



System of
Environmental
Economic
Accounting

SEEA classification issues for the ISIC and CPC revisions

Julian Chow

United Nations Statistics Division

4 October 2021



United Nations

Overview

- UNSC at its 52nd session endorsed the recommendation of the Expert Group on International Statistical Classification to revise ISIC Rev. 4 and CPC Ver. 2.1 (See E/CN.3/2021/30)
- Separate Task Teams on ISIC and CPC have been formed to conduct the revision process
- The UNCEEA community was invited to participate in the two task teams to contribute to the revision process by :
 - Providing input to existing classification issues
 - Identify a list of additional SEEA-relevant classification issues for consideration

CPC revision schedule

□ Timeline

- Mar 2021 – UNSC mandates the revision of CPC
- Sept-Dec 2021 – conduct a global consultation to collect issues with the classification and review results of that consultation
- Jan- Dec 2022 – Develop a complete draft structure of the revised CPC and conduct a global consultation on the revised CPC
- Mar 2023 – adoption of the revised CPC by the UNSC.

□ First task team meeting conducted (25 August); meetings will be conducted once every 3-week time for the remaining of year to advance the revision

Main drivers of CPC revision

- ❑ Identifying digital goods and assets
- ❑ Adapting to current global trade (specialized versus non-specialized products)
- ❑ Addressing global environmental and social issues (green economy and humanitarian, health and safety products)
- ❑ Addressing protection of society and the fight against terrorism
- ❑ Addressing technological advances (fibre, metal forming machinery)
- ❑ Addressing goods specifically controlled under various Conventions

SEEA-related issues for CPC revision

❑ SEEA-relevant issue on the list:

- Addressing global environmental and social issues (green economy and humanitarian, health and safety products) is considered as one of the main drivers of CPC issues
- Account for environmental products and services in either new or existing categories is considered as one of the issue to be addressed
- Review underlying principles, application and use of CPC
- Definition of goods, services and products

❑ Specific SEEA issues identified

- Better reflection of energy products and alignment with the Standard International Energy Product Classification (SIEC)
- Review links of CPC and the Classification of Environmental Activities
- Review treatment of waste in CPC
- Addressing environmental products and services related to thematic approaches, such as climate change, biodiversity, “green products” and “bioeconomy”, “bioproducts”. “blue products” etc
- Products related to circular economy

ISIC revision schedule (As of 22 July 2021)

Meeting	Tentative list of topics for discussion
Tue, 22 June	<ul style="list-style-type: none"> - organization of the work for the revision of the issues - update wiki space for TT-ISIC
Tue, 27 July	<p>TBC</p> <ul style="list-style-type: none"> - Issue 1-Section G, Wholesale and Retail Trade - Issue 6d: Robotics and artificial intelligence (Switzerland will lead the discussion)
Tue, 17 Aug	<p>TBC</p> <ul style="list-style-type: none"> - Issue 3: Section J, Information and Communication and Issue 6b Social media and search engines - Issue 6e – Cloud technologies - Issue 7: Additional activities, breakdowns, decreased relevance/obsolete activities, grey areas
Tue, 7 Sept	<p>TBC</p> <ul style="list-style-type: none"> - Issue 4: Treatment of FGP (moving to later to follow up the discussion on globalization within the SNA) and crypto currency - Statistical units
Tues, 28 Sept	<p>TBC</p> <ul style="list-style-type: none"> - Issue 2(plus): Intermediaries - Other issues as they are identified by other statistical groups
Tue, 12 Oct	<p>TBC</p> <ul style="list-style-type: none"> - Issue 5: Section K: Treatment of new activities in the financial sector such as Fintech, peer-to-peer lending that make use of new technological advances <p>Final review of TT-ISIC</p>
25 October	Organization of the global consultation
October-November	Global Consultation (Latest update on 28 September: Postponed to January 2022)
1-5 December	Submission of report to UNSC

SEEA-related issues for ISIC revision

- ❑ Short window of opportunity to contribute given the tight schedule

- ❑ Way for our community to contribute
 - Provide comments to existing issues identified by the Task Team
<https://unstats.un.org/unsd/statcom/52nd-session/documents/BG-3k-TSG-ISIC-report-to-EGISC-E.pdf>
 - Biofuel (Issue 7b1)
 - Electric cars, charging stations (Issue 7b2)
 - Burning waste for gas or electricity (Issue 7h)

 - Identify additional issue relevant to SEEA with a clear description of issues
 - Climate change mitigation
 - Management, conservation and restoration of ecosystem biodiversity

Issues in classifying climate mitigation activities in existing ISIC structure

Climate change mitigation activities	Relevant group/class in ISIC Rev.4	Description	Issues
Carbon farming	Class 0161 (Support activities for crop production)	Covers maintenance of land to keep it in good ecological condition for agriculture use	The scope of this class only limited to land for agricultural use
	Group 813 (Services to buildings and landscape activities)	Covers maintenance of land in order to keep it in good ecological condition,	No distinction of on activities that lead to carbon sequestration and carbon storage in land.
Afforestation and reforestation	Group 021 (Silviculture and other forestry activities)	Covers growing of standing timber: planting, replanting, transplanting, thinning and conservation of forests and timber tracts,	No distinction on afforestation and reforestation activities for carbon retention in this group
Manufacturing of electric vehicles	Division 29 (Manufacturing of motor vehicles)	Covers the manufacture of motor vehicles.	No distinction on manufacture of electric car in this group
Electric power generation by non-carbon emitting sources	Group 351 (Electric power generation, transmission and distribution)	Covers the generation of bulk electric power, transmission from generating facilities to distribution centers and distribution to end users	No distinction on energy power generation by energy source
Construction of energy efficiency building	Division 41 (Construction of buildings)	Includes general construction of buildings of all kinds	No distinction on construction of energy efficiency buildings (passive buildings) and the activities of refurbishment of old buildings to increase energy efficient)
Installation of solar panels	Group 432 (Electrical, plumbing and other construction installation activities)	Includes installation activities that support the functioning of a building as such, including installation of electrical systems, plumbing (water, gas and sewage systems), heat and air-conditioning systems, elevators etc. Including maintenance and repair.	No distinction on installation of solar panels
Insulation activities	Group 433 (Building completion and finishing)	Cover building completion work	No distinction on insulation activities

Proposal on classifying climate mitigation activities in ISIC

- Carbon sequestration and carbon storage
 - Carbon capture and storage in subsoil
 - Carbon sequestration and storage in biomass
- Energy power generation by non-carbon emitting sources
- Manufacture of electric vehicles
- Construction of low energy buildings (passive buildings)
- Installation of solar panels and insulation activities

Energy power generation by non-carbon emitting sources

Division	group	class	Description
Division 35			Electricity, gas, steam and air conditioning supply
	351		Electric power generation
		3511	Thermal energy production, except nuclear plants;
		3512	Nuclear energy production;
		3513	Hydroelectric energy production;
		3514	Production of electricity from solar source;
		3515	Production of eolic electricity;
		3516	Production of electricity from biomass;
		3517	Production of electricity from other renewable sources (geothermal, waves, ...)

Manufacture of electric vehicles

Division	group	class	Description
Division 29			Manufacture of motor vehicles, trailers and semi-trailers'
	291		Manufacture of motor vehicles
		2911	Manufacture thermal vehicles
		2912	Manufacture of electric vehicles

Section F: Construction

Division	group	class	Description
Division 41			Construction of buildings
	411		Construction of buildings, exclude passive buildings
	412		Construction of passive buildings
	413		Energy efficient refurbishment of existing building

Division	group	class	Description
Division 43			Specialized construction activities
	431		Demolition and site preparation
	432		Electrical, plumbing and other construction installation activities
		4321	Electrical installation
		4322	Plumbing, heat and air-conditioning installation
		4333	Installation of solar panels
		4329	Other construction installation
	433		Building completion and finishing
		4331	Insulation activities
		4339	Other building completion and finishing activities
	439		Other specialized construction activities

Carbon capture and storage in subsoil

With regard to **carbon capture and storage** in the subsoil the proposal is to create a new class, there are several options where this would fit in ISIC:

- a) In Division B “Mining and quarry”, based on the technical nature of this activity it probably is best put under this division. It could be a new group under Division 09, namely Group 092 “carbon capture and storage”. However, it is noted that i) carbon capture and storage as such is not mining (taking natural resources out of the ground) and ii) also not directly a supporting activity for other mining activities.
- b) In ISIC O “Public administration and defence; compulsory social security”, an option is to create a new class under Group 841 “Administration of the State and the economic and social policy of the community” or Group 842 “Provision of services to the community as whole”. However, based on the technical nature of the activity, the question is whether it could be put under the provision of public administration services.
- c) In ISIC Q “Human health and social work activities”, an alternative option is to create a new Group in the sense that they are services provided for the collective common good (i.e., climate change mitigation), although it does not really seem to fit under Division 86, 87 or 88.
- d) Other proposal on how to reflect such activities in ISIC is welcome.

Carbon sequestration and carbon storage in biomass

With regard to activities related to **carbon sequestration and storage in biomass**, a new class could be created, or this activity could be included in one of the existing ISIC classes (with the proper description in the explanatory notes:

- a) Inclusion in Class 0161 (Support activities for crop production),
- b) Inclusion in Group 021 (Silviculture and other forestry activities),
- c) Inclusion Group 813 (Services to buildings and landscape activities) or in the new group 814 ecosystem management (*to be proposed in the other note*).
- d) Other proposal on how to reflect such activities in ISIC is welcome.

Proposal on classifying ecosystem management and restoration activities in ISIC

- Ecosystem management activities
- Public administration on ecosystem management and climate regulation
- Nature reserves and protect areas

Ecosystem management activities

Division	group	class	Description
Division 81			Services to buildings and landscape activities
	811		Combined facilities support activities
	812		Cleaning activities
	813		Landscape care and maintenance service activities
	814		Ecosystem management activities
		8411	Protection of soil and water
		8412	Biodiversity and landscape
		8413	Sustainable management of forest resources
		8419	Other ecosystem management activities

Public administration activities on ecosystem management and climate regulation

Division	group	class	Description
Division 84			Public administration and defence; compulsory social security
	841		Administration of the State and the economic and social policy of the community
		8421	General public administration activities
		8422	Regulation of the activities of providing health care, education, cultural services and other social services, excluding social security
		8423	Regulation and contribution to more efficient operation of business
		8424	Public administration activities on ecosystem management and climate regulation

Nature reserve and protected area activities

Division	group	class	Description
Division 91			Libraries, archives, museums and other cultural activities
	910		Libraries, archives, museums and other cultural activities
		9101	Library and archives activities
		9102	Museums activities and operation of historical sites and buildings
		9103	Botanical and zoological gardens and nature reserve activities
		9104	Nature reserve and protected areas activities

The London Group is invited to

1. Suggest additional SEEA-relevant classification issues with clear description for consideration for the CPC revision
2. Comment on the proposal on classifying climate mitigation activities in ISIC
 - In particular on how to reflect activities related to carbon storage in subsoil and in biomass
3. Comment on the proposal on classifying ecosystem management and restoration activities in ISIC
4. Contribute to the ISIC and CPC revision process by providing substantive input or becoming one of the resource person

- ❑ Specific SEEA issues identified in CPC
 - Better reflection of energy products and alignment with the Standard International Energy Product Classification (SIEC)
 - Review links of CPC and the Classification of Environmental Activities
 - Review treatment of waste in CPC
 - Addressing environmental products and services related to thematic approaches, such as climate change, biodiversity, “green products” and “bioeconomy”, “bioproducts”. “blue products” etc
 - Products related to circular economy
- ❑ Proposal on classifying Climate change mitigation activities in ISIC
 - Carbon sequestration and carbon storage
 - Energy power generation by non-carbon emitting sources
 - Manufacture of electric vehicles
 - Construction of low energy buildings (passive buildings)
 - Installation of solar panels and insulation activities
- ❑ Proposal on classifying ecosystem management and restoration activities in ISIC
 - Ecosystem management activities
 - Public administration on ecosystem management and climate regulation
 - Nature reserves and protect areas