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DEVELOPMENT OF THE SERVICE INDUSTRIAL

CLASSIFICATION OF CHINA

(Session 3: Classification of services activities and products)

NATIONAL BUREAU OF STATISTICS
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YE SHIFANG

1.Introduction

In recent years, the National Bureau of Statistics has taken part in the revision of a National Standard Industrial Classification (NSIC). The main purpose of this work is to establish links between NSIC and ISIC; the other purpose being, to satisfy the data demand for service industries which are growing very rapidly in China. This paper presents a summary of this revision work for service industries.

2. Constructing and revision of the National Standard Industrial Classification of China

From the process of constructing and revising of the national standard industrial classification, we can derive development of service industrial statistical classification of China

2.1 Constructing of National Standard Industrial Classification

National Standard Industrial Classification (Industrial Classification for National Economic Activities) is the first statistical Standard classification of the People's Republic of China. It was adopted in 1985 and at that time, China was carrying out a Reform and Open policy. It was also practicing reform of the economic system. For the sake of reflecting the structure and development of the national economic industry, reliable unify to dealing with the data which classify by industry, standardize industrial classification and code in the work of national economic plan, statistics, accounting, and business administration. The National Bureau of Statistics summarized and compiled a based statistical catalog of industry, which was used in the past several years, extracted experience of International Standard Industrial Classification, and constructed a National Standard Industrial Classification and code system. It includes 13 sections, 75 divisions, 310 groups and 667 classes. Nine of the sections have, 25 divisions, 74 groups and 103 classes, which belong to the service industry. The titles of these 9 sections and codes are given below:

- III Geological prospecting
- V Transport, Post and Communications
- VI Commerce, Catering services, Material supply and marketing, and Storage
- VII Real estate management, Public utility, Resident services and Consultation services
- VIII Health care, Sport and Social welfare
- IX Education, Culture and arts, Radio and Television
- X Scientific research and Polytechnical services
- XI Finance and Insurance
- XII Government agencies, Party agencies and Social organization
- XIII Others

2.2 First edit of National Standard Industrial Classification of China

In order to accommodate the market economic development further and to meet the need of national macro management, the National Bureau of Statistics issued the first revision of National Standard Industrial Classification and Code System in 1994, it was then implemented in 1995. This version includes 16 sections,

92 divisions, 368 groups and 864 classes. Of which 11 sections, 44 divisions, 149 groups and 215 classes belong to the service industry. The titles of these 11 sections and codes as given below:

- F Geological prospecting, Water conservancy
- G Transport, Post and Communications
- H Wholesale and retail trade, Catering services
- I Finance and Insurance
- J Real estate
- K Social services
- L Health care, Sport and Social welfare
- M Education, Culture and arts, Radio, Film and Television
- N Scientific research and Polytechnical services
- O Government agencies, Party agencies and Social organization
- P Others

2.3 Second edit of National Standard Industrial Classification of China

Along with the development of the Chinese market economy, new industries in China especially service industries have been rapidly growing, meanwhile Chinese would have acceded to World Trade Organization, it has opened up more opportunity for the Chinese in international communication. This situation demanded that the Chinese National Standard Industrial Classification must link with ISIC. National Bureau of Statistics started second revision of National Standard Industrial Classification in 1999. Now this work has been completed and a new version is planned for implementation in 2003. This version includes 20 sections, 95 divisions, 395 groups and 912 classes. Of these, 15 sections, 47 divisions, 180 groups and 338 classes belong to service industry. The titles of these 15 sections and codes are given below:

- F Transport, Storage and Post
- G Information transmission □ Computer application services and software
- H Wholesale and retail trade
- I Hotels and Restaurants
- J Finance
- K Real estate
- L Renting and Business activities
- M Scientific research and Technical services and Geological prospecting
- N Water conservancy, Environment and Public facilities administration
- O Resident services and Other services
- P Education
- Q Health , Social security and Social welfare
- R Culture □ sport and recreation
- S Public administration and social organizations
- T Extra-territorial organizations

3. Major changes of new revision of National Standard Industrial Classification of China

According to the current position of China and based on the structure of existing National Standard Industrial Classification, new revisions stress to expand the categories of the service industry. In the new revision, main changes have taken place on the structure of the service industries and on the lower level categories. Compared to the 1985 edition, service industries increased by 6 sections, 22 divisions, 106 groups and 205 classes; Compared to the version of 1994, service industries increased by 4 sections, 3 divisions, 31 groups and 123 classes.

A comparison of the changes of service industry by category

	Edition of 1985	Revision of 1994	New revision
Section	9	11	15
Division	25	44	47
Group	74	149	180
Class	103	215	338

3.1 Main changes in sections of service industries

Six new sections have been set up: "Information transmission, computer application services and software", "Hotels and restaurants", "Renting and business activities", "Water conservancy, environment and public facilities administration", "Education", "Extra-territorial organizations".

Some adjustments have been made on the content and titles of quite number sections: F.E. Break down "Geological prospecting, water conservancy" to "Scientific research and technical services and geological prospecting", "Water conservancy, environment and public facilities administration"; Change name of "Social services" to "Resident services and other services"; Separate "Sport" from "Health care, sport and social welfare" into "Culture, sport and recreational"; Change name of "Government agencies, party agencies and social organization" to "Public administration and social organizations".

3.2 Main changes in divisions of services industries

F Transport, storage and post

Transfer group "city public transport" from former "Social service" division into this section, and adjust it to division level; Each transport mode has been divided into two types: passenger transport and freight transport, in order to meet the future need for tourism sector data; Leave out "telecommunication" group from former "post and telecommunications". Also change the former division name "Post and telecommunications" to "Post".

G Information transmission, computer application services and software

According to the situation of "IT sector" of our country, we create a "telecommunication and other information transmission services" division; Transfer the "telecommunication industry" in the former "post and telecommunications industry" to this division; We also transfer the former content of signal transmission activities of broadcast, television which include in former "Education, culture and arts and broadcast film and television" section to this division. Transfer also the division "computer application service" from former "social service" into this section, and separate it into two divisions: "computer services" and "software industries".

H Wholesale and retail trade

Leave out "Catering services" division from former "Wholesale, retail trade and catering services"; In former "Wholesale, retail trade and Catering services", there was no singleness division, only three groups which classified by commodity sort.

On the new revision, we set up wholesale division, divide into nine groups which are generally corresponding to groups of retail trade division; adjust "Commercial brokerage and agencies" division to group level.

I Hotels and restaurants

According to ISIC, we put hotels division of former 'social service' division and Catering services division of former "Wholesale, retail trade and Catering services" into this section, then increase more detailed categories in hotels division.

J Finance

Adjust two divisions of former "Finance" and "insurance" to four divisions: "Banking", "Security dealing activities", "Insurance", "Other finance activities"; Increase more detailed categories in "Insurance" division; Adjust "Security dealing activities" from former group level to division level.

K Real estate

Adjust former three divisions to four groups: " Real estate development and operation", " Management service on residential dwelling ", "Real estate intermediary services" and " Other real estates activities ".

L Renting and business activities

Adjust former two divisions of "Leasing services", "Information and consultation services" in "Social services" section to this section. In order to correspond with ISIC, introduce detailed classes in leasing services; Compose two former divisions: "Information and consultation services", "Other services" in "Social services" section, to "Business services" division, and break down this division to detailed groups and classes; meanwhile put "Enterprise management organizations" division in former "Others industry" section to "Business service" division, change its name and level to "Enterprise management services" group.

M Scientific research and technical services and geological prospecting

Adjust former “Geological prospecting” division to this section, and reduce some classes; Create “Research and experiment development”, “science and technology exchange and application services” division; Adjust categories under former “Polytechnical services” division, change name of this division to “Specialty technical services”.

N Water conservancy, environment and public facilities administration

More groups and classes are created in “Water conservancy”; Create “Environment administration” division, put part contents of former “Public services and polytechnical services” to this division; Adjust former “Public services” division to “Public facilities administration” division.

O Resident services and other services

Put part contents of “Resident services” and “Other services” in former “Social services” to this section, and make some adjustment; According to ISIC, and consider the situation of China, separate “Maintenance and repair motor vehicles and motorcycle” from “Manufacturing” section to “Other services” division.

P Education

Adjust former groups in “Education” division, make new groups which are consistent to ISIC.

Q Health, social security and social welfare

According to ISIC, increase categories of Hospital; separate former “Social welfare” division to two divisions: “Social security”, and “Social welfare”.

R Culture, sport and recreation

Adjust two groups: “press” and “publish” to “Press and Publish” division; Adjust “Radio, film and television” to “Radio, television, film, video and audio production” division; Adjust former “Recreation service” in “Social service” section to “Recreation” division. Consider China situation, and refer to ISIC, create more detailed categories in this division.

S Public administration and social organizations

Create “People's Political Consultative Conference and democratic party” division; Adjust former “Social organizations” division to “Mass organization, social organization and religious organizations” division, increase more detailed categories in this division, also in “National organizations” division.

T Extra-territorial organizations

This section is introduced according to ISIC.

4. Major difference and identity of the new version compared to ISIC (REV.3)

4.1 Introduce more services sections compared to ISIC (REV.3):

Information transmission □ computer application services and software,
Scientific research and technical services and geological prospecting,
Water conservancy, environment and public facilities administration,
Culture, sport and recreation.

Besides the above two sections of “real estate”, “renting and business activities” in the new version are corresponding to one section in ISIC/Rev.3

4.2 Some titles and scope of section, division, group and class remain a discrepancy compared to ISIC/Rev.3. Following service sections remain discrepancy in title and scope.

Transport, storage and post
Wholesale and retail trade
Renting and business activities
Resident services and other services
Health, social security and social welfare
Public administration and social organizations

4.3 Among 15 service sections, there are 5 sections that can transform to ISIC/Rev.3 directly:

Hotels and restaurants,
Finance,
Education,
Health, social security and social welfare,
Extra-territorial organizations

Other section transition needs to make some adjustments

5. Conclusion

Although a new version of the national standard industrial classification remains a discrepancy in category title and scope, most of the sections cannot be transformed to ISIC directly. The main reason is due to the management mode of the Chinese administration. But in this new version, all classes are corresponding to each class of ISIC. We can link from national standard to ISIC through compute code. It is a foundation work we have done which can realize international comparability between Chinese statistical data with other countries.

Comparison of Services Industrial Classification Between New NSIC and ISIC/Rev3

New NSIC	ISIC/Rev. 3
F - Transport, storage and post	I - Transport, storage and communications <input type="checkbox"/> part <input type="checkbox"/>
G - Information transmission <input type="checkbox"/> computer application services and software	I - Transport, storage and communications <input type="checkbox"/> 6420 <input type="checkbox"/> K - Real estate, renting and business activities <input type="checkbox"/> part <input type="checkbox"/>
H - Wholesale and retail trade	G - Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods
I - Hotels and restaurants	H - Hotels and restaurants
J - Finance	J - Financial intermediation
K - Real estate	K - Real estate, renting and business activities <input type="checkbox"/> part <input type="checkbox"/>
L - Renting and business activities	I - Transport, storage and communications (6304) K - Real estate, renting and business activities <input type="checkbox"/> part <input type="checkbox"/>
M - Scientific research and technical services and geological prospecting	K - Real estate, renting and business activities <input type="checkbox"/> part <input type="checkbox"/>
N - Water conservancy <input type="checkbox"/> environment and public facilities administration	A - Agriculture, hunting and forestry (0140) E - Electricity, gas and water supply (4100) F - Construction (4520) L - Public administration and defense; compulsory social security (7512) O - Other community, social and personal service activities <input type="checkbox"/> part <input type="checkbox"/>
O - Resident services and other services	G - Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods (5020,5260) K - Real estate, renting and business activities (7250,7493) N - Health and social work (8532) O - Other community, social and personal service activities <input type="checkbox"/> part <input type="checkbox"/> P - Private households with employed persons
P - Education	L - Public administration and defense; compulsory social security (7523) M - Education
Q - Health , social security and social welfare	L - Public administration and defense; compulsory social security (7530) N - Health and social work (besides 852)

R - Culture□sport and recreation	D - Manufacturing□2211-2213□2219□ K - Real estate, renting and business activities (7499) O - Other community, social and personal service activities□part□
S - Public administration and social organizations	L - Public administration and defense; compulsory social security□part□ O - Other community, social and personal service activities (part)
T - Extra-territorial organizations	Q - Extra-territorial organizations and bodies