

I. Japanese Experience in the Revision of the Japan Standard Industrial Classification

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1. Introduction

The 11th revision of the Japan Standard Industrial Classification (JSIC) was published in March 2002, and came into effect in 1st October 2002. This revision is the first since the 10th revision in October 1993. This paper describes our experience in the 11th revision. I hope this document will be useful for upcoming work toward the ISIC Rev. 4. I am also pleased to inform you that the English version of the revision will be issued in due course. We will distribute it to the national statistical offices and international organs for their reference.

2. Why was the revision of JSIC needed?

1) Purpose of JSIC and its use

JSIC is one of the statistical standards used for the presentation by industrial group of statistics derived from statistical surveys (Population Census, Census of Manufactures, Census of Commerce, Survey on Service Industries etc.), and defines all kinds of economic activity relevant to the production or supply of goods and services performed by an establishment as part of the social division of work. JSIC was first available in 1949 and since then revisions have been made ten times in order to maintain the accuracy and objectivity of statistics, to improve mutual comparability and to meet the needs of users.

Although JSIC is designed for statistical purposes, it is also used for the various administrative, regulatory and taxation purposes. Therefore, as the requirements of government administrative organs and business circles concerned that use it for non-statistical purposes play important roles in its development, it is indispensable or essential to get their opinions and views in the revision process without being an obstacle to their administrative policies or activities. JSIC is used for the following non-statistical purposes.

Financing to the small and medium-sized enterprises is given to the enterprises assigned in the specific industrial groups in JSIC.

In the private sector, JSIC is used for management analysis by industries.

2) Decision process in the revision of JSIC

As you might know, the statistical system in Japan is decentralized one and the establishment of statistical standards such as the standard industrial classification is conducted by the Statistical Standards Department of the Statistics Bureau as a part of statistical coordination functions.

The fact that JSIC is used for not only statistical purposes but also administrative ones affects various administrations in its revision process.

The following procedures coordinated by Statistical Standards Department are needed in the revision process. These are

- i) to receive comments and opinions for JSIC from the government organizations, prefectural governments, municipal governments, Bank of Japan, Federation of Economic Organizations and Chamber of Commerce, [June 1999]
- ii) to prepare the draft proposal by the working group(*) consisted of government organs concerned, academics and researchers, and [Dec.1999-Jan.2001]
- iii) to deliberate the draft proposal in the Statistical Council(*) [Feb.2001-Jan2002]

(*) Statistics Council: an advisory body dedicated for deliberations upon the request of the Minister of MPHPT (Ministry of Public Management, Home Affairs, Posts and Telecommunications) on important matters on statistics. The council consists of less than 11 leading statistical experts appointed by the Minister. The Council has under it 7 working groups studying and deliberating of specific issues such as industrial classification.

The outline of the procedures in the 11th revision is shown in the attached flow-chart. (refer to Annex 1)

3) Background of the revision

Since the latest revision of JSIC (10th revision: October 1993), we have faced the rapid changes in the structure of industry, owing to highly-developed information and communication technology (ICT), diversification in the service industries, declining fertility and an aging population.

Especially, a fusion of telecommunications industries and information processing industries, rapid technological innovation and diversification in the service industries affect the statistical availability to grasp accurate data through using the existing classifications.

Namely, former division “L-Service” was a comprehensive division which comprises various industries in providing services not specifically provided for elsewhere in JSIC. Therefore, L-Services consisted of various industries such as information service, broadcasting, professional service, goods rental and leasing, hotels, medical and other health services, social insurance and social welfare, education etc. As a result, in 1995, 26.3 percent of the employment was in L-Services. The proportion of the amount of the turnover of L-Service was 18.8 percent according to our Input-Output tables 1995.

After reorganizing former L-Service and other divisions concerned, four new divisions –“H Information and Communications”, “M Eating and Drinking Places”, “N Health Care and Welfare” and “O Education and Learning Support”- are added to new JSIC. Please refer to the tables of Annex 2 which show the changing situation.

In consideration of this background, requirements for revision of JSIC were pointed out by many statistical experts in academic field and persons in administrative organs.

The basic points in the deliberation of the Statistics Council are as follows:

- i) Conformity to ongoing changes in the structure of industry owing to factors such as highly

- developed ICT and diversification in the service industries;
- ii) Establishing precise classifications and distinct concepts and definitions in order to improve statistical availability, taking into account statistical continuity; and
 - iii) Improving comparability with international industrial classifications such as the International Standard Industrial Classification of All Economic Activities (ISIC), General Industrial Classification of Economic Activities within European Communities (NACE) and North American Industry Classification System (NAICS).

3. Outline of the 11th revision of JSIC

1) Major points of the revision

One of the major changes in this revision is the addition of new divisions to the present JSIC. The addition of new divisions is the first since the 4th revision in May 1957. As the result of the revision, the presentation by industrial groups of statistics derived from statistical surveys will be changed from the 14 divisions basis to the 19 divisions basis after October 2002. The major groups (2-digit), groups (3-digit) and industries (4-digit) have also been reorganized completely, adding new ones and removing some existing ones. (See table below.)

	Divisions	Major Groups	Groups	Industries
Number of existing items (A)	14	99	463	1,322
Number of revised items (B)	19	97	420	1,269
increase and decrease (B-A)	5	- 2	-43	-53
Number of newly-established Items	5	22	76	162
Number of abolished items	0	24	119	215

Annex 3 includes two correspondence tables between divisions of JSIC 1993 and JSIC 2002 and between ISIC and JSIC.

2) Comparison of JSIC to the International Standard Industrial Classification (ISIC)

Recognizing the need for international comparability of classifications, we first adopted new divisions to correspond to ISIC sections –“H Hotels and Restaurants”, “M Education” and “N Health and Social Work”. As JSIC is, however, based on our traditional principles which led our administration and economy to establish JSIC, there are still some following differences between JSIC and ISIC.

- i) Take-out activities are included in “H Hotels and Restaurants” in ISIC. On the other hand, in JSIC this category of establishment which manufactures goods and sells them to individuals or household consumers is classified in retail trade. Because JSIC arranges systematically all economic activities conducted by establishments by differentiating kinds of goods produced or services rendered in the final stage.
- ii) Museums and art galleries, Zoological gardens and Botanical gardens are classified in “O Other

Community, Social and Personal Service Activities” in ISIC. They are classified in “O Education and Learning Support” in JSIC owing to our recognition that their activities are part of educational ones.

4. Why was the new division “H Information and Communications” created?

1) Background of the creation

Two following major points play important roles in creation of new division on information and communication.

- i) Grasping the industrial structure on information and communication technology (ICT) is a critical issue for us to understand changing society. In order to consider the issue, Statistics Council had already asked us to explore new approaches to classifying economic activities owing to development of the ICT in 1993 when the 10th revision was published.
- ii) Information sector is designed as one of 20 sectors in NAICS. ISIC Rev 3.1 also includes Information section as a new alternative aggregation.

2) Discussing points in the working group under the Statistics Council

Following items are considered and discussed in the working group meetings.

Until the 10th revision, main components of new division “Information and Communications” were classified in the existing divisions “H Transport and Communications” and “L Services”. In case where main economic activity of an establishment was telecommunications, its establishment was classified in the “H Transport and Communications”. On the contrary, in case where main economic activity of an establishment was data processing and information services, its establishment was classified in “L Services”

Recently, economic activities in both the telecommunications and the data processing and information services are fused within one industry. So, we understood it was appropriate for JSIC to create new one division “Information and Communications” integrating these two types of activities. Firstly, information industries, generally speaking, include establishments engaged in processing and producing information such as newspaper publishers, publishers except newspapers, motion picture and video production, computer programming and other software services. In addition, commercial and engineering design services, authors and artists, and scientific research institutes might be also included in the information industries as their activities aim at producing information. We think, however, above-mentioned principles would not be appropriate to distinguish information industries from other industries because the component of information industries is too wide to grasp them. To identify the ICT industries is our emerging issue and it is required to consider the economic activities both of telecommunications and information processing. In the Working Group on Industrial Classifications under the Statistics Council, focusing on the means to transmit information using telecommunications, we considered the extent of the industry that was producing and processing information. Following issues were discussed in the working group.

- i) how to treat the newspaper publishers and other publishers

The goods produced by the establishments classified under Newspaper publishing and other publishing are tangible materials printed in the paper. So, in the deliberation of the working

group, some experts pointed out they should be classified in manufacturing in the same way as the former classification. The new product of a manufacturing establishment may be purchased in the market in the sense that it is ready for utilization or consumption. However, the value of the newspaper and book lies in the information content, not in the paper in which it is distributed. It is the same to the function of the broadcasting. In revised classification, establishments printing newspapers and books are classified under information and communications. When the establishments do only printing and supplementary business without publishing, they are classified under division “F Manufacturing”.

ii) creation of internet based services

Establishments offering services incidental to internet emerged in the market recently. These services cover application service provider, server housing, operating web search portals, etc. which have both functions of communications and data processing and information services. In the revision, we added new major group to JSIC for them.

iii) future issues

Rapid growth in Information and Communications is expected in the future. It would be difficult to distinguish the video picture, sound information, character information production and distribution from activities relating to information produced by other industries. As for the components and contents involved in “Information and Communication”, we had better to consider in the future issues in the light of the changing circumstances such as the revisions of international classifications and our experience through conducting statistical surveys.

5. Structure of “H Information and Communications”

1) Structure

“H Information and Communications” comprises establishments engaged in processing information for communication, notifying information, processing and providing information, or offering services incidental to internet. It consists of 5 major groups, i.e., Communications, Broadcasting, Information services, Internet based services, Video picture, sound information, character information production and distribution, and 15 groups. (refer to Annex 4)

2) Differences from NAICS Information sector

There are some differences between our “Information and Communications” and NAICS “Information sector”.

- i) According to the NAICS’s definition, the Information sector comprises establishments engaged in the following processes: (a) producing and distributing information and cultural products, (b) providing the means to transmit or distribute these products as well as data or communications, and (c) processing data. The arrangement of sub-sectors of NAICS Information starts from information and cultural products, while JSIC Information and Communications arranges its major groups starting from communications, or means to

- transmit or distribute these products – thus, named “Information and Communications”.
- ii) Although NAICS Information sector covers “Motion Picture and Video Exhibition”, “Libraries and Archives”, in JSIC, the former is classified to “Q Services, nec.”, and the latter to “O Education and Learning Support”. JSIC definition does not cover establishments engaged in providing cultural products and services that normally have a limited audience because the definition focuses on mass distribution of information.
 - iii) In NAICS, “Custom Computer Programming Services” is in “54 Professional, Scientific, and Technical Service”, and “Software Publishers” is in “51 Information”. We think it must be difficult to distinguish these two types of activities involved in software development in assignment of an establishment to an industry. Therefore, these activities are in the same division, major groups and groups, and are divided in industries or 4-digit’s groupings in JSIC.
- 3) Issues to be considered in upcoming discussion of ISIC Rev.4
- i) It is needed to grasp the situation whether new technologies like internet are popular to the public in the developing countries or not, and whether establishments involved in ICT are popular or not. We think it is better to create comprehensive groupings involved in the transmission and processing of the information.
 - ii) There are various opinions or views in academics and researchers on the definition and range of “information” including contents. It would be difficult to converge these opinions and to determine one definition and range of information. It would be appropriate to aggregate related establishments engaged in economic activities involved in technology of telecommunication, broadcasting and information processing. Considering stability of classification and international comparability of statistics, it is appropriate to classify information sector by communication means such as telecommunication and electromagnetic media, focusing on data processing and information services by means which use telecommunications.
 - iii) Although the activity of e-commerce is expanding in the area of distributive trade thanks to IT development, we object that the e-commerce is introduced as a new criterion of ISIC. Because, we think that it is a fundamental principle that the standard classification should be classified by “kinds of goods produced or services rendered” with which compensation is received in the trading activities in the market. Therefore, e-commerce is just a mean to sell goods. In contrast, in case where the compensation can be received for the mean of transmission such as telecommunications, it should not be classified as distributive trade but as telecommunications.

6. How do we grasp data on “Information and Communications” in the implementation of JSIC?

The industrial classification should be intended at being used for determining the scope of industries in which the objects of statistical surveys fall and for presenting survey results organized by

industrial grouping. Therefore, it should be essential to grasp available data in arranging classification groupings, and JSIC has never set new items for which data are not available in collection.

We have following issues on Information and Communications.

- It would be difficult to assign a classification item for an establishment not only because the value added is volatile in data processing and information services, communications, and internet based services but also because an establishment sometimes performs more than one activity on information.
- Considering the availability of data in collection for the statistics, we cannot arrange the Software services in the division for professional and technical services, but for “Information and Communications”. Although NAICS has already arranged it into “54 Professional, Scientific, and Technical Services”, we need much more time to consider the possibility to arrange it to such a division in the future.

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To the readers;

This paper was prepared as an invited paper of IAOS meeting held in August 2002 in London. It gives an overview of our development work in the field of statistical classification focusing on the various aspects of the information society and the international comparability. The views expressed herein are those of the author, and not necessarily those of the Statistical Standards Department or any other Japanese government organs.

As for the detailed explanation of the 11th revision of JSIC, the official English version which will be published in due course would be useful for many users in the world as a reference material to understand our classification system. It will be also posted on the Website of Statistics Bureau of Japan (<http://www.stat.go.jp>).

Lastly, the brief explanation of the General Rules of the JSIC is added to the paper for the reference of the users.

General Rules of the JSIC (refer to annex 5)

Big changes are not made on general rules of JSIC.

Definition of establishment is defined in Section 2, because JSIC is intended to classify establishments by its economic activity relevant to the production or supply of goods and services performed by the establishment.

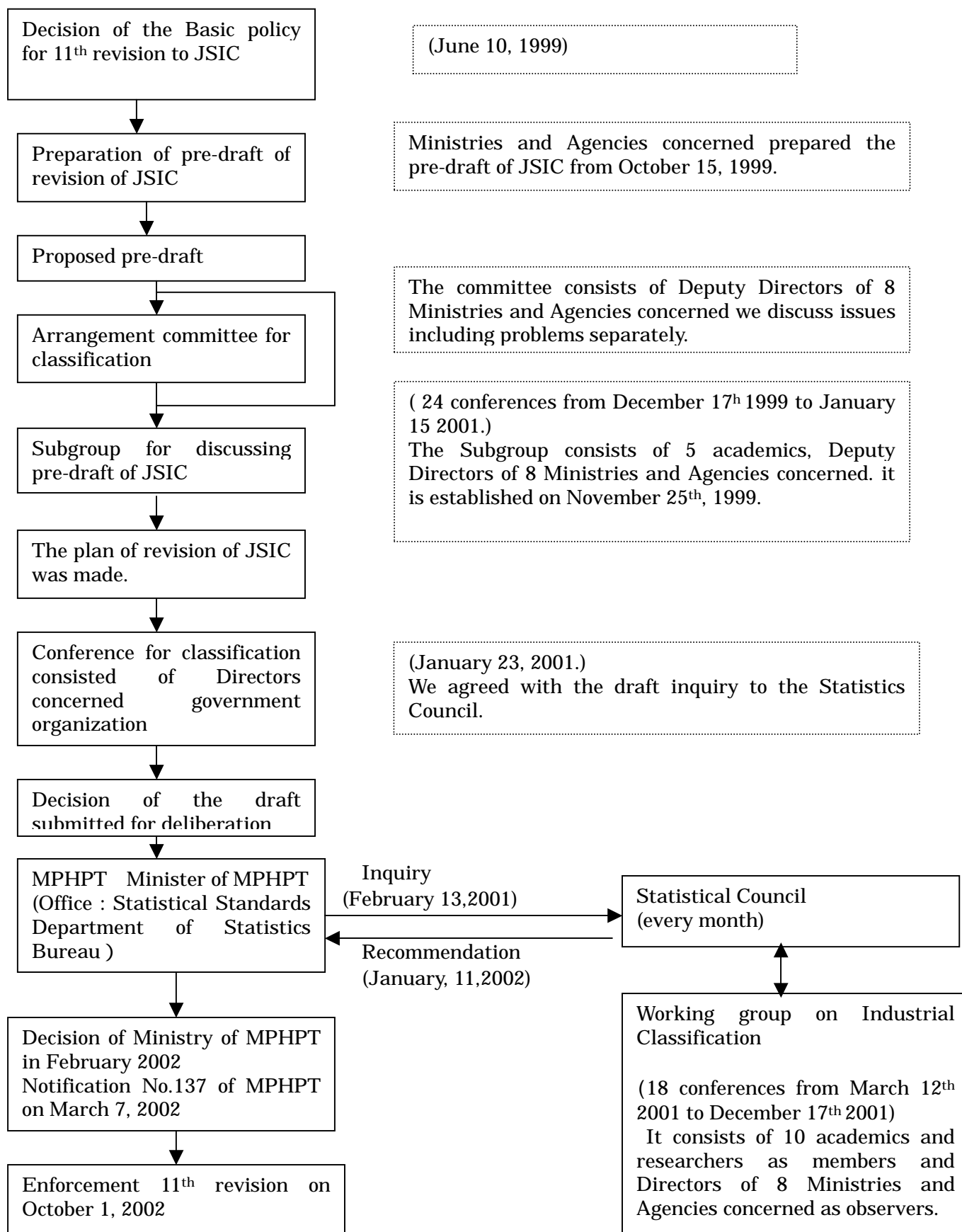
Classification Criteria in Section 3 is the same as ISIC Rev3. Considering the Input-Process-Output, we think we do not need to add any more standards. Especially, the structure of divisions is based on the Criteria No.1 Types of goods or service provided. (refer to annex6)

In Section 6, as a rule the industry to which an establishment belongs is determined by the economic

activity providing the largest amount of revenue or sales, but in cases where it is difficult or inappropriate to follow this rule, the number of employees or facilities may become a decisive factor. We use the top-down method to classify one establishment. It is suitable to explain the whole industrial structure. This method is also the same as ISIC.

As indicated above, we established the JSIC in line with the concept of ISIC, therefore, we hope to maintain the existing concept to keep time series of statistics.

The decision process of JSIC, 11th revision



(by Establishment and Enterprise Census 1996)

10th Revision (1993)					11th Revision (2002)				
	Establishments	Ratio(%)	Persons engaged	Ratio(%)		Establishments	Ratio(%)	Persons engaged	Ratio(%)
Total	6,717,025	100.00%	62,781,253	100.00%	Total	6,717,025	100.00%	62,781,253	100.00%
A Agriculture	13,882	0.21%	155,208	0.25%	A Agriculture	13,882	0.21%	155,208	0.25%
B Forestry	3,836	0.06%	45,230	0.07%	B Forestry	3,836	0.06%	45,230	0.07%
C Fisheries	3,475	0.05%	59,078	0.09%	C Fisheries	3,475	0.05%	59,078	0.09%
D Mining	4,521	0.07%	64,323	0.10%	D Mining	4,521	0.07%	64,323	0.10%
E Construction	647,360	9.64%	5,774,520	9.20%	E Construction	647,360	9.64%	5,774,520	9.20%
F Manufacturing	771,906	11.49%	12,930,235	20.60%	F Manufacturing	763,546	11.37%	12,742,103	20.30%
G Electricity, Gas, Heat Supply and Water	10,168	0.15%	340,964	0.54%	G Electricity, Gas, Heat Supply and Water	10,168	0.15%	340,964	0.54%
H Transport and Communications	189,645	2.82%	3,895,704	6.21%	H Information and Communications	43,145	0.64%	1,221,510	1.95%
I Wholesale and Retail Trade, Eating and Drinking Places	2,831,334	42.15%	18,247,700	29.07%	I Transport	147,065	2.19%	3,152,797	5.02%
J Finance and Insurance	108,198	1.61%	1,975,745	3.15%	J Wholesale and Retail Trade	1,994,888	29.70%	14,132,562	22.51%
K Real Estate	292,358	4.35%	934,106	1.49%	K Finance and Insurance	108,198	1.61%	1,975,745	3.15%
					L Real Estate	331,225	4.93%	1,019,562	1.62%
					M Eating and Drinking Places, Accommodation	923,862	13.75%	5,026,901	8.01%
					N Health Care and Welfare	264,818	3.94%	3,790,620	6.04%
					O Education and Learning Support	227,124	3.38%	2,769,733	4.41%
					P Compound Services	55,338	0.82%	795,340	1.27%
L Services	1,794,763	26.72%	16,508,443	26.30%	Q Services, N.E.C.	1,128,995	16.81%	7,865,060	12.53%
M Government, N.E.C.	45,579	0.68%	1,849,997	2.95%	R Government, N.E.C.	45,579	0.68%	1,849,997	2.95%

Domestic Production by JSIC divisions
(by 1995 Input-Output Tables)

	Domestic Production (gross inputs) (billion yen)	Distribution ratio (%)		Domestic Production (gross inputs) (billion yen)	Distribution ratio (%)
Total	937,101	100.0	Total	937,101	100.0
Agriculture	12,068	1.3	Agriculture	12,068	1.3
Forestry	1,452	0.2	Forestry	1,452	0.2
Fisheries	2,297	0.2	Fisheries	2,297	0.2
Mining	1,660	0.2	Mining	1,660	0.2
Construction	88,149	9.4	Construction	88,149	9.4
Manufacturing	312,521	33.3	Manufacturing	307,657	32.8
Electricity, Gas, Heat Supply and Water	23,369	2.5	Electricity, Gas, Heat Supply and Water	23,369	2.5
Communications	62,197	6.6	Information and Communications	27,192	2.9
Wholesale and Retail Trade, Eating and Drinking Places	125,217	13.4	Transport	50,114	5.3
Finance and Insurance	36,335	3.9	Wholesale and Retail Trade	102,322	10.9
Real Estate	64,185	6.8	Finance and Insurance	36,335	3.9
Services	175,916	18.8	Real Estate	64,185	6.8
			Eating and Drinking Places, Accommodation	29,900	3.2
Government, N.E.C.	26,217	2.8	Health care and Welfare	36,229	3.9
Establishments Not Adequately Described	5,518	0.6	Education and Learning Support	22,229	2.4
			Compound Services		
			Services, N.E.C.	100,208	10.7
			Government, N.E.C.	26,217	2.8
			Establishments Not Adequately Described	5,518	0.6

Domestic production trend by newly established divisions
(Transaction Valued at Producers' Prices) by Input-Output Tables

	Information and Communications		Eating and Drinking Places, Accommodation		Medical, Health care and Welfare		Education and Learning Support	
	(Million yen)	Growth ratio	(Million yen)	Growth ratio	(Million yen)	Growth ratio	(Million yen)	Growth ratio
1995	27,191,650	171%	29,899,855	156%	36,229,387	167%	22,229,403	150%
1990	22,847,591	143%	24,002,959	125%	26,641,302	122%	18,952,649	128%
1985	15,943,341	100%	19,208,018	100%	21,751,445	100%	14,847,805	100%

The JSIC (2002) Structure as compared to JSIC(1993)

JSIC (1993)		items	JSIC (2002)		items
Divisions	Letter	14	Divisions	Letter	19
Major Groups	2-digits	99	Major Groups	2-digits	97
Groups	3-digits	463	Group	3-digits	420
Industries	4-digits	1,324	Industries	4-digits	1,269

Correspondence table between Divisions of JSIC(1993) and JSIC(2002)

[JSIC:1993]		[JSIC:2002]
A Agriculture	(1)	A Agriculture (1)
B Forestry	(1)	B Forestry (1)
C Fisheries	(2)	C Fisheries (2)
D Mining	(4)	D Mining (1)
E Construction	(3)	E Construction (3)
F Manufacturing	(23)	F Manufacturing (24)
G Electricity, Gas, Heat Supply and Water	(4)	G Electricity, Gas, Heat Supply and Water (4)
H Transport and Communications	(9)	H Information and Communications (5)
I Wholesale and Retail Trade, Eating and Drinking Places	(14)	I Transport (7)
J Finance and Insurance	(8)	J Wholesale and Retail Trade (12)
K Real Estate	(2)	K Finance and Insurance (7)
L Services	(25)	L Real Estate (2)
M Government, N.E.C.	(2)	M Eating and Drinking Places, Accommodation (3)
N Establishments Not Adequately Described	(1)	N Health care and Welfare (3)
		O Education and Learning Support (2)
		P Compound Services (2)
		Q Services, N.E.C. (15)
		R Government, N.E.C. (2)
		S Establishments Not Adequately Described (1)

The ISIC Structure as compared to JSIC (2002)

ISIC		items	JSIC		items
Sections	Letter	17	Divisions	Letter	19
Divisions	2-digits	60	Major Groups	2-digits	97
Group	3-digits	159	Groups	3-digits	420
Class	4-digits	292	Industries	4-digits	1,269

Correspondence table between Section of ISIC and Division of JSIC(2002)

[ISIC]		[JSIC : 2002]	
A	Agriculture, Hunting and Forestry (2)	A	Agriculture (1)
B	Fishing (1)	B	Forestry (1)
C	Mining and Quarrying (5)	C	Fisheries (2)
D	Manufacturing (23)	D	Mining (1)
E	Electricity, Gas and Water Supply (2)	E	Construction (3)
F	Construction (1)	F	Manufacturing (24)
G	Wholesale and Retail Trade; Repair of Motor Vehicles, Motorcycles and Personal and Household Goods (3)	G	Electricity, Gas, Heat Supply and Water (4)
H	Hotels and Restaurants (1)	H	Information and Communications (5)
I	Transport, Storage and Communications (5)	I	Transport (7)
J	Financial Intermediation (3)	J	Wholesale and Retail Trade (12)
K	Real Estate, Renting and Business Activities (5)	K	Finance and Insurance (7)
L	Public Administration and Defense; Compulsory Social Security (1)	L	Real Estate (2)
M	Education (1)	M	Eating and Drinking Places, Accommodation (3)
N	Health and Social Work (1)	N	Health care and Welfare (3)
O	Other Community, Social and Personal Service Activities (4)	O	Education and Learning Support (2)
P	Private Households with Employed Persons (1)	P	Compound Services (2)
Q	Extra-Territorial Organizations and Bodies (1)	Q	Services, N.E.C (15)
		R	Government, N.E.C. (2)
		S	Establishments Not Adequately Described (1)

Note : Full lines indicate main correspondence. Dotted lines indicate secondary correspondence.

The number in parenthesis indicates the number of division of ISIC and major group of JSIC.

Annex 4

H-INFORMATION AND COMMUNICATIONS

37 COMMUNICATIONS

371 TRANSMISSION OF CORRESPONDENCE

3711 Transmission of correspondence

372 FIXED TELECOMMUNICATIONS

3721 Regional telecommunications, except wire broadcast telephones

3722 Long-distance telecommunications

3723 Wire broadcast telephones

3729 Miscellaneous fixed telecommunications

373 MOBILE TELECOMMUNICATIONS

3731 Mobile telecommunications

374 SERVICES INCIDENTAL TO TELECOMMUNICATIONS

3741 Services incidental to telecommunications

38 BROADCASTING

381 PUBLIC BROADCASTING, EXCEPT CABLECASTING

3811 Public broadcasting

382 PRIVATE-SECTOR BROADCASTING, EXCEPT CABLECASTING

3821 Television broadcasting, except satellite broadcasting

3822 Radio broadcasting, except satellite broadcasting

3823 Satellite broadcasting

3829 Miscellaneous private-sector broadcasting

383 CABLECASTING

3831 Cable television broadcasting

3832 Cable radio broadcasting

39 INFORMATION SERVICES

391 COMPUTER PROGRAMMING AND OTHER SOFTWARE SERVICES

3911 Custom software services

3912 Package software services

392 DATA PROCESSING AND INFORMATION SERVICES

3921 Data processing services

3922 Research and information services, except marketing or opinion research services

3929 Miscellaneous data processing and information services

40 INTERNET BASED SERVICES

401 INTERNET BASED SERVICES

4011 Internet based services

41 VIDEO PICTURE, SOUND INFORMATION, CHARACTER INFORMATION PRODUCTION AND DISTRIBUTION

411 VIDEO PICTURE INFORMATION PRODUCTION AND DISTRIBUTION

4111 Motion picture and video production, except television program production

4112 Television program production (Teleproduction)

4113 Motion picture, video and television program distribution

412 SOUND INFORMATION PRODUCTION

4121 Recording and disk production

4122 Radio program production

413 NEWSPAPER PUBLISHERS

4131 Newspaper publishers

414 PUBLISHERS, EXCEPT NEWSPAPERS

4141 Publishers, except newspapers

**415 SERVICES INCIDENTAL TO VIDEO PICTURE, SOUND INFORMATION, CHARACTER INFORMATION
PRODUCTION AND DISTRIBUTION**

4151 News syndicates (News suppliers)

4159 Miscellaneous services incidental to video picture, sound information, character information production and
distribution

Alphabetic code : division

2-digit figures : major groups

3-digit figures : groups

4-digit figures : industries

General Rules of the Japan Standard Industrial Classification

Section 1 Definition of Industry

For the purpose of this Industrial Classification, industry refers to all economic activities related to producing and providing goods and services performed at establishments in the form of a social division of labor. This includes profit-making and non-profit-making activities, such as agriculture, construction, manufacturing, wholesale trade, retail trade, financing, medical services, welfare, education, religious and public services.

Activities within a household involving production and services provided to the family by its member(s) are not included in the definition of industry.

Section 2 Definition of Establishment

For the purpose of this Industrial Classification, establishment refers to the unit of location of economic activities, and shall in principle comply with the following requirements.

- (1) Economic activities are conducted under a single business principal, occupying a certain place or plot of land.
- (2) Production or supply of goods and services is conducted continuously with personnel and facilities provided for this purpose.

Establishments in other words include, in general, those places that are known as works, manufacturing plants, offices, business offices, shops, restaurants, hotels, amusement and recreation facilities, schools, hospitals, government offices, stations, mining offices and farmhouses.

In this case, if economic activities are performed within a single compound under a single business principal, this is deemed to be one establishment, while even within a single compound, if economic activities are performed under different business principals, each is deemed to be a different establishment, under its own business principal.

Meanwhile if it is not possible to discern whether a single establishment occupies a single plot, provided the same business accounting books such as sales ledgers and wage ledgers cover the same plot, this is deemed one plot and one establishment.

In cases where business activities are conducted on two or more neighboring plots, each is to be deemed in principle a different establishment. In cases however where the business accounting books used are the same and inseparable, this may be deemed one plot and one establishment.

Modes of economic activity however are diverse. Therefore for convenience' sake, these are on occasion treated in the following manner.

- (1) In cases of individuals such as peddlers and private taxi drivers with no fixed location for conducting economic activities, nor any specific establishment, the residences of these individuals are deemed to be their establishment.
- (2) In cases of individuals such as writers, painters and home workers all engaged in work at their residences with no specific establishments, the residences of these individuals are deemed to be their establishments.
- (3) In cases where employees change day by day and wage ledgers are not used either, at places such as guardhouses and police stations, these places, even located at a distance, are not considered to be establishments as a rule, but are bundled with their administrative establishments to be deemed one establishment as a whole.
- (4) With regard to economic activities in agriculture, forestry and fisheries conducted in farmlands, forests, at sea etc., the locations of these activities are not considered to be establishments, but offices or business offices that administer these activities, or residences of the establishment's proprietors are deemed to be the establishments.

For those who engage in agriculture, forestry and fisheries having facilities such as shops and factories in one compound (in premises), if economic activities other than agriculture, forestry and fisheries are conducted there, each of these activities is deemed to have its own independent establishment.

- (5) While sites of construction work are not considered to be establishments, they are bundled with offices administering the sites (or with residences of the establishment's proprietors in cases where individual enterprises have no office) to be deemed one establishment as a whole.
- (6) In railway transport, where several structural organs (railway sections, engineer's wards etc.) exist in one compound, each organ is deemed an establishment. In cases however where administrative managers such as stationmasters and section managers are not assigned to such organs as stations and sections, these are bundled with organs having administrative managers to be deemed an establishment as a whole.
- (7) In cases where two or more schools are established together in one compound, each school of a different type is deemed to be a separate establishment. (Schools in this case refer to those as stipulated in the School Education Act.)

If a certain business principal engaged in operations other than education runs a school at the same location, this school is deemed to be a different establishment to the one for the purpose of education.

- (8) With regard to state and local public entities, each organ established separately under decrees or municipal ordinances is deemed to be an establishment, even if located in one compartment.

In the case of public corporations or revenue-producing operations run by the state or local public entities, each relevant organ is deemed to be an establishment.

- (9) Establishments such as warehouses, repair shops and cargo collection facilities, all for

own use, and working solely for the establishment of the same business principal, are on occasion for statistical reasons, bundled with the principal establishment to be deemed one establishment as a whole.

- (10) In addition, in cases where it is difficult to verify the existence of establishments, there may be slight differences in the treatment of establishments, depending on the statistical survey.

For example, if work is conducted at part of a residence, this may on occasion be treated as follows:

- a) An entire establishment is deemed to exist there.
- b) This will be deemed an establishment only if the revenue from the work accounts for the majority of household income.
- c) An establishment is deemed to exist only if an employee or employees are present.
- d) An establishment is deemed to exist only if a board-like public sign is posted.

Furthermore if multiple subcontracts are being performed under a specific contractor, the establishments of the subcontractors may be bundled with that of the contractor.

Section 3 Classification Criteria

This Industrial Classification is used for determining the scope of industries targeted by statistical surveys, and for presenting the results of statistical surveys by industrial group. Under this Classification, economic activities performed at establishments, or industries, are classified and arranged systematically, focused on following major points:

- (1) Types of goods produced or services provided (use, functions etc.)
- (2) Ways of producing goods or providing services (facilities, technologies etc.)
- (3) Types and properties of raw materials and objects of services and types of items stocked (merchandise, etc.)

The number of establishments, number of employees, amount of production or sales and other such factors were taken into consideration to determine the different classifications.

Section 4 Composition of Classifications

This Industrial Classification is composed of four stages, namely divisions, major groups, groups and details (industries). The composition (in the eleventh revision) includes 19 divisions, 97 major groups, 420 groups and 1,269 industries.

For the classification codes contained in this Industrial Classification, alphabet letters are used for divisions, two-digit figures for major groups, three-digit figures for groups and four-digit figures for industries.

Divisions	Major groups	Groups	Industries
A Agriculture	1	4	20
B Forestry	1	5	9
C Fisheries	2	4	17
D Mining	1	6	30
E Construction	3	20	49
F Manufacturing	24	150	563
G Electricity, Gas, Heat Supply and Water	4	6	12
H Information and Communications	5	15	29
I Transport	7	24	46
J Wholesale and Retail Trade	12	44	150
K Finance and Insurance	7	19	68
L Real Estate	2	6	10
M Eating and Drinking Places, Accommodations	3	12	18
N Medical, Health Care and Welfare	3	15	37
O Education, Learning Support	2	12	33
P Compound Services	2	4	8
Q Services, N.E.C.	15	68	164
R Government, N.E.C.	2	5	5
S Industries Unable to Classify	1	1	1
(Total) 19	97	420	1,269

Section 5 Unit Applied to Classifications

The unit applied to this Industrial Classification is the establishment.

The unit in applying this Classification to individuals is the establishment to which the individuals belong. Application to those other than establishments and individuals, for example to enterprises, is dealt with in the same manner as for establishments.

Section 6 Method of Determining Industry for Classifying Establishments

The industry under which an establishment is classified is determined on the basis of economic activities performed by the establishment.

Namely, if economic activities falling under a single classification are performed in an

establishment, these economic activities dictate the industry classification. If economic activities fall under multiple classifications, the major economic activity is the key in determining the industry. In this case, the major economic activity refers, among multiple items, to the largest in terms of revenue or sales during the past year, coming from goods produced, commodities handled or services provided, however with any portion earned from contingent factors other than regular economic activities of the establishment being deducted from revenue. (*Note*)

Transfer of goods or provision of services between establishments belonging to the same enterprise (excepting administrative work conducted by the head office etc.) are treated in the same manner as sales or services provided for compensation. Also, sales or provision of processing services for a fee to private enterprises in agriculture, forestry or fisheries are treated in the same manner as those for households of general consumers.

As indicated above, as a rule the industry under which establishments are classified is determined on the basis of the economic activities providing the largest amount of revenue or sales, however in cases where it is difficult or inappropriate to follow this rule, the number of employees or facilities may become a decisive factor.

Industries of establishments in the process of business conversion, under a suspension of operations, or preparing for start-up are treated as follows:

- (1) If an establishment has been converted into a business during the past twelve months, the post-conversion business is deemed as a rule to be its major activity. However, if the conversion is of a temporary nature and, in view of facilities available, if there is a possibility of the establishment reverting to the previous business, the business performed prior to the conversion may be deemed its major activity.
- (2) If the business is converted periodically on a seasonal basis, the business earning the largest annual revenue will be deemed its major activity, regardless of the type of business being performed at the date of survey.
- (3) Industries of establishments under a suspension of business or in the process of liquidation are determined by the economic activities performed prior to the suspension or start of liquidation.
- (4) Industries of establishments preparing for start-up are determined by the economic activities they perform when launched.

This is the basic means of determining to which industry an establishment belongs. Industries of head and branch offices engaged in managerial operations, and industries of establishments working solely for the establishment of the same business principal and of establishments of holding company are treated in the following manner:

- (1) The industry of head, branch and local offices mainly engaged in managerial work should be the same in terms of major economic activities common throughout all establishments under the management.

- (2) Ancillary economic activities of warehouses, repair shops, railways, all for own use, and of railway transport should be in the same industry as that of the principal establishments.
- (3) Industries of holding companies mainly managing subsidiaries should be determined in the same manner as head offices primarily engaged in managerial operations.
- (4) Other than the above, major economic activities performed at the establishments should as a rule determine the industry to which they belong.

(Note)

Application (grading) of the industries to which establishments belong in accordance with this Industrial Classification is carried out in serial order from the highest-ranking classification to the lowest. In particular, in cases where an establishment engages in economic activities falling under multiple classification items, these economic activities should first be grouped in divisions. The economic activities earning the largest amount in revenue or sales will determine the division in which the establishment is to be classified. The economic activities falling under the division as determined should then be sorted into major groups, and the major group in which the establishment is to be classified determined based on the largest amount of revenue or sales. Groups and industries for the classification are then determined in the same manner.

Section 7 Scope of Government Services

This Industrial Classification is a classification by type of economic activity, therefore, whether under public or private management, the same economic activities have the same classifications. Accordingly, the “Government” classification in this Industrial Classification includes, of state and local public bodies, the Diet, courts, central government offices and their local branch offices and bureaus, prefectural government offices, municipal and ward offices, town and village offices etc., all of which are government and public agencies that essentially engage in legislative, judicial and administrative affairs. Others are classified under the relevant industries according to their operations, in the same manner as general industries.

System of JSIC Divisions

(Items of Divisions)

ANNEX6

