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**Items for discussion and decision: international
statistical classifications**

Report of the Expert Group on International Statistical Classifications

Note by the Secretary-General

In accordance with Economic and Social Council decision 2020/211 and past practices, the Secretary-General has the honour to transmit the report of the Expert Group on International Statistical Classifications. In the report, the Expert Group describes the work related to the development and implementation of international statistical classifications in various fields. It also describes its work on the coordination of classifications work and the international family of statistical classifications. The Expert Group also presents the outcome of the work of the Technical Subgroup on the International Standard Industrial Classification of all Economic Activities (ISIC) on the review of the International Standard Industrial Classification of All Economic Activities, Revision 4.

The Commission is invited to comment on the issues described in the present report.

* [E/CN.3/2021/1](#).



Report of the Expert Group on International Statistical Classifications

I. Introduction

1. The Expert Group on International Statistical Classifications was charged by the Statistical Commission at its thirtieth session, held from 1 to 5 March 1999, with improving cooperation on international classifications and ensuring harmonization and convergence among classifications in the international family of statistical classifications ([E/1999/24](#), chap. VII).
2. The international family of statistical classifications comprises the classifications that play the role of standard classifications in individual or multiple statistical domains and that have been reviewed and approved as guidelines by the Statistical Commission or another competent intergovernmental body on such matters as economics, demographics, labour, health, education, social welfare, geography, environment and tourism.
3. The present report provides an overview of the main activities in the area of international statistical classifications carried out since the forty-ninth session of the Statistical Commission, held in 2018.

II. Activities of the Expert Group since 2018

4. Since the previous report of the Expert Group to the Statistical Commission in 2018, the Group has continued its role as the central body for the current and future work on classifications that are the responsibility of the Statistics Division of the Department of Economic and Social Affairs of the Secretariat. The Expert Group has promoted the adoption of best practices in the development of international statistical classifications, coordinated work on statistical classifications that are members of the international family of statistical classifications and ensured that international statistical classifications are fit for purpose and suitable for use across a range of statistical activities.
5. The visibility of the Expert Group has been enhanced with the refresh of the classifications and Expert Group web pages hosted on the Division's website. That has included updating the format and content of the international family of statistical classifications using the structure of the classification of statistical activities, as well as the updating of other Expert Group documentation.
6. Pursuant to Statistical Commission decision 51/125 and the exercise of the Friends of the Chair group on economic statistics to explore ways to streamline the current arrangement of groups in order to achieve more coordinated and coherent working methods (see [E/CN.3/2020/27](#)), the Expert Group is in the process of revising its mandate and its operational functions to reflect the new terminology, structures and frameworks as endorsed at the fifty-first session of the Commission. The main changes in the terms of reference of the Expert Group relate to the adoption of a new terminology that includes a change to its name, from the Expert Group on International Statistical Classifications to the "United Nations Committee of Experts on International Statistical Classifications", and the use of the term "task teams" instead of "technical subgroups". At the time of reporting, the revised terms of reference are being reviewed by the Group and will be submitted to the Commission as a background document.
7. In response to the initiatives put forward by the Friends of the Chair group on economic statistics, the Expert Group provided a coordinated and detailed response

to the questionnaire supporting the initiatives proposed and also identifying areas for future research and development.

8. In addition, the Expert Group continued to collaborate with and support the work done by international agencies such as the Food and Agriculture Organization of the United Nations, the United Nations Office on Drugs and Crime, the International Labour Organization, the Pacific Community and the Institute of Statistics of the United Nations Educational, Scientific and Cultural Organization.

9. The Expert Group reviewed and endorsed the International Classification of Non-Tariff Measures prior to its presentation and endorsement at the forty-ninth session of the Statistical Commission.

10. The work of the Expert Group was administered by the Bureau, which meets to ensure that the Expert Group functions consistently throughout the period, that individual work elements are carried out, and that guidance and communication is facilitated for the Expert Group on matters pertaining to international statistical classifications.

III. Work of the technical subgroups

A. International Standard Industrial Classification of All Economic Activities, Revision 4

11. The Expert Group received a report from the Technical Subgroup on the International Standard Industrial Classification of All Economic Activities (ISIC), in which the Technical Subgroup outlined the work undertaken to assess the issues with the current version of ISIC and for determining any need to revise ISIC. The work included reviewing issues that had been raised at the 2016 ISIC meeting and emerging issues arising from national and regional reviews of statistical classification of economic activities, such as the Statistical Classification of Economic Activities within the European Communities (NACE), the North American Industry Classification System (NAICS), the Philippine Standard Industrial Classification (PSIC) and so on. The report of the Technical Subgroup on ISIC is submitted to the Statistical Commission as a background document.

12. The Technical Subgroup on ISIC identified a consolidated list of issues and circulated them in a global consultation to national statistical offices and other agencies and international organizations. The responses were reviewed, and an initial set of recommendations was made to the Expert Group. The Expert Group requested a more complete content review, which resulted in a more comprehensive list of issues for the Technical Subgroup to assess.

13. Regular virtual meetings of the Technical Subgroup on ISIC were held, along with the use of a “wiki” to facilitate discussion and discuss possible solutions to the issues raised. As a result, a recommendation for a revision of ISIC was made to the Expert Group.

14. Having reviewed the recommendation paper from the Technical Subgroup on ISIC, and noting:

- The work of the Friends of the Chair group on economic statistics
- The revision of the System of National Accounts (SNA)
- The work on the review of the statistical units through a joint task team on statistical units

the Expert Group agreed that a comprehensive revision of ISIC should take place during 2021 with the submission of an updated ISIC to the Statistical Commission in March 2022. That takes into consideration the ongoing revision processes of relevant regional industry classifications such as NACE and NAICS. It is envisaged that a possible new update could be undertaken in 2025, along with the update of other international statistical standards of the system of economic statistics.

15. The Statistical Commission is invited to endorse the revision process for ISIC and provide comment on the issues and timeline provided in the background document entitled “Review of the International Standard Industrial Classification of All Economic Activities (ISIC): report of the Technical Subgroup on ISIC to the Expert Group on International Statistical Classifications”.

16. When endorsed by the Statistical Commission, a new set of terms of reference for the task team on ISIC will be drafted to assess the known issues with ISIC and to identify any new issues such that a revision can be undertaken. The proposed new terms of reference of the Task Team on ISIC are submitted to the Statistical Commission as a background document.

B. Central Product Classification, Version 2.1

17. The Expert Group has noted that a parallel revision of the Central Product Classification (CPC) would be of great assistance in the resolution of the issues pertaining to ISIC and the impending revisions of the Harmonized Commodity Description and Coding System (HS) to HS 2022 and the Standard International Energy Product Classification. It is clear from many of the economic activity issues identified in the assessment of issues pertaining to ISIC that an updated CPC would facilitate integrated and improved statistics, and that a number of issues are more product oriented. A revision of CPC is proposed by the Technical Subgroup on ISIC and recommended by the Expert Group for endorsement by the Statistical Commission.

18. When endorsed by the Statistical Commission, a new set of terms of reference for the task team on CPC is to be drafted to assess the known issues with CPC, and to identify any new issues such that a revision can be undertaken. The proposed new terms of reference of the Task Team on CPC are submitted to the Statistical Commission as a background document.

C. Classification of business functions

19. Work has been undertaken to produce a classification of business functions to support international sourcing surveys and their need to collect information on both domestic and international sourcing. The classification is intended for use in the production of business statistics and as a tool for statistical analysis. The scope of the classification is restricted to enterprises as defined by SNA 2008. Business functions are defined as a grouping of common tasks that enterprises must carry out on a regular basis, either internally or externally, in order to bring goods or services to market.

20. The classification is intended to go beyond the traditional product or activity breakdown (CPC or ISIC) and provide categories that are more relevant to the way in which companies structure their operations. Such a classification will be very important in the measurement of outsourcing and the distribution of global value chains as well as relating business functions to international trade flows.

21. A global consultation on the classification of business functions is to be undertaken in early 2021, and the task team on the classification of business functions

is expected to finalize and submit to the Expert Group an international classification of business functions, its relationship to CPC and ISIC, and the guidelines for its implementation at the end of 2021.

IV. Other work on international classifications

22. The Expert Group continued to liaise and collaborate with custodians and task teams who are reviewing their statistical classifications, by providing advice on best practices; reviewing the concepts and principles of existing and emerging international classifications; facilitating the harmonization of related classifications; reviewing classifications against the criteria for inclusion in the international family; and facilitating or undertaking classification reviews when appropriate.

23. The Expert Group continues to engage in the emerging initiatives in global and regional statistical classifications as well as work undertaken on metadata standards and associated classification management systems.

24. Key areas of engagement relate to:

- The Pacific Community work on regionalization and adoption of international classifications in the Pacific, particularly in the review of the Pacific Classification of Individual Consumption according to Purpose.
- The Expert Group on Innovative and Effective Ways to collect Time-Use Statistics.
- Technical Working Group on Sendai Hazard Definitions and Classification of the United Nations Office for Disaster Risk Reduction and the International Science Council.
- The joint task team on interactive and digitally enabled statistical standards for economic statistics and classifications.
- The joint task team on statistical units together with experts from national accountants, balance of payments, statistical classifications, business and trade statistics.
- The review of the classification of statistical activities.

V. Future work of the Expert Group

25. The Expert Group will continue to expand its areas of interest to include wider statistical classification matters such as environmental classifications, disaster risk reduction statistics, integration of statistical and geospatial classifications, big data impacts and other new areas of official statistics. In addition, the Group will explore the utilization of the Sustainable Development Goals as a mechanism for promoting the role and work of the Expert Group. Work on new and innovative approaches for the development and maintenance of international statistical classifications, such as the use of metadata modelling, will continue in an effort to rationalize and reduce the time and cost associated with the cyclical review process.

VI. Action to be taken by the Statistical Commission

26. **The Commission is invited:**

- (a) **To endorse the revision of the International Standard Industrial Classification of All Economic Activities, Revision 4;**

- (b) To endorse a revision of the Central Product Classification, Version 2.1;
 - (c) To support the revision of the mandate and the operational functions of the Expert Group on International Statistical Classifications to reflect the new terminology, structures and frameworks as recommended by the Friends of the Chair group on economic statistics, including the name change to the United Nations Committee of Experts on International Statistical Classifications as indicated in paragraph 6 above;
 - (d) To comment on the work carried out by the Expert Group and on its future work.
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