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**Preliminary Draft Manual of the Fifth Revision of the BEC (April 2013)**

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# Classification by Broad Economic Categories

Defined in terms of the Harmonized Commodity Description and  
Coding System (2012) and the Central Product Classification, 2.0



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# **I HISTORICAL BACKGROUND**

1. At its thirteenth session, in 1965, the Statistical Commission:
  - (a) recognizing the growing need for international trade statistics analyzed by Broad Economic Categories,
  - (b) recommended to distinguish
    - (i) food,
    - (ii) industrial supplies,
    - (iii) capital equipment,
    - (iv) consumer durables and
    - (v) consumer non-durables,
  - (c) recommended that each reporting country compiles BEC for the world and principal regions to supplement the data already compiled on the basis of the sections of the Standard International Trade Classification (SITC)
  
2. Following that recommendation, the United Nations Statistics Division (UNSD) prepared a draft classification of international trade by broad economic categories which provided for such a compilation. Successive drafts of the classification were considered by the Commission at its fourteenth and fifteenth sessions, and were referred back to UNSD by the Commission with specific guidelines for further study and consultation. At its sixteenth session, in 1970, the Commission reviewed a further draft (E/CN.3/408), which had been prepared by UNSD based upon the guidelines of the Commission and the comments of selected countries and international organizations. The Commission was unanimous in considering that the draft classification met the requirements which it had specified at previous sessions, and by its resolution 9 (XVI) it requested the Secretary-General to publish the Classification by Broad Economic Categories (BEC) for international use and as a guideline for national use.
  
3. That original BEC was defined in terms of the divisions, groups, subgroups and basic headings of the Standard International Trade Classification, Revised, and was issued in 1971. It has since been revised three times.
  - (a) The first revision defined BEC in terms of the Standard International Trade Classification, Revision 2, and was issued in 1976.
  - (b) The second revision defined BEC in terms of the Standard International Trade Classification, Revision 3 (SITC, Rev.3) and was issued in 1985. The first and second revisions were prepared and issued in response to requests by the Statistical Commission and resolutions adopted by the Economic and Social Council (resolutions 1948 (LVIII) of 7 May 1975 and 1985/7 of 28 May 1985).
  - (c) A third revision was issued in 1986 to provide full details of the SITC, Rev. 3 headings corresponding to BEC categories 41\* and 62\*, which were incomplete in the second revision due to the omission of one page; it also incorporated a corrigendum and a revised introduction.
  - (d) The fourth revision has been prepared in 2002 to take into account the more detailed description of commodities provided by the 2002 edition of the

Harmonized Commodity Description and Coding System, and information relevant to determining main end-use which has become available since the publication of the original BEC

4. The fourth revision of the BEC included 7 divisions, 14 groups and 8 sub groups, for a total of 19 basic categories. The fourth revision of the BEC:

- (a) Distinguished the five categories specified for the original BEC: food, industrial supplies, capital equipment, consumer durables and consumer nondurables;
- (b) Provided separate categories for "fuels and lubricants" and "transport equipment" in pursuance of the discussions of the Statistical Commission at its fourteenth session in 1966, and within those categories included special subcategories for "motor spirit" and "passenger motor cars";
- (c) Provided, within the categories relating to capital goods, a distinction between equipment proper and parts and accessories;
- (d) Provided, within the categories for "Food and beverages", "Industrial supplies not elsewhere specified" and "Fuels and lubricants", a distinction between "primary" commodities and "processed" commodities;
- (e) Provided, within the categories for "Primary food and beverages", "Processed food and beverages" and "Transport equipment" (other than passenger motor cars and other than parts and accessories), a distinction between commodities for industry and those for household consumption.

5. BEC makes provision for the main categories originally requested by the Statistical Commission. In addition, in order to facilitate the construction of aggregates which are approximately comparable to those of the three basic classes of goods in SNA, a number of supplementary subcategories have been established to reflect the various end-uses of commodities. The current structure of the BEC contains a mix of economic and end-use categories at its top level, namely Food (1), Fuels (3) and Transport equipment (5) versus Industrial supplies (2), Capital goods (4) and Consumer goods (6).

## **II REASONS FOR REVISING THE BEC**

6. In 2008, 2009 and 2010, world exports in terms of the BEC category Industrial supplies were about twice as large as those of Capital goods or Consumer goods combined. However, the exact shares of world exports of intermediate, capital and consumption goods also depend on the breakdown of exports by those end-use categories within the BEC categories of Food, Fuels and Transport equipment. For analytical clarity it would be better if the economic and end-use categories within the BEC classification would be completely separated.

7. The fifth revision of the BEC does exactly that: it separates the broad economic categories from the end-use categories. The end-use categories derive meaning and interpretation from the economic categories. For instance, capital formation is different for construction, transport or ICT, and it is meaningful to see those differences when making

international comparisons. At the national level, it is also of interest to describe a country's imports of goods in terms of their economic end-use (intermediate consumption, final consumption and capital formation). However, it is even more meaningful if the differences in end-use are shown per economic sectors, for instance for sectors like energy, transport, ICT or textile. Given the increased importance of trade in services, especially in economic sectors such as ICT or transport, it would be useful as well to know in addition what the contributions of trade in goods are in comparison to those in services.

8. Originally, BEC was designed to summarize international trade statistics by large economic classes of commodities and by end-use categories of the SNA. This fifth revision of the BEC still has the same objective to summarize trade by broad economic categories and by the end-use of the products, for both goods and services.

### III THE STRUCTURE OF THE BEC

#### A. *Broad Economic Categories*

9. The broad economic categories can be fully constructed from the existing subheadings of the Harmonized System on the goods side, and the basic services categories of the CPC on the services side. It is not as evident to construct the end-use categories, since these depend really on the empirical use of the goods and services. For many products it is fairly clear if the use of the product is for intermediate or for final consumption, or if the product is used for capital formation. However, there will be products for which the end-use is not so clear-cut. If products are economically important and the end-use is not clear, then the country is advised to conduct a survey to determine the end-use.

10. The BEC resembles the national accounts classification of expenditures according to purpose, especially the COICOP, which is used to classify only a single kind of expenditure, namely, the individual consumption expenditures of households, non-profit institutions serving households and general government. For COICOP the top level categories are also broad economic categories, as given in the following table.

Table 3.1. Suggested presentation of COICOP statistics in matrix format

| Purpose                                | COICOP:<br>households | COICOP:<br>NPISHs | COICOP:<br>government | Actual individual<br>consumption |
|--|-----------------------|-------------------|-----------------------|----------------------------------|
| Food and non-alcoholic beverages       | 01                    |                   |                       | 01                               |
| Alcoholic beverages, tobacco, etc.     | 02                    |                   |                       | 02                               |
| Clothing and footwear                  | 03                    |                   |                       | 03                               |
| Housing, water and fuel                | 04                    | 13.1              | 14.1                  | 04 + 13.1 + 14.1                 |
| Furnishings, household equipment, etc. | 05                    |                   |                       | 05                               |
| Health                                 | 06                    | 13.2              | 14.2                  | 06 + 13.2 + 14.2                 |
| Transport                              | 07                    |                   |                       | 07                               |
| Communication                          | 08                    |                   |                       | 08                               |
| Recreation and culture                 | 09                    | 13.3              | 14.3                  | 09 + 13.3 + 14.3                 |
| Education                              | 10                    | 13.4              | 14.4                  | 10 + 13.4 + 14.4                 |
| Restaurants and hotels                 | 11                    |                   |                       | 11                               |
| Social protection                      | 12.4                  | 13.5              | 14.5                  | 12.4 + 13.5 + 14.5               |
| Miscellaneous goods and services       | 12 (less 12.4)        |                   |                       | 12 (less 12.4)                   |
| Other services                         |                       | 13.6              |                       | 13.6                             |
| Total                                  |                       |                   |                       |                                  |

11. The choice of the broad economic categories for BEC could be taken straight from the COICOP, but could also be expressed in terms of the high level classes of the SITC and CPC. For instance, CPC has a breakdown into a top level of 10 broad product categories with an even split for goods and services. However, the top level categories of CPC are not intuitively linked to some meaningful economic sectors. In this respect, SITC shows more promise with meaningful top level categories, but it only covers goods. One practical proposal could be to take the 10 SITC sections and add (the services) sections 5 to 9 of the CPC, creating a total of 15 top level categories, namely:

|              |  |
|--------------|--|
| Section 0 -  | Food and live animals  |
| Section 1 -  | Beverages and tobacco  |
| Section 2 -  | Crude materials, inedible, except fuels  |
| Section 3 -  | Mineral fuels, lubricants and related materials  |
| Section 4 -  | Animal and vegetable oils, fats and waxes  |
| Section 5 -  | Chemicals and related products   |
| Section 6 -  | Manufactured goods classified chiefly by material  |
| Section 7 -  | Machinery and transport equipment  |
| Section 8 -  | Miscellaneous manufactured articles  |
| Section 9 -  | Commodities and transactions not classified elsewhere in the SITC  |
| Section 10 - | Constructions and construction services  |
| Section 11 - | Distributive trade services; accommodation, food and beverage serving services; transport services; and electricity, gas and water distribution services |
| Section 12 - | Financial and related services; real estate services; and rental and leasing services  |
| Section 13 - | Business and production services   |
| Section 14 - | Community, social and personal services  |

12. The broad economic categories could also be derived from the International Standard Industrial Classification of all Economic Activities (ISIC). The breakdown of ISIC could at least provide added justification for the new broad economic categories of BEC. In terms of ISIC the main headings would look like this:

|           |   |
|-----------|---|
| Section A | Agriculture, forestry and fishing                                   |
| Section B | Mining and quarrying  |
| Section C | Manufacturing   |
| Section D | Electricity, gas, steam and air conditioning supply                 |
| Section E | Water supply; sewerage, waste management and remediation activities |

|           |  |
|-----------|--|
| Section F | Construction   |
| Section G | Wholesale and retail trade; repair of motor vehicles and motorcycles |
| Section H | Transportation and storage   |
| Section I | Accommodation and food service activities                            |
| Section J | Information and communication  |
| Section K | Financial and insurance activities                                   |
| Section L | Real estate activities   |
| Section M | Professional, scientific and technical activities                    |
| Section N | Administrative and support service activities                        |
| Section O | Public administration and defense; compulsory social security        |
| Section P | Education  |
| Section Q | Human health and social work activities                              |
| Section R | Arts, entertainment and recreation                                   |

13. The decision was made to use broad economic categories that reflect a combination of COICOP, ISIC, CPC and SITC. Given some drawbacks in either a rigid product or a rigid industry approach, a combination of the two could provide the right balance. This led to the following broad economic categories for the fifth revision of the BEC:

|           |   |
|-----------|---|
| Section 1 | <b>Food and beverages</b> , tobacco, agriculture, forestry and fishing, and related goods and services  |
| Section 2 | <b>Energy and mining</b> , fuels, gas, basic metals, chemicals, and related goods and services  |
| Section 3 | <b>Construction and housing</b> , furnishings, household equipment and related goods and services   |
| Section 4 | <b>Transport and travel</b> , accommodation, and related goods and services   |
| Section 5 | <b>Textile and footwear</b> , apparel, fashion, and related goods and services  |
| Section 6 | <b>Information and communication technology</b> , business and production services, including professional, scientific and technical activities, and related goods and services |
| Section 7 | <b>Health and education</b> , personal care, sports, entertainment, and related goods and services  |
| Section 8 | <b>Other</b> goods and services   |



## ***B. Goods and Services***

14. The second level of the BEC is the distinction between goods and services. The 2008 SNA provides a definition of for these two product categories. It states that goods and services are the result of production; they are exchanged and used for various purposes, such as for inputs in the production of other goods and services, or as final consumption or for investment. In the 2008 SNA the term “products” is a synonym for goods and services. In order to study transactions in goods and services in detail, the SNA uses the Central Product Classification.

15. Goods are physical objects for which a demand exists, over which ownership rights can be established and whose ownership can be transferred from one institutional unit to another by engaging in transactions on markets. They are in demand because they may be used to satisfy the needs or wants of households or the community or used to produce other goods or services. The production and exchange of goods are quite separate activities. Some goods may never be exchanged while others may be bought and sold numerous times. The production of a good can always be separated from its subsequent sale or resale.

16. Services are the result of a production activity that changes the conditions of the consuming units, or facilitate the exchange of products or financial assets. These types of service may be described as change effecting services and margin services respectively. Change-effecting services are outputs produced to order and typically consist of changes in the conditions of the consuming units realized by the activities of producers at the demand of the consumers. Change-effecting services are not separate entities over which ownership rights can be established. They cannot be traded separately from their production. By the time their production is completed, they must have been provided to the consumers.

17. In some cases goods and services overlap, for instance photographs, meals or drinks in restaurants or shoe repair. The customer in a bookshop wants to buy a good and is probably not aware of the individual services provided by the author, the publisher and the retail salesperson. On the other hand, the person who has a pair of shoes resoled probably regards the transaction as a purchase of a service and does not think of the pieces of repair material involved. In the case of the restaurant meal, the situation is even more ambiguous and varied with respect to the goods portion of the transaction compared with the service portion. Other examples are software programs or music CDs.

## ***C. The SNA end-use categories***

18. The third level of the BEC is the level of the three end-use categories. Consumption is an activity in which institutional units use up goods or services, but there are two quite different kinds of consumption. Intermediate consumption consists of goods and services used up in the course of production within the accounting period. Final consumption consists of goods and services used by individual households or the community to satisfy their individual or collective needs or wants. The activity of gross fixed capital formation, like intermediate consumption, is restricted to institutional units in their capacity as producers, being defined as the value of their acquisitions less disposals of fixed assets. Fixed assets are produced assets (such as machinery, equipment, buildings or other structures) that are used repeatedly or continuously in production over several accounting periods (more than one year). The distinction between intermediate consumption and gross capital formation depends

on whether the goods and services involved are completely used up in the accounting period or not. If they are, the use of them is a current transaction recorded as intermediate consumption; if not it is an accumulation transaction recorded in the capital account.

19. The general nature and purpose of the distinction between gross fixed capital formation and consumption, whether intermediate or final, is clear. The distinction is fundamental for economic analysis and policymaking. Nevertheless, the borderline between consumption and gross fixed capital formation is not always easy to determine in practice. Certain activities contain some elements that appear to be consumption and at the same time others that appear to be capital formation. In order to try to ensure that the SNA is implemented in a uniform way, decisions have to be taken about the ways in which certain difficult, even controversial, items are to be classified.

#### ***D. Intermediate consumption: primary versus processed goods***

20. At the fourth level of the BEC two distinctions are made. For intermediate consumption of goods a distinction is made between primary goods and processed goods, whereas for the final consumption of goods a distinction is made between durable and non-durable goods.

21. The distinction of primary goods versus processed goods is very important for the imports of intermediate consumption. This distinction provides information regarding the placing of the industry in the global value chain (GVC). Intermediate consumption of primary goods indicates that the industry is very much upstream in the GVC, whereas intermediate consumption of processed goods would indicate a more down stream role of the industry.

#### ***E. Final consumption: durable versus non-durable goods***

22. In the case of goods, the distinction between acquisition and use is analytically important. It underlies the distinction between durable and non-durable goods that is used extensively in economic analysis. In fact, the distinction between durable and non-durable goods is not based on physical durability as such. Instead, the distinction is based on whether the goods can be used once only for purposes of production or consumption or whether they can be used repeatedly, or continuously. For example, coal is a highly durable good in a physical sense, but it can be burnt only once. A durable good is one that may be used repeatedly or continuously over a period of more than a year, assuming a normal or average rate of physical usage. A consumer durable is a good that may be used for purposes of consumption repeatedly or continuously over a period of a year or more.

#### ***F. Intermediate consumption: generic versus customized products***

23. Finally at the fifth level of the BEC a finer distinction is made on processed goods, namely if these are processed as a generic good or are custom-made. Custom-made processed goods for intermediate consumption are highly dependent on the industry for which the goods are made. This shows a very hierarchical dependency in the value chain. Generic processed goods for intermediate consumption have a wider applicability in the GVCs and are therefore more indicative for arm's length trade.

24. Whereas a distinction of processed and non-processed does not make sense in the case of services, services can be usefully distinguished into those services which are customized and those services, for instance software applications or other generic designs, which can serve as intermediate inputs into a number of different industries.

### **III THE CODING AND APPLICATION OF THE BEC**

#### ***A. Coding of the Revised BEC Classification***

25. The coding system of the revised BEC Classification is hierarchical and purely decimal. The classification consists of 5 levels: broad economic categories (level 1), distinction of goods and services (level 2), SNA end-use categories (level 3), state of processing or durability (level 4), and state of customization (level 5). The codes for the top level range from 1 to 8; all other levels range from 1 to 3 at most. In total there are 8 broad economic categories, 16 2-digit codes, 48 3-digit codes, 32 4-digit codes and 16 5-digit codes. The code numbers in the BEC consist of at most five digits separated by dots.

26. This leads to the revised BEC as follows.

#### **1. Food, beverages and catering services**

##### 1.1. Goods

##### 1.1.1. Intermediate Consumption

##### 1.1.1.1. Non-processed

##### 1.1.1.2. Processed

##### 1.1.1.2.1. Generic

##### 1.1.1.2.2. Customized

##### 1.1.2. Capital Formation

##### 1.1.3. Final Consumption

##### 1.1.3.1. Non-durable

##### 1.1.3.2. Durable

##### 1.2. Services

##### 1.2.1. Intermediate Consumption

##### 1.2.1.1. Generic

##### 1.2.1.2. Customized

##### 1.2.2. Capital Formation

##### 1.2.3. Final Consumption

#### **2. Energy, mining, basic metals and chemicals**

##### 2.1. Goods

##### 2.1.1. Intermediate Consumption

##### 2.1.1.1. Non-processed

##### 2.1.1.2. Processed

##### 2.1.1.2.1. Generic

##### 2.1.1.2.2. Customized

##### 2.1.2. Capital Formation

##### 2.1.3. Final Consumption

##### 2.2. Services

##### 2.2.1. Intermediate Consumption

##### 2.2.1.1. Generic

- 2.2.1.2. Customized
- 2.2.2. Capital Formation
- 2.2.3. Final Consumption

### **3. Construction, housing and decorating**

- 3.1. Goods
  - 3.1.1. Intermediate Consumption
    - 3.1.1.1. Non-processed
    - 3.1.1.2. Processed
      - 3.1.1.2.1. Generic
      - 3.1.1.2.2. Customized
  - 3.1.2. Capital Formation
  - 3.1.3. Final Consumption
    - 3.1.3.1. Non-durable
    - 3.1.3.2. Durable
- 3.2. Services
  - 3.2.1. Intermediate Consumption
    - 3.2.1.1. Generic
    - 3.2.1.2. Customized
  - 3.2.2. Capital Formation
  - 3.2.3. Final Consumption

### **4. Transport, travel and accommodation**

- 4.1. Goods
  - 4.1.1. Intermediate Consumption
    - 4.1.1.1. Non-processed
    - 4.1.1.2. Processed
      - 4.1.1.2.1. Generic
      - 4.1.1.2.2. Customized
  - 4.1.2. Capital Formation
  - 4.1.3. Final Consumption
    - 4.1.3.1. Non-durable
    - 4.1.3.2. Durable
- 4.2. Services
  - 4.2.1. Intermediate Consumption
    - 4.2.1.1. Generic
    - 4.2.1.2. Customized
  - 4.2.2. Capital Formation
  - 4.2.3. Final Consumption

### **5. Textile, Apparel, Footwear and Fashion**

- 5.1. Goods
  - 5.1.1. Intermediate Consumption
    - 5.1.1.1. Non-processed
    - 5.1.1.2. Processed
      - 5.1.1.2.1. Generic
      - 5.1.1.2.2. Customized
  - 5.1.2. Capital Formation
  - 5.1.3. Final Consumption
    - 5.1.3.1. Non-durable

- 5.1.3.2. Durable
- 5.2. Services
  - 5.2.1. Intermediate Consumption
    - 5.2.1.1. Generic
    - 5.2.1.2. Customized
  - 5.2.2. Capital Formation
  - 5.2.3. Final Consumption

## **6. Information and communication technology and entertainment**

- 6.1. Goods
  - 6.1.1. Intermediate Consumption
    - 6.1.1.1. Non-processed
    - 6.1.1.2. Processed
      - 6.1.1.2.1. Generic
      - 6.1.1.2.2. Customized
  - 6.1.2. Capital Formation
  - 6.1.3. Final Consumption
    - 6.1.3.1. Non-durable
    - 6.1.3.2. Durable
- 6.2. Services
  - 6.2.1. Intermediate Consumption
    - 6.2.1.1. Generic
    - 6.2.1.2. Customized
  - 6.2.2. Capital Formation
  - 6.2.3. Final Consumption

## **7. Health, personal care, sports and education**

- 7.1. Goods
  - 7.1.1. Intermediate Consumption
    - 7.1.1.1. Non-processed
    - 7.1.1.2. Processed
      - 7.1.1.2.1. Generic
      - 7.1.1.2.2. Customized
  - 7.1.2. Capital Formation
  - 7.1.3. Final Consumption
    - 7.1.3.1. Non-durable
    - 7.1.3.2. Durable
- 7.2. Services
  - 7.2.1. Intermediate Consumption
    - 7.2.1.1. Generic
    - 7.2.1.2. Customized
  - 7.2.2. Capital Formation
  - 7.2.3. Final Consumption

## **8. Other Goods and Services**

- 8.1. Goods
  - 8.1.1. Intermediate Consumption
    - 8.1.1.1. Non-processed
    - 8.1.1.2. Processed
      - 8.1.1.2.1. Generic

- 8.1.1.2.2. Customized
- 8.1.2. Capital Formation
- 8.1.3. Final Consumption
  - 8.1.3.1. Non-durable
  - 8.1.3.2. Durable
- 8.2. Services
  - 8.2.1. Intermediate Consumption
    - 8.2.1.1. Generic
    - 8.2.1.2. Customized
  - 8.2.2. Capital Formation
  - 8.2.3. Final Consumption

## ***B. Application of the Revised BEC Classification***

27. As mentioned earlier, the broad economic categories can be fully constructed from the existing subheadings of the Harmonized System on the goods side, and the basic services categories of the CPC on the services side. The application of the basic HS subheadings and CPC categories to the end-use categories is not that evident, since these depend really on the empirical use of the goods and services. For many products it may be fairly clear if the use of the product is for intermediate or for final consumption, or if the product is used for capital formation. However, there will be products for which the end-use is not so clear-cut, for instance it is not self-evident if a small pick-up truck is used as a capital good or consumption good. By consequence, it is not evident if gasoline is more a consumption good or a capital good. If products are economically important and the end-use is not clear, then the country is advised to conduct a survey to determine the pre-dominant end-use. Examples of country practices are given in Annex 1.

## **IV RELATIONSHIP TO OTHER CLASSIFICATIONS**

### ***A. Relationship to the Central Product Classification***

28. The Central Product Classification (CPC) is intended to be a standard classification of products. Its main purpose is to provide a set of product categories that can be utilized for the collection and presentation of statistics on production or trade of goods and services. CPC is a general-purpose classification. The CPC provides a basis for recompiling basic statistics from their original classifications into a standard classification for analytical use. The CPC includes products that are an output of economic activity including transportable goods, non-transportable goods and services. The CPC in general follows the definitions of products within the SNA. The CPC was developed to assemble and tabulate all kinds of statistics, such as production, intermediate and final consumption, capital formation, foreign trade and prices. They may refer to stocks, flows or balances, and may be compiled in the context of I-O tables, BOP statistics or other analytical presentations.

29. Given the fact that CPC products cover both goods and services, the broad economic categories of the BEC can be seen as a specific re-arrangement of the basic CPC classes. The

BEC is in this sense an alternate grouping of the CPC. The overall breakdown between goods and services in BEC should coincide with the overall breakdown of goods and services in the CPC.

### ***B. Relationship to the Harmonized System***

30. The broad economic categories of the BEC include all sub-headings of the HS classification. In principle, the total trade in terms of HS should coincide with the total trade of the goods side of the BEC. Traditionally, HS sub-headings have been allocated to one of the end-use categories to give statisticians some guidance. However, as stated earlier, end-use is an empirical concept and should be seen in the national context. The economically important traded goods which may have a dual use should be more closely screened for correct application of the end-use category.

### ***C. Relationship to the Standard International Trade Classification***

31. The original SITC was designed as a tool for collection and dissemination of international merchandise trade statistics, which would help in establishing internationally comparable trade statistics. By 1999, the Harmonized System had taken over as collection and dissemination tool, and SITC was from hereon used as an analytical tool with a structure of sections, divisions and groups of commodities, that can clarify economic development. The distribution of trade by the main sections of the SITC could be regularly compared to the trade by main economic category of the BEC.

### ***D. Relationship to other classifications and standards***

32. COICOP is primarily designed to classify transactions undertaken by households that result in payables, that is to say, money paid or due for the acquisition of current and capital goods or of labour and other services, for the acquisition of financial assets or for the extinction of financial liabilities. More specifically, COICOP is used to classify only a single kind of outlay, namely, the individual consumption expenditures of households. The structure and content of the BEC is closely linked to the Classification of Expenditures according to Purpose, which consists of four purpose classifications, namely COFOG, COPNI, COICOP and COPP.

- (a) COFOG and COPNI are used to classify a range of transactions involving expenditures on final consumption, intermediate consumption, gross capital formation and capital and current transfers by general government and NPISHs respectively;
- (b) COICOP is used to classify only a single kind of expenditure, namely, the individual consumption expenditures of households, NPISHs and general government
- (c) COPP is used to classify intermediate consumption and capital expenditure of mainly non-financial and financial corporate enterprises

33. As far the relation to the International Standard Industrial Classification of all Economic Activities (ISIC), it is most likely that each of the broad economic categories of the BEC are produced in more than one industry category of the ISIC, Rev. 4. An empirical and detailed analysis of BEC categories by ISIC activity could reveal if certain industries are importing or exporting predominantly intermediate or finished goods, or how prevalent primary goods or capital goods are imported in certain industries. Such information could be very relevant for national economic policy.

## **IV RELATIONSHIP TO EARLIER REVISIONS**

### ***A. Correspondence between revisions***

34. The fifth revision of the BEC differs significantly from the earlier revisions, because the broad economic categories have been fully separated from the end-use categories. Further, services have been added. Due to these significant changes a conversion from the fourth revision to the fifth revision is not well possible. However, based on the available statistics of trade in goods and services some historical series can be reconstructed in terms of the new fifth revision of the BEC.

### ***B. Comparison between revisions***

35. On the basis of the available data of trade in goods and in services, examples can be calculated of this trade in terms of the fourth revision of the BEC and in terms of the fifth revision of the BEC.