

**Strengthening the Capacity of  
National Authorities and Regional Organisations  
in respect of Services Statistics**

**Situational Assessment**

**Final Report**

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**Annex I**

**Standard International Classifications**

## STANDARD INTERNATIONAL CLASSIFICATIONS

### INTRODUCTION

#### *Major Statistical classifications.*

The two major classifications that are used to collect business statistics are industry and product classifications. The current United Nations standard classifications relevant for services statistics are the International Standard Industrial Classification (ISIC Rev3) and the Central Product Classification (CPC v 1.0. Both will soon be superseded by updated versions in 2002. That of the IMF for international transactions in services is the Balance of Payments classification in the fifth edition of the Balance of Payments Manual (BPM5) and most recently the extended BOP classification of services (EBOPS) in the Manual on Statistics of International Trade in Services.

#### *International Standard Industrial Classification (ISIC Rev 3)*

[see Annex II below]

The International Standard Industrial Classification is the international standard for industry statistics and for the production accounts of the System of National Accounts. Though all industries can produce services there are certain industries that primarily produce services. These can be found even in the tabulation categories of Agriculture, Forestry, Fishing, Mining, Manufacturing and Electricity, Gas and Water as 'services incidental to'. They are placed among the goods producing industries because they are services mainly used by these sectors of the economy (very important among these are services incidental to Mining) but they are also of relevance to the compilation of services statistics. In the context of domestic production, goods producing industries are also regarded as producing services when they undertake 'custom work' on material owned by others, but this is not always the case in the context of international trade. However, the remaining tabulation categories are primarily services producing and have been shown in full detail in the table reproduced below.

#### *Provisional CPC and BOP Classification of international transactions in Services (BPM5)*

[ see Annex III below for the BOP classification]

The Provisional CPC was so described because the UN Statistical Commission wished countries to test its use in data compilation. The services part of the Provisional CPC at the three, four and five digit levels, was composed of 109 Groups, 315 classes and 675 sub-classes.

In most countries, the only source of international trade in services data, is that which is assembled by or for the compilers of the Balance of Payments. The Balance of Payments has its own Classification of International Transactions in Services that constitutes the standard components for Services. To date this list is much less detailed than the full detail of the services part of the CPC.

The BOP Classification of International Transactions in Services (BPM 5) at the most detailed level is composed of 30 categories in all. There are 11 components, further broken down into another 10 sub-components, two of which, in turn, are further sub-divided into seven.

The BOP Manual (BPM5) shows a rough relationship between the BOP Classification of International Transactions in Services and corresponding categories of the CPC. The 30 categories of the BOP relate to varying levels (mostly groups and sometimes classes) of the Provisional CPC. In the case of one component, Miscellaneous business, professional and technical services, the BOP actually drew upon the groups of the Provisional CPC to create the detail for the BOP classification, but the CPC groups are rearranged and regrouped into special BOP aggregations, for the BOP classification.

Because the Provisional CPC was designed for use in a test mode, and there was no international program of data collection. Data classified to the Provisional CPC was available at an internationally comparable level only to the extent that it was compiled for the BOP classification.

### ***GATS Sectoral Classification (GNS/W/120)***

*[ see Annex IV below ]*

The WTO used varying levels of the Provisional CPC, to define the boundaries of legal agreements relating to commitments made by countries to liberalise trade in services under the GATS. It created the GATS Services Sectoral Classification (GNS/W/120) to assist countries to describe commitments embodied in agreements for the Uruguay Round of the GATS negotiations. At the time, the Provisional CPC was the only available international product classification for services. Commitments were made in agreements defined by the CPC boundaries of the GNS/W/120 list. Not all countries use the CPC and its codes to describe their commitments but many do.

The GNS /W /120 is a much more detailed classification than the BOP classification. There are some 155 categories in all, grouped into 12 sectors and 56 sub-sectors.

The relationship of the GNS/W/120 categories with the Provisional CPC is as follows: Of the 155 categories, 51 are Provisional CPC groups, 9 are combinations of Provisional CPC groups, and about 44 are Provisional CPC classes. The remaining, 51 categories are CPC sub-classes or lower and they are very largely concentrated in two sectors Telecommunications and Financial Services, which are areas for which special GATS agreements unrelated to the CPC were drawn up.

### ***CPC v.1.0 and EBOPS***

*[ see Annex III below for EBOPS. See Annex V and VI for CPC v 1.0 and EBOPS]*

In 1999, the Provisional CPC was superseded by CPC v.1.0. For the compilation of services statistics, the only relevant UN international standard now is CPC v 1.0

The services part of CPC v 1.0 at the three, four and five digit levels, is composed of 109 Groups, 420 classes (compared to the earlier 315) and 950 sub-classes (compared to the earlier 675).

Now that the Provisional CPC has been superseded by CPC v 1.0, it is the CPC v 1.0 at the group and class level that should be selectively considered for application in a program of statistical data collection for domestically produced services.

In the current environment in which there is a demand on the part of trade policy analysts and trade negotiators for data, the UN Statistical Commission has approved the Manual on Statistics of International Trade in Services (MSITS) produced by an interagency Task Force. The earlier BOP Classification of International Trade in Services has now been extended to go further towards meeting the need for more detailed international trade in services data. The extended balance of payments classification (EBOPS) continues to have 11 components. These are now further sub-divided at the most detailed level into some 59 categories (compared to the earlier 30), but it is still nowhere as detailed as the lowest level of the GATS Sectoral Classification (GNS/W/120)

### ***Relationship between statistical and legal classifications***

*[ see Annexes V and VI below for correspondences between EBOPS, CPC v 1 and GNS w/120]*

Classifications serve a dual purpose. They provide descriptions and definitions of classes and groups of classes that enable an entity to be classified within a hierarchical structure. Statistical Classifications are designed to collect, and classify statistics to facilitate analysis. Examples of statistical classifications are the CPC , BOP classification and EBOPS. The detail or some intermediate level of the same classifications can also be regrouped and used for a legal purpose such as for the GATS agreements or Protocol II of the Caribbean Community. An example of a legal classification is the GATS Services Sectoral Classification known as GNS W/120.

### ***Industries and Products***

*[ see Annex VII below for ISIC and EBOPS]*

Industries produce products and industries may produce both goods and services, the same product may be produced by more than one industry. Services statistics should be collected in both dimensions. Production and international traded services should be measured and compared in terms of products. However, depending upon the level of detail at which comparisons are being made and in situations in which output data are not available in terms of products, approximations may need to be made and output data compiled in terms of ISIC industries may need to be compared with EBOPS categories. Initially foreign affiliate trade statistics might also only be available in terms of ISIC categories. The table that relates ISIC and EBOPS categories in the Manual on Statistics of International Trade in Services is provided as reference.

### ***Tourism Statistics, the Tourism Satellite Account (TSA) and EBOPS***

*[see annex VIII below ]*

For the compilation of the Balance of Payments, certain categories of expenditure by international visitors are included in the Travel component. The travel component includes both goods and services. These need to be separated and the services categories need to be disaggregated. A description of the relationship between the TSA and EBOPS is provided in MSITS and the first draft of the relationship between the Tourism characteristic products of the TSA and EBOPS has been prepared by the WTO.