was approved, FAO has continued, in close collaboration with TSG and UNSD, working on review of the draft CPC documents and preparation of supplementary materials for agriculture, forestry, fisheries, and food in the new CPC. To verify the linkage of the items in CPC with HS to be complete and correct, every link of agricultural products with HS codes in the latest version of CPC has been checked in both directions: from CPC to HS, and from HS to CPC. Some inconsistent and missing items have been identified and noted. At the same time, explanatory notes for agricultural products in CPC have been compiled, which is necessary because, while HS is used as a definition for the CPC subclasses, it does not work for those CPC subclasses that include partial links to HS. Since many changes and additions have been made for agricultural products in this new CPC, to provide additional guidance to CPC users has become imperative. To follow the usual format used for CPC explanatory notes, definitions are provided for individual products, and, when necessary, descriptions are provided for the 4-digit class level so that for a residual category its definition can be based on the description of the class. These definitions and descriptions are supplemented with statements of inclusions and exclusions to facilitate cross-reference and enhance links between CPC and HS. The first draft of the explanatory notes was submitted to the TSG meeting in June 2006 for review and comments. The second draft has been submitted to UNSD for further discussion and inclusion in the publication of CPC v.2.0.

8. Accordingly, while the review and revision of the FAOSTAT list of commodities are underway, a step forward to harmonize the FAOSTAT list of commodities with international classifications made since the beginning of 2006 is to construct a correspondence table of the new FAOSTAT list of commodities with respect to the old FAOSTAT list of commodities, the new CPC v.2.0, and HS codes. To build a correspondence table is part of the review process for both the new and old FAOSTAT lists. The correspondence table provides useful and detailed information on how many items are newly added to the new list, what changes have been made on the contents of

each of the new items, and what is the exact relationship between FAOSTAT list, HS and the new CPC. It is a vital tool to ensure continuity and comparability of the new FAOSTAT list of commodities. As in any other statistics, a clear link to the previous version of a list of commodities is important to maintain the consistency of the related statistical time series. So far, the correspondence table has been built for production sector in terms of both outputs and inputs, the latter covering areas of agricultural machinery, fertilizers, and pesticides. A similar review and correspondence table will also be conducted and constructed for FAOSTAT agricultural trade statistics. Once completed, the correspondence table can serve as a practical conversion tool for countries to migrate from the old FAOSTAT list of commodities to the new one, as well as for those seeking clarification on the content of the new FAOSTAT list.

9. In close collaboration with ILO, FAO has been actively participating in the process of updating the International Standard Classification of Occupation (ISCO-88). Following up the earlier submission of FAO Proposal to ILO to arouse awareness for a necessary thorough review of the related occupations in agriculture, forestry, and fisheries in ISCO in order to meet the needs of statistical programmes in these areas, with its expertise and specialty, FAO has continued to provide technical advice and assistance in the review of the new revised structures and the recommendation of proper terminology to be used for categories provided by the Technical Expert Group for Updating ISCO-88. Similar to other classifications, comprehensive considerations are required here to strike a balance between the desired level of detail in analysis and the actual challenges faced by data collection in the fields, between the requirements for international comparison and special needs at the national level, and between the particular situations of industrial countries and those of the developing countries. Joint and cooperative efforts are making the new ISCO towards a better and more suitable use in agriculture, forestry, and fisheries along with those in other fields.

4. The Standard International Trade Classification, Revision 4 (SITC, Rev. 4) and the Classification by Broad Economic Categories (BEC)

10. The Statistical Commission, at its thirty-fifth session (2-5 March 2004), agreed with the conclusion of the inter-agency Task Force on International Merchandise Trade Statistics that the fourth revision of SITC was needed in view of accumulated changes in the Harmonized Commodity Description and Coding System (HS). Accordingly, the Statistics Division began the revision exercise in mid-2004 and finalized the publication (Series M No. 34/Rev. 4) in the summer of 2006.

11. In the revision process, the scope remained the same as of SITC, Rev. 3, in that it covers all goods classifiable in HS except for monetary gold, gold coin and current coin. All SITC, Rev. 4 basic headings (except for 911.0 and 931.0) are defined in terms of HS07 subheadings. SITC, Rev. 4 retains the overall structure of SITC, Rev. 3 and consists of the same number of sections, divisions and groups. Changes are at the level of basic headings and some subgroups. In all, 235 basic headings of SITC, Rev.3 were no longer used in SITC, Rev. 4 and 85 new basic headings were introduced.

12. The publication provides codes and description of each of the 2970 SITC, Rev. 4 basic headings and corresponding HS07 subheading(s) codes. In addition, there are three appendices: Appendix I (correspondence table correlating subheadings of HS07 to the basic headings of SITC, Rev. 4), Appendix II (correspondence table correlating basic headings of SITC, Rev. 4 to basic headings of SITC, Rev. 3) and Appendix III (correspondence table correlating basic headings of SITC, Rev. 3 to basic headings of SITC, Rev. 4).

13. Many countries and national and international organizations continue to use SITC for various purposes, such as study of long-term trends in international merchandise trade and aggregation of traded commodities into classes more suitable for economic analysis. SITC, Rev. 4 is available in the UN Statistics Division website. The English version of the publication (Series M No. 34/Rev. 4) was submitted for printing and translation into the remaining five official UN languages on 26 September 2006.

14. The Classification by Broad Economic Categories (BEC) will be reviewed to ensure that its current structure relating to transportable goods is still appropriate. The correlation tables between the BEC categories and subheadings of the Harmonized Commodity Description and Coding System, 2007 edition, and the Standard International Trade Classification, Revision 4 will be developed and submitted to the Expert Group on International Economic and Social Classifications for a review. In addition, a possible extension of the BEC to services products and the development of a link between the BEC and the Central Product Classification (CPC) will be considered. Proposals for such a work programme will be tabled at the next meeting of the Expert Group in April 2007.

5. IMF Statistics Department

15. The Statistics Department of the IMF has responsibility for, among other things, the balance of payments statistics methodology; guidelines are published in the *Balance of Payments Manual, fifth edition (BPM5)*. These guidelines include a set of standard components and additional detail, essentially a classification system for transactions between residents and nonresidents of an economy. A section of the classification, that which describes international trade in services, is described in an appendix to *BPM5* in terms of the provisional CPC.

16. *BPM5* is currently being revised, in tandem with the *SNA*, and the list of standard components and additional detail will be revised. A draft is currently under consideration by the IMF Committee on Balance of Payments Statistics (which is guiding the revision) and will be circulated publicly in the next few weeks. Once the content is finalized, the IMF will work with UNSD to produce a correspondence table between the services section of the classification and CPC Ver. 2. The revised *BPM* is expected to be published in late 2008.

17. The UN Interagency Task Force on Statistics of International Trade in Services has begun work to update the *Manual on Statistics of International Trade in Services (MSITS)*. The classification of services recommended in this manual is based on that of *BPM5*, and will be revised in line with the revision to *BPM5*. The tables showing the correspondence between the *MSITS* services classification and CPC Ver. 1.0 will also be updated.