

8TH OECD – NBS Workshop on National Accounts

6-10 December 2004

OECD Headquarters, Paris

Comparison between Industrial classification in
Chinese national accounts and International standard
industrial classification for all economic activities
(ISIC)

(provisional translation)

ZHAO Tonglu

30/11/2004

Industrial classification for national economic activities was first issued and implemented as Chinese national standard in 1984. As national economy develop rapidly and new activities come forth continuously, great changes of industrial construction have took place. Two editions of industrial classification for national economic activities are “Industrial classification and codes for national economic activities (GB/T4754-1994)” and “Industrial classification for national economic activities (GB/T4754-2002)”. The later will be implemented for national macroscopical administrations such as plan, statistics, finance, tax, and industrial and commerce administration from 2003.

Basic construction of “Industrial classification for national economic activities (GB/T4754-2002)”

“Industrial classification for national economic activities (GB/T4754-2002)” has four levels. It includes 20 sections, 95 divisions, 396 groups and 913 classes. Specifics as follow:

Basic construction of “Industrial classification for national economic activities (GB/T4754-2002)”

Section	Division	Group	Class
A Agriculture, Forestry, Animal husbandry and fishing	5	18	38
B Mining	6	15	33
C Manufacturing	30	169	482
D Production and distribution of electricity, gas and water	3	7	10
E Construction	4	7	11
F Traffic, transport, storage and post	9	24	37
G Information transfer, computer services and software	3	10	14
H Wholesale and retail trade	2	18	93
I Accommodation and Restaurants	2	7	7
J Finance	4	16	16
K Real estate	1	4	4
L Tenancy and business services	2	11	27
M Scientific research, technical service and geologic perambulation	4	19	23
N Management of water conservancy, environment and public establishment	3	8	18
O Resident services and other services	2	12	16
P Education	1	5	13
Q Sanitation, social security and social welfare	3	11	17
R Culture, sports and entertainment	5	22	29
S Public management and social organization	5	12	24
T International organizations	1	1	1
(Total)	20	95	396
		396	913

Comparison between “Industrial classification and codes for national economic activities (GB/T4754-1994)” and “Industrial classification for national economic activities (GB/T4754-2002)”

Compared with “Industrial classification and codes for national economic activities (GB/T4754-1994)”, the primary changes in “Industrial classification for national economic activities (GB/T4754-2002)” include revision and adjustment on sections and divisions.

Changes on sections

There are three primary changes on sections in “Industrial classification for national economic activities (GB/T4754-2002)”:

1. Add six sections as following:(1)Information transfer, computer services and software; (2)Tenancy and business services; (3)Accommodation and Restaurants; (4)Management of water conservancy, environment and public establishment; (5)Education; (6)International organizations.
2. As recently national economy develop rapidly and new activities come forth continuously, adjust eight sections as following:(1)Mining; (2)Traffic, transport, storage and post; (3)Wholesale and retail trade; (4)Finance; (5)Resident services and other services; (6)Sanitation, social security and social welfare; (7)Culture, sports and entertainment; (8)Public management and social organization.
3. Cancel two sections as following:(1)Geologic perambulation and Management of water conservancy; (2)Others. They are classified into Scientific research, technical service and geologic perambulation, Management of water conservancy, environment and public establishment and Other services.

Changes on divisions

There are also three primary changes on divisions in “Industrial classification for national economic activities (GB/T4754-2002)”. It concentrates on the Tertiary industry.

1. Add some divisions as following: Telecom and other information transfer services; Computer services; Software industry; Securities; Business service; Services of science and technique intercommunion and generalization; Environmental management.
2. Merge Social services newly because the original Social services section consist of many divisions which have so different activities character and don't accord with homogenous principle of economic activities. Specific as follow: (1)adjust Hotels to Accommodation and Restaurants; (2)adjust Tourism and Tenancy to Tenancy and business services; (3)adjust Entertainment to Culture, sports and entertainment; (4)adjust Information, consultation and computer implement services to Information transfer, computer services and software.
3. Adjust Urban public traffic to Traffic, transport, storage and post and upgrade it from groups to divisions.

See the following Comparative Table (1) and Comparative Table (2) which is the comparison of construction between “Industrial classification and codes for national economic activities (GB/T4754-1994)” and “Industrial classification for national economic activities (GB/T4754-2002)”:

Comparative Table (1)

	GB/T4754-2002	GB/T4754-1994	Difference
Section	20	16	4
Division	95	92	3
Group	396	368	28
Class	913	846	67

Comparative Table (2)

GB/T4754-2002				GB/T4754-1994				
Section	Division	Group	Class	Section	Division	Group	Class	
A Agriculture, Forestry, Animal husbandry and fishing	5	18	38	A Agriculture, Forestry, Animal husbandry and fishing	5	14	16	
B Mining	6	15	33	B Mining	7	18	53	
C Manufacturing	30	169	482	C Manufacturing	30	172	544	
D Production and distribution of electricity, gas and water	3	7	10	D Production and distribution of electricity, gas and water	3	7	10	
E Construction	4	7	11	E Construction	3	8	8	
F Traffic, transport, storage and post	9	24	37	F Geologic perambulation and Management of water conservancy	2	8	15	
G Information transfer, computer services and software	3	10	14	G Traffic, transport, storage and post	9	21	22	
H Wholesale and retail trade	2	18	93	H Wholesale and retail trade and catering services	6	32	67	
I Accommodation and Restaurants	2	7	7	I Finance and insurance	2	8	11	
J Finance	4	16	16	J Real estate	3	3	3	
K Real estate	1	4	4	K Social services	9	29	36	
L Tenancy and business services	2	11	27	L Health care, sports and social welfare	3	11	17	
M Scientific research, technical service and geologic perambulation	4	19	23	M Education, culture and arts, radio, film and television	3	18	25	
N Management of water conservancy, environment and public establishment	3	8	18	N Scientific research and polytechnic services	2	12	12	
O Resident services and other services	2	12	16	O Government agencies, parties agencies and social organizations	4	5	5	
P Education	1	5	13	P Others	1	2	2	
Q Sanitation, social security and social welfare	3	11	17					
R Culture, sports and entertainment	5	22	29					
S Public management and social organization	5	12	24					
T International organizations	1	1	1					
(Total)	20	396	913	(Total)	16	368	846	

Altogether, compared with “Industrial classification and codes for national economic activities (GB/T4754-1994)”, “Industrial classification for national economic activities (GB/T4754-2002)” adds 4 sections, 3 divisions, 28 groups and 67 classes. The range of adjustment is quite great.

Industrial classification in Chinese national accounts

According to “Industrial classification for national economic activities (GB/T4754-2002)” and covering the demands for national macroscopical management, social public and international communions, the industrial classification in Chinese national accounts is based on statistics and accounting data. Specifics as follow:

Primary industry(Agriculture, forestry, animal husbandry and fishing)

Agriculture

Forestry

Animal husbandry

Fishing

Secondary industry

Industry

Mining

Manufacturing

Production and distribution of electricity, gas and water

Construction

Tertiary industry

Service activities for agriculture, forestry, animal husbandry and fishing

Traffic, transport, storage and post

 Traffic, transport and storage

 Post

Information transfer, computer services and software

Wholesale and retail trade

Accommodation and Restaurants

Finance

 Bank

 Securities

 Insurance

 Other financial activities

Real estate

Tenancy and business services

Scientific research, technical service and geologic perambulation

Management of water conservancy, environment and public establishment

Resident services and other services

Education

Sanitation, social security and social welfare

Culture, sports and entertainment

Public management and social organization

The industrial classification in Chinese national accounts is basically equal with “Industrial classification for national economic activities (GB/T4754-2002)” except subdividing some sections into divisions that have comparative perfect statistics and accounting data. Such as Section Agriculture, Forestry, Animal husbandry and fishing is subdivided into Divisions of Agriculture, Forestry, Animal husbandry and Fishing; Section Traffic, transport, storage and post is subdivided into Divisions of Traffic, transport and storage and Post; Section Finance is subdivided into Divisions of Bank, Securities, Insurance and Other financial activities.

The difference between the industrial classification in Chinese national accounts and International standard industrial classification for all economic activities (ISIC) can be showed through comparison between “Industrial classification for national economic activities” and International standard industrial classification for all economic activities (ISIC).

Comparison between “Industrial classification for national economic activities (GB/T4754-2002)” and International standard industrial classification for all economic activities (ISIC/Rev3)

As Chinese reform and opening-up go along step by step, international exchanges continually become more and large-scale. Especially when China go into WTO, we also need to deal with the statistic data according to ISIC for not only international comparison but also information communion. So one rule must be obeyed in establishment and revision of “Industrial classification for national economic activities (GB/T4754-2002)”. It is that the industrial classification must base on current situation of national industrial development, obey the acknowledged homogenous principle of economic activities and link with ISIC/Rev3 which issued by United Nations in 1989.

Emphasize the consistency in principle and methods and pay attention to the switchover between GB/T4754-2002 and ISIC/Rev3

The link between GB/T4754-2002 and ISIC/Rev3 mainly embody that emphasizing the consistency in principle and methods and paying attention to the switchover between GB/T4754-2002 and ISIC/Rev3. Specific as follows:

1. Obey the acknowledged homogenous principle of economic activities

Industrial classification of GB/T4754-2002 obeys the acknowledged homogenous principle of economic activities. Each industry is classified by homogeneity of economic activities rather than the financial accounting system or the administrative system.

2. Adopt the same industrial classification system

UN issues the ISIC and recommends it to governments all over the world as international standards of industrial classification to compare the statistic data each other. It has become the normal tool for convenient communion and comparison all over the world. GB/T4754-2002 also applies the same industrial classification system that includes section, division, group and class.

3. Transition is capable on the level of classes

The establishment and revision of GB/T4754-2002 refer to some rules of ISIC and adjust some classes' context that there is different with ISIC. We set up corresponding relation for each of classes and are able to transit the Chinese Standard Classes into the International Standard Classes by expert software for computers.

4. Adjust and add some industrial sorts to convenient link with ISIC

To convenient link with ISIC, GB/T4754-2002 adjusts and adds some industrial sorts. Such as: (1)adjust Harvesting of timbers and bamboos from Agriculture, Forestry, Animal husbandry and fishing to Mining; (2)adjust Preliminary processing of materials of chemical fiber from Manufactory to Service activities for agriculture, forestry, animal husbandry and fishing; (3)add Recycling and disposal of waste to Manufactory.

Comparison between GB/T4754-2002 and ISIC/Rev3

1. Comparison of frame construction between GB/T4754-2002 and ISIC

To go with the development of current Chinese industries and the demand of macroeconomic administration, GB/T4754-2002 is more particular than ISIC that it adds 3 sections, 35 divisions, 239 groups and 621 classes. Specific as the following Comparative Table (1):

Comparative Table (1)

	GB/T4754-2002	ISIC/Rev3	Difference
Section	20	17	3
Division	95	60	35
Group	396	157	239
Class	913	292	621

2. Comparison of inner construction between GB/T4754-2002 and ISIC

See the following Comparative Table (2) which shows the Comparison of inner construction between GB/T4754-2002 and ISIC.

Comparative Table (2)

GB/T4754-2002				ISIC/Rev3				
Section	Division	Group	Class	Section	Division	Group	Class	
A Agriculture, Forestry, Animal husbandry and fishing	5	18	38	A Agriculture, hunting and forestry	2	6	9	
B Mining	6	15	33	B Fishing	1	1	1	
C Manufacturing	30	169	482	C Mining and quarrying	5	10	12	
D Production and distribution of electricity, gas and water	3	7	10	D Manufacturing	23	61	127	
E Construction	4	7	11	E Electricity, gas and water supply	2	2	4	
F Traffic, transport, storage and post	9	24	37	F Construction	1	5	5	
G Information transfer, computer services and software	3	10	14	G Wholesale and retail trade; repair of motorvehicles, motorcycles and personal and household goods	3	17	29	
H Wholesale and retail trade	2	18	93	H Hotels and restaurants	1	2	2	
I Accommodation and Restaurants	2	7	7	I Transport, storage and communications	5	10	17	
J Finance	4	16	16	J Financial intermediation	3	5	12	
K Real estate	1	4	4	K Real estate, renting and business activities	5	17	31	
L Tenancy and business services	2	11	27	L Public administration and defence; compulsory social security	1	3	8	
M Scientific research, technical service and geologic perambulation	4	19	23	M Education	1	4	5	
N Management of water conservancy, environment and public establishment	3	8	18	N Health and social work	1	3	6	
O Resident services and other services	2	12	16	O Other community, social and personal service activities	4	9	22	
P Education	1	5	13	P Private households with employed persons	1	1	1	
Q Sanitation, social security and social welfare	3	11	17	Q Extra-territorial organizations and bodies	1	1	1	
R Culture, sports and entertainment	5	22	29					
S Public management and social organization	5	12	24					
T International organizations	1	1	1					
(Total)	20	396	913	(Total)	17	157	292	

Though GB/T4754-2002 has the same level of industrial classification with ISIC/Rev3 and also sets up simple corresponding relation on the level of classes, their specific industrial classification is so different on the level of sections, divisions and groups. Because Manufactory is the dominant industry in China that is the main force to pull the national economy increasing, the differences of industrial classification mainly exist in it that can be seen clearly from Comparative Table (2) above. Specifics as follow: In GB/T4754-2002 Manufactory has 30 divisions, 169 groups and 482 classes, but in ISIC/Rev3 it is respectively less 7 divisions, 108 groups and 355 classes. It mainly includes difference in classification of dominant products of Agriculture, Forestry, Animal husbandry and fishing, Traffic, transport, storage and post, Wholesale and retail trade, Public management and social organization and so on.

Current industrial classification in Chinese national accounts is still not enough specific because current statistical standards especially on Services and data collection are not enough perfect. On the other hand, because now GB/T4754-2002 is still a transitional standard that was implemented for government general statistics and administration statistics only from 2003 and data collection according to new standards is so difficult to satisfy the demand of national accounts, current industrial classification in national accounts still adopt the old GB/T4754-1994. All of these cause the differences between GB/T4754-2002 and ISIC/Rev3.

At present, China is developing the first national economic census in 2004 and researching the methods of GDP accounts. National economic census will supply specific data resource of industrial classification for national economic activities. It is good basic condition to strengthen the link between industrial classification in Chinese national accounts and ISIC/Rev3.

Translated by Tang Weiwei