

## Global Consultation on the proposed revised structure of the International Standard Industrial Classification of All Economic Activities (ISIC) Rev. 4

### Comments Pearle\*-Live Performance Europe

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The [UN Statistical Committee](#) presented on 18 January a new draft structure on the statistical economic ISIC codes. As mentioned in the [explanatory note](#) on the main changes to ISIC REV. 4 : 'NACE and ISIC remain identical at the two-digit level (divisions) of the classification'.

Pearle\* welcomes that the UN Task Team on ISIC recognises in the note : *"that the revision process must be more iterative allowing for more frequent revisions/updates to ensure a more flexible and responsive classification to new and emerging policy needs while ensuring consistency of time series."* Indeed, The ISIC Classification System will need a complete new reorganizational structure. New methods of production, services and hybrid economic activities will be much more important as well as economic activities relating to the new economic strategy of the EU as stated in the "Green Deal" (for example "repair and recycling" activities).

Furthermore, digitalization will create new possibilities for the creation of virtual products and services that have nothing to do with the industrial age classifications now heavily dominating the current system.

The proposed structure includes a review of class R arts, entertainment and recreation, including a renaming of this section and revised structure to three digit level.

Pearle\*-Live Performance Europe, is the European federation representing the live performance sector. Its member federations are representing the broad value chain of enterprises (public & private), including creation, production, to distribution (operation of venues) as well as the indispensable technical service suppliers. Whether it is music, dance, theatre, circus, one-man shows, or other acts, whether it is art or pure entertainment, the classification of such activities need to be grouped together to reflect the scope of this part of economy.

**Comment on the new structure of ISIC at section level (alphabetic letter).** Pearle\* does not agree with the proposed renaming into class S arts, sports and recreation, as it no longer reflects 'entertainment'. Whilst sports and recreation form a logic connection, by only using 'arts' in the title the part of 'entertainment' or 'events' is no longer reflected. As a consequence, the new title would clearly narrow the interpretation of the codes included. This is confirmed when looking at the digits in the proposed new structure.

If such proposal would be adopted it would have severe consequences on economic size, employment, representativeness, and relevance. The economic codes are a backbone for governments to implement policies related to employment, education & training, fiscality, economic and industrial policy initiatives. It would also mean that those companies that would normally choose for class R (current classification) or class S (new proposal) would be required to choose another code, if available at all. Already the current structure, is considered ill-adapted to reflect the dynamism of the markets in which service suppliers and manufacturers (staging, lighting, audio, etc) operate, which makes that at present their activities are scattered over different classes (such as N & O) and digits, whilst the ISIC, nor NACE, classification reflects the so-called experience economy.

**Comment on the new structure of ISIC at Division (two-digit) level.** The new S class would compromise 4 two-digit level. Again, 'entertainment' seems to have disappeared and it is not clear from the new proposed structure at this level where 'entertainment' would fit.

The new S class names Digit **90** 'arts creation and performing arts activities'. Arts creation (currently 'artistic' creation) refers to individual creation, whilst it seems that 'performing arts' is further used as an overarching category for production of live performance only, which is a narrow approach, not reflecting the reality of the market. As a general observation, it is crucial that digit 90 covers a wide interpretation, to ensure that 'entertainment' is reflected and considered. Pearle\* would prefer for Digit 90 to be called 'arts creation, performing arts **and entertainment** activities'.

**Comment on the new structure of ISIC at Group (three-digit) level.** As regards Group (three-digit) level, instead of currently four only three group codes would be kept. We assume that this is done for reasons of simplification, whilst the use of 'performing arts' by its term doesn't invite to a broad understanding of which part of the economic sector goes under it. The new Digit **902 'performing arts'** gives the impression that the former 904 operation of arts facilities would go under 902 in the new structure. It would be recommendable to make that clearer by referring to performing arts and entertainment as mentioned above. The new Digit **901 'arts creation'** does only refer to creation by individuals, whilst in reality creation is also undertaken by companies, in combination with the production of art or entertainment activity.

Group **903 'support activities to arts creation and performing arts'**, seems to be the category where service providers (staging, lighting, audio, catering (?), specialised transport (?), rental & leasing) might be included. The question is whether 903 would be the digit for all service providers that operate in the broad event sector and not just the arts world.

### **Final remark**

It is understood from the note that in 2022 systematic review of ISIC at the classes level (four-digit codes) will take place. This will hopefully clarify points raised in this paper and answer the questions that -in our view- are now problematic in the proposed structure.

Pearle\*-Live Performance Europe is happy to further contribute where it can to the revision process.

Contact:

Anita Debaere, Director  
Pearle\*-Live Performance Europe  
[anita@pearle.eu](mailto:anita@pearle.eu)