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## POSSIBLE ISIC CODIFYING SYSTEMS

Supporting paper submitted by the United Nations Statistics Department, New York

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## POSSIBLE ISIC CODIFYING SYSTEMS

This documents outlines different options for applying a coding system to ISIC. At this point, this is just an illustration of different options and no specific recommendation in favour of any of these options has been made by the Technical Subgroup.

While the coding may not necessarily affect the structure of the classification, there are other reasons that influence decisions on the coding system used. Many classifications use pure numerical coding systems, making relations between codes at varying levels more intuitive and easier to handle in most database systems. The use of letters ( $\mathrm{A}, \mathrm{B}, \ldots$ ) at the highest level of ISIC Rev. 3 has been criticized by many countries. However, given the fact that ISIC Rev. 3 uses 17 categories at the top level, a single digit code at this level could not be used.

An additional concern is the length of the codes being used. Codes that are longer than those in previous ISIC versions may result in additional implementation costs. For instance, if data is stored in sequential files, all computer routines accessing data in such files may need to be rewritten.

Similar questions have to be asked for ISIC Rev.4. The current proposal shows 22 categories at the top level of the classification, as set out in the separate document on the ISIC structure. If the proposed highlevel aggregation of about 10 categories (see Part II of the ISIC structure paper) becomes part of the classification, additional constraints will apply.

An additional problem presents itself in the area of Manufacturing. The current draft structure for ISIC Rev. 4 shows 16 divisions in Manufacturing. Therefore, a simple extension of the code by one digit (if a pure numerical code is used) is not sufficient. Alternatives include the use of letters (as in ISIC Rev.3) or a splitting of Manufacturing in several subcategories.

Many codifying systems are possible, depending on the tree structure shape as well as creating constraints on the structure depending on the chosen systems. We try here to provide a broad view of the various codifying systems depending on the choices and their consequences.

The following options are discussed in this paper:

1. Numerical, assuming 22 items at the top level
2. Use of letters for top categories, assuming 22 items at top level
3. Use of numbers for top level, assuming inclusion of an additional top level
4. Use of letters for top levels, assuming inclusion of an additional top level
5. Additional "intermediate" level for manufacturing activities

## 1 - Numerical, assuming 22 items at the top level

1a - If we consider the "basis" of the structure is the " 22 item level" and that the codifying system is based on a 4-digit numeric code, we get the following. The top level has to be coded with two digits, as it covers more than ten categories.
(the last level just is provided as example; the example just covers the beginning of the classification)

## 01 Agriculture, hunting, fishing, forestry

011 Agriculture and related services
0111 Crop production; market gardening; horticulture
0112 Animal production
0113 Mixed agriculture
0115 Incidental services to agriculture
012 Fish farming
0121 Open sea fish farming
0122 Other fish farming

013 Fishing
0131 Deep sea fishing
0132 Costal and lagoon fishing
0133 Lake and river fishing

014 Hunting and trapping
0140 Hunting and trapping

015 Forestry and logging
0151 Forestry
0152 Logging
0153 Incidental services to forestry and logging

## 02 Mining and quarrying

021 Mining and extracting coal, lignite and peat
0211 Mining and extracting coal
0212 Mining and extracting lignite
0213 Mining and extracting peat
0214 Incidental services to coal, lignite and peat extraction
022 Extracting crude petroleum and natural gas (incl. Incidental services)
0221 Extracting crude petroleum and natural gas
0222 Incidental services to crude petroleum and natural gas extraction
023 Mining and quarrying metallic ores
0231 Mining uranium and thorium
0232 Mining and quarrying ferrous ores
0233 Mining and quarrying non-ferrous ores

024 Mining and Quarrying non-metallic ores
0241 Mining and quarrying stones, sand and clays
0242 Mining and quarrying chemical and fertilizer minerals
0243 Production of salt
0244 Other mining and quarrying n.e.c.
etc.
All the details presently in ISIC Rev. 3 are not possible to code, as there is not enough space in the four digit code. To accommodate the current ISIC detail, a 5-digit code would have to be used. This becomes even more obvious in the Manufacturing domain.

1b - If we want to increase the detail of ISIC (for instance to account for the current detail in ISIC Rev.3, possibly even more), with the same basis structure, we need a fourth level that means a 5 -digit level:

## 01 Agriculture, hunting, fishing, forestry

011 Agriculture and related services
0111 Crop production; market gardening; horticulture
01111 Growing of cereals and other crops n.e.c.
01112 Growing of vegetables, horticultural specialties and nursery products
01113 Growing of fruit, nuts, beverage and spice crops
0112 Animal production
01121 Farming of cattle, sheep, goats, horses, asses, mules and hinnies; dairy farming
01129 Other animal farming; production of animal products n.e.c.
0113 Mixed agriculture
01130 Mixed agriculture
0114 Incidental services to agriculture
01150 Incidental services to agriculture
012 Fish farming
0121 Open sea fish farming
01210 Open sea fish farming
0122 Other fish farming
01220 Other fish farming

013 Fishing
0130 Fishing
01301 Deep sea fishing
01302 Costal and lagoon fishing
01303 Lake and river fishing

014 Hunting and trapping
0140 Hunting and trapping
01400 Hunting and trapping

015 Forestry and logging
0151 Forestry
01510 Forestry
0152 Logging
01520 Logging
0153 Incidental services to forestry and logging
01530 Incidental services to forestry and logging
etc.
The same detail as presently used in ISIC Rev. 3 is possible (even more detailed than presently as shown in Fishing and Fish farming) but with 5 numeric digits (not always necessary).

1c - To get the same detailed result with only 4 digits is almost possible by fully using the second and third level. That means to split either at the second level (3 digits) or/and at the third level (4 digit). In such a case, a part of the structure is lost:

```
0 1 ~ A g r i c u l t u r e , ~ h u n t i n g , ~ f i s h i n g , ~ f o r e s t r y ~
011 Agriculture and related services
    0 1 1 1 ~ G r o w i n g ~ o f ~ c e r e a l s ~ a n d ~ o t h e r ~ c r o p s ~ n . e . c .
    0 1 1 2 ~ G r o w i n g ~ o f ~ v e g e t a b l e s , ~ h o r t i c u l t u r a l ~ s p e c i a l t i e s ~ a n d ~ n u r s e r y ~ p r o d u c t s
    0 1 1 3 \text { Growing of fruit, nuts, beverage and spice crops}
    0114 Farming of cattle, sheep, goats, horses, asses, mules and hinnies; dairy farming
    0 1 1 5 \text { Other animal farming; production of animal products n.e.c.}
    0 1 1 6 ~ M i x e d ~ a g r i c u l t u r e ~
    0 1 1 7 ~ I n c i d e n t a l ~ s e r v i c e s ~ t o ~ a g r i c u l t u r e ~
012 Fish farming
    0121 Open sea fish farming
    0122 Other fish farming
0 1 3 ~ F i s h i n g
    0 1 3 1 ~ D e e p ~ s e a ~ f i s h i n g ~
    0 1 3 2 ~ C o s t a l ~ a n d ~ l a g o o n ~ f i s h i n g
    0 1 3 3 ~ L a k e ~ a n d ~ r i v e r ~ f i s h i n g
0 1 4 \text { Hunting and trapping}
    0 1 4 0 ~ H u n t i n g ~ a n d ~ t r a p p i n g
015 Forestry and logging
    0 1 5 1 ~ F o r e s t r y ~
    0 1 5 2 ~ L o g g i n g
    0 1 5 3 ~ I n c i d e n t a l ~ s e r v i c e s ~ t o ~ f o r e s t r y ~ a n d ~ l o g g i n g ~
etc.
```

Even with such a solution, which would provide a very unbalanced tree-structure (see 011 above), all the requested or needed elementary classes would not be always possible (even it seems possible for the beginning of the classification).

## $\underline{2-U s e ~ o f ~ l e t t e r s ~ f o r ~ t o p ~ c a t e g o r i e s, ~ a s s u m i n g ~} 22$ items at top level

2a - Whether we remove the numeric digit constraint and replace the first two digits by letters (considering $22<26$ letters) we can remain at a 4-digit maximum, while keeping the same level of detail. In such a case we get, for instance:

## A Agriculture, hunting, fishing, forestry



02 Fish farming
020 Fish farming
0201 Open sea fish farming
0202 Other fish farming

03 Fishing
031 Deep sea fishing
0310 Deep sea fishing
032 Costal and lagoon fishing
0320 Costal and lagoon fishing
033 Lake and river fishing
0330 Lake and river fishing

04 Hunting and trapping
040 Hunting and trapping
0400 Hunting and trapping

05 Forestry and logging
050 Forestry and logging
0501 Forestry
0502 Logging
0503 Incidental services to forestry and logging

Note: Fishing (split at the second level) and Forestry and logging (split at the third level) show that it is possible to play on both levels together to increase or not the number of possible items.

## B Mining and quarrying

11 Mining and extracting coal, lignite and peat
111 Mining and extracting coal, lignite and peat
1111 Mining and extracting coal
1112 Mining and extracting lignite
1113 Mining and extracting peat
112 Incidental services to coal, lignite and peat extraction
1120 Incidental services to coal, lignite and peat extraction

12 Extracting crude petroleum and natural gas (incl. Incidental services)
120 Extracting crude petroleum and natural gas (incl. Incidental services)
1201 Extracting crude petroleum and natural gas
1202 Incidental services to crude petroleum and natural gas extraction
13 Mining and quarrying metallic ores
131 Mining uranium and thorium
1310 Mining uranium and thorium
132 Mining other metallic ores
1321 Mining and quarrying ferrous ores
1332 Mining and quarrying non-ferrous ores
14 Mining and Quarrying non-metallic ores
141 Mining and quarrying stones, sand and clays

1411 Mining and quarrying stones, sand and clays
142 Other mining and quarrying
1421 Mining and quarrying chemical and fertilizer minerals
1422 Production of salt
1423 Other mining and quarrying n.e.c.
etc.
We can verify that replacing two figures by a letter at the first level insures the use of only 4 digits and is enough to create the same detail as in ISIC Rev.3. Varying the splits of the second and third level also increases the number of possible items, if needed.

## 3 - Use of numbers for top level, assuming inclusion of an additional top level

3a-A strong request for an "aggregated" level (as in the ISIC rev. 2) needs to be taken into account. The single constraint considering such an inclusion is the link between the previous first level (either two numeric digits or a letter) and the following ones. If the choice is using only numbers (only using 4 digits) :

## 1 Agriculture, hunting, fishing, forestry

## 10 Agriculture, hunting, fishing, forestry

101 Agriculture and related services
1011 Growing of cereals and other crops n.e.c.
1012 Growing of vegetables, horticultural specialties and nursery products
1013 Growing of fruit, nuts, beverage and spice crops
1014 Farming of cattle, sheep, goats, horses, asses, mules and hinnies; dairy farming
1015 Other animal farming; production of animal products n.e.c.
1016 Mixed agriculture
1017 Incidental services to agriculture
102 Fish farming
1021 Open sea fish farming
1022 Other fish farming
103 Fishing
1031 Deep sea fishing
1032 Costal and lagoon fishing
1033 Lake and river fishing
104 Hunting and trapping
1040 Hunting and trapping
105 Forestry and logging
1051 Forestry
1052 Logging
1053 Incidental services to forestry and logging

## $2 \quad$ Mining and quarrying

## 20 Mining and quarrying

201 Mining and extracting coal, lignite and peat
2011 Mining and extracting coal
2012 Mining and extracting lignite

2013 Mining and extracting peat
2014 Incidental services to coal, lignite and peat extraction
202 Extracting crude petroleum and natural gas (incl. Incidental services)
2021 Extracting crude petroleum and natural gas
2022 Incidental services to crude petroleum and natural gas extraction
203 Mining and quarrying metallic ores
2031 Mining uranium and thorium
2032 Mining and quarrying ferrous ores
2033 Mining and quarrying non-ferrous ores

204 Mining and Quarrying non-metallic ores
2041 Mining and quarrying stones, sand and clays
2042 Mining and quarrying chemical and fertilizer minerals
2043 Production of salt
2044 Other mining and quarrying n.e.c.

With only 4 digits the items existing in the ISIC rev. 3 are possible but a part of the full structure is lost.

## 4 - Use of letters for top levels, assuming inclusion of an additional top level

The same "top-top" level is also possible using letters at the second level (option A) or at the second and third level (option B) with the same details and no more than four digits with the full structure as presented in the version 2a.
Option A implies a strict link between the first and the third level ( 0 to $01,02,03,04,05 ; 1$ to $11,12,13,14$ ). Option B implies a link between the first two levels. In such a case we come back to the present situation of NACE Rev. 1 the EU classification, which also includes sub-sections codified with 2 letters.

## Option A

## A Agriculture, hunting, fishing, forestry

01 Agriculture and related services
011 Crop production; market gardening; horticulture
0111 Growing of cereals and other crops n.e.c.
0112 Growing of vegetables, horticultural specialties and nursery products
0113 Growing of fruit, nuts, beverage and spice crops
012 Animal production
0121 Farming of cattle, sheep, goats, horses, asses, mules and hinnies; dairy farming
0122 Other animal farming; production of animal products n.e.c.
013 Mixed agriculture
0130 Mixed agriculture
014 Incidental services to agriculture
0140 Incidental services to agriculture

02 Fish farming
020 Fish farming
0201 Open sea fish farming
0202 Other fish farming

03
Fishing

| 031 | Deep sea fishing |
| :---: | :---: |
|  | 0310 Deep sea fishing |
| 032 | Costal and lagoon fishing |
|  | 0320 Costal and lagoon fishing |
| 033 | Lake and river fishing |
|  | 0330 Lake and river fishing |
| Hunting and trapping |  |
| 040 | Hunting and trapping |
|  | 0400 Hunting and trapping |
| Forestry and logging |  |
| 050 | Forestry and logging |
|  | 0501 Forestry |
|  | 0502 Logging |
|  | 0503 Incidental services to forestry and logging |

## B Mining and quarrying

11 Mining and extracting coal, lignite and peat
111 Mining and extracting coal, lignite and peat
1111 Mining and extracting coal
1112 Mining and extracting lignite
1113 Mining and extracting peat
112 Incidental services to coal, lignite and peat extraction
1120 Incidental services to coal, lignite and peat extraction
12 Extracting crude petroleum and natural gas (incl. Incidental services)
120 Extracting crude petroleum and natural gas (incl. Incidental services)
1201 Extracting crude petroleum and natural gas
1202 Incidental services to crude petroleum and natural gas extraction
13 Mining and quarrying metallic ores
131 Mining uranium and thorium
1310 Mining uranium and thorium

132 Mining other metallic ores
1321 Mining and quarrying ferrous ores
1332 Mining and quarrying non-ferrous ores

14 Mining and Quarrying non-metallic ores
141 Mining and quarrying stones, sand and clays
1411 Mining and quarrying stones, sand and clays

142 Other mining and quarrying
1421 Mining and quarrying chemical and fertilizer minerals
1422 Production of salt
1423 Other mining and quarrying n.e.c.
etc.

We can verify as in the codifying version 2a that more detail than in ISIC rev. 3 is possible and the full structure is kept.

## Option B

## A Agriculture, hunting, fishing, forestry

AA Agriculture and related services
01 Crop production; market gardening; horticulture
011 Growing of cereals and other crops n.e.c.
012 Growing of vegetables, horticultural specialties and nursery products
013 Growing of fruit, nuts, beverage and spice crops
02 Animal production
021 Farming of cattle, sheep, goats, horses, asses, mules and hinnies; dairy farming
022 Other animal farming; production of animal products n.e.c.
03 Mixed agriculture
030 Mixed agriculture
04 Incidental services to agriculture
040 Incidental services to agriculture
$A B$ Fish farming
05 Fish farming
051 Open sea fish farming
052 Other fish farming
AC Fishing
06 Deep sea fishing
061 Deep sea fishing
07 Costal and lagoon fishing
071 Costal and lagoon fishing
08 Lake and river fishing
081 Lake and river fishing
AD Hunting and trapping
09 Hunting and trapping
090 Hunting and trapping

AE Forestry and logging
10 Forestry and logging
101 Forestry
102 Logging
103 Incidental services to forestry and logging

## B Mining and quarrying

BA Mining and extracting coal, lignite and peat
11 Mining and extracting coal, lignite and peat
111 Mining and extracting coal


The important remark concerning such a method (1 letter then 2 letters then 2 figures then 3 figures) provides the same details as in ISIC Rev. 3 with only 3 digits (that means a possible further level, so more detail if needed than in ISIC Rev. 3).

The main problem concerning a requested top-top level is that near everybody agree the needs but nobody agree on the list of the items which could compose such a level (see discussion in ISIC structure paper).

## 5 - Additional "intermediate" level for manufacturing activities

Which structure should be used in Manufacturing? Should the single "Manufacturing" category be split immediately into 16 subcategories (option A)? Or with an intermediate level ( 4 or 5 groupings) then to further details (option B)?
The options influence the codifying systems that could be chosen.
Remark: this question can be mixed with the previous one providing more complex solutions not seen here.

The draft structure shown in the ISIC structure paper reflects option A.

## Option A

## Manufacturing

Manufacture of food products, beverages and tobacco products
Manufacture of textiles, wearing apparel, fur, leather and related products
Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
Manufacture of paper and paper products
Printing and reproduction of recorded media
Manufacture of coke, refined petroleum products and nuclear fuel
Manufacture of chemicals and chemical products
Manufacture of rubber and plastics products
Manufacture of other non-metallic mineral products
Manufacture of basic metals
Manufacture of fabricated metal products, except machinery and equipment
Manufacture of machinery and equipment n.e.c.
Manufacture of computers, communications equipment, electronic components
Manufacture of electrical equipment
Manufacture of transport equipment
Manufacture of furniture; manufacturing n.e.c.

Option B (as well the intermediate groupings at the second breakdown are just examples to illustrate the consequences on the structure and on the codes. Here the choice of the intermediate groupings is based on the "processes".)

```
Manufacturing
    Manufacture of food products, beverages and tobacco products
        Manufacture of food products (incl. Preparation of crops)
        Manufacture of beverages
        Manufacture of tobacco products
    Manufacture of textiles, wearing apparel, fur, leather and related products
        Manufacture of textile
        Manufacture of wearing apparels and fur
        Manufacture of leather and related products (excl. Wearing apparels)
    Manufacture of wood and wood products
        Manufacture of wood and wood products
        Manufacture of pulp, paper and paperboard
        Printing, reproduction of media
    Manufacture of petroleum products, chemicals, chemical products, plastics and rubber
        Refining of petroleum; manufacture of coke and nuclear fuels
        Manufacture of chemicals and chemical products
        Manufacture of plastic and rubber products
    Manufacture of metals, machines, transport and electric/electronic equipments
        Manufacture of basic metals
        Manufacture of metal products
        Manufacture of machinery and equipment n.e.c.
        Manufacture of electrical appliances and components
        Manufacture of electronic components, computers and communication equipments (ICT goods)
        Manufacture of transport equipment
Manufacturing n.e.c.
        Manufacture of other non-metallic mineral products
        Manufacture of furniture and related products
        Manufacture of domestic appliances n.e.c.
        Manufacture of optical instruments, photographic equipment, watches and clocks
        Miscellaneous manufacture n.e.c.
```

An intermediate level, is firstly more structuring and secondly allows more items at the equivalent level of Divisions (presently 22 in ISIC rev. 3; only 16 in the option A; 23 in the option B, even more if needed). But the main consequences concern the "codes": all the codifying systems are not possible with option A.

The consequences of the previous "structuring" problem concern the codifying system: which one could
be applied considering the shape of the tree-structure in Manufacturing?

## $1^{\text {st }}$ hypothesis: the choice of a numeric codifying system limited at 4 digits

Option A: real problems
Manufacturing at the level " 22 items" is coded with two figures, so the 16 items splitting the Manufacturing need three digits (and this level is only the current Division level). The following breakdowns need two more digits, which results in a codifying system with 5 numeric digits to obtain the same details that in the ISIC rev. 3.

Option B: some problems
Manufacturing is pulled to the top level. The intermediate level is put on the level " 22 items". The Manufacturing item needs 1 digit, the intermediate breakdowns need 2 digits and the equivalent Division level (last presented level) only 3 digits.
If we consider the present ISIC Rev. 3 structure, two more digits are necessary that also means a codifying system with 5 numeric digits to obtain the same details as in ISIC Rev. 3.

## $2^{\text {nd }}$ hypothesis: the choice of a alphanumeric codifying system limited at 4 digits (but offering 5 levels considering the use of letters).

Option A: no problem
Manufacturing at the level " 22 items" is coded with one or two letters, so the 16 items splitting Manufacturing need 2 digits. The same detail as in ISIC Rev. 3 needs two more digits: a codifying system with 4 figures is enough.

## Option B: no problem

Manufacturing is pulled to the top level (one figure or one letter). The intermediate level is put on the no more than " 26 items" level (respectively one or two letters). The equivalent Division level (last presented level) uses only 2 digits as presently the Division level (if, of course, the number of items remains under 100; what was verified before).
If we consider the present ISIC Rev. 3 structure, two more digits are necessary that means a codifying system with 4 digits to obtain the same details as in ISIC Rev. 3 (or more if needed).

It seems clear an intermediate level in the Manufacturing domain and an alphanumeric codifying system are options that should be taken into account.

However, the codifying system is not the only reason:

- remember the weight of Manufacturing in national economies is between $15 \%$ and $30 \%$. Such an item among about 25 items whose the average weight would be $3 \%$ could seem "a little too much sized" while among 9 items (top level) it would not seem "too big";
- remember also that two aggregated levels codified with letters is not an obstacle to only use figures for data input (only using the numeric keypad): it is highly unlikely to input data at the aggregated levels (no more than 25 items) that means only the other levels (numeric codes) are used. After this, the aggregation becomes a correspondence table problem while processing data.


[^0]:    Paper posted on Internet as submitted by the United Nations Statistics Department, New York.

