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Committee on Specific Commitments

DETAILED ANALYSIS OF THE MODIFICATIONS BROUGHT ABOUT BY THE REVISION OF THE CENTRAL PRODUCT CLASSIFICATION

Note by the Secretariat

Addendum

RENTAL/LEASING SERVICES WITHOUT OPERATOR

1. Paragraph 5 of the report of the meeting of the Committee on Specific Commitments held on 10 October 1996, states that "...the Secretariat should take up contact with the Voorburg Group with a view to informing the Committee in the near future of any proposed changes to the CPC which could be of interest in the Committee's deliberations".

2. The statistical committee of the United Nations adopted at its 10-14 February 1997 Session the draft CPC Rev.1 proposed by the Voorburg group. A definitive version of Rev.1 has now been finalized and will soon be distributed to Members. This document will allow Members to consult directly the concordances tables and the definitions mentioned in the present note and to compare them with the CPC provisional structure and definitions if they feel it useful to do so. This is why, contrary to the preceding sectoral studies on tourism, energy, transport, distribution and construction, the concordance tables and the definitions have not been annexed to the present note.

3. The purpose of the present note is to analyse in detail the modifications brought by the CPC Rev.1 in the Rental/Leasing Services without operator sub-sector, which is part of the business services sector as defined in the GNS Classification.¹ It will proceed through a comparison of the complete structures of both classifications as put in concordance by the CPC drafters and as well through a comparison of their descriptive parts. It will follow the order of the concordance table between the provisional CPC and the CPC version 1 and of the GNS classification. The provisional CPC will be referred to as "*prov*", CPC rev.1 as "*rev*", CPC provisional items as "pXXXX", and CPC rev.1 items as "rXXXX".

4. In the present note, it has been thought more appropriate to retain the technical terms put forward in the provisional CPC's preface, and used by the Voorburg Group when communicating with the Secretariat, instead of those -- referring to the numbering of the digits -- previously used in the series of notes already issued by the Secretariat as to the tourism, distribution, construction, energy and transport sectors. The coding system of the CPC is described as follows in paragraph 33 of prov CPC preface: "*The coding system of CPC is hierarchical and purely decimal. The classification consists of sections (identified by the first digit), divisions (identified by the first and second digit), groups (identified by the first three digits), classes (identified by the first four digits) and subclasses (identified by all five digits, take together). The codes for the section range from 0 through 9 and each section may be divided into nine divisions. At the third digit of the code each division may, in turn, be divided*

¹See document MTN.GNS/W/120.

into nine groups which would then be further divided into nine classes and then into nine subclasses." Paragraph 35 of prov CPC preface adds: "Where a given level of classification is not further subdivided, a "0" is used in the position for the next more detailed level." The following chart summarizes the correspondence between these two languages.

One-digit item	Section
Two-digits item	Division
Three-digits item	Group
Four-digits item	Class
Five-digits item	Subclass

5. The abbreviation "n. e. c." means "not elsewhere classified".

6. The signification of the asterisks in the concordance table is the following:

xxx*: The item is wider than its correspondent in the other version of CPC. This means that it corresponds to several items in the other version of CPC and has consequently a wider scope according to the related explanatory notes. Asterisks always appear in the right-hand column of concordance tables.

xxxx

****1

****2 The series of asterisks before the last digit aims at avoiding the repetition of the four previous digits when a set of items having the same prefix is referred.

7. Though their structures are not strictly the same, section 1 paragraph E. Rental/Leasing Services without Operators of the GNS Classification and division p83 "*Leasing or rental services without operator*" have exactly the same content.

8. Division p83 "*Leasing or rental services without operator*" corresponds to division r73*, which has the same title and content. Group p831 "*Leasing or rental services concerning machinery and equipment without operator*" and group p832 "*Leasing or rental services concerning personal and household goods*" have been converted into two similar groups, group r731* which bears the same title as its counterpart in prov, and group r732* "*Leasing or rental services concerning other goods*".

9. A note placed under former group p8310 excluding leasing services of machinery and equipment of personal and household goods on a purely financial basis appears now at division (two-digit) level. A new introductory note indicates that the duration of the rental service is irrelevant for its classification.

A. CPC 831 "Leasing or Rental Services concerning Machinery and Equipment without Operator"

10. According to concordance tables, group r731 "*Leasing or rental services concerning machinery and equipment without operator*" corresponds at once to group p831 (which bears the same title) and to group p754* "*Telecommunications related services*". Group r732 "*Leasing or rental services concerning personal and household goods*" reproduces the same pattern (p832 and p754*).

11. At four-digit level, single-class p8310* *"Leasing or rental services concerning machinery and equipment without operator"* has been split into two new classes, class r7311 *"Leasing or rental services concerning transport equipment without operator"* and class r7312* *"Leasing or rental services concerning other machinery and equipment without operator"*², while single-class p8320* *"Leasing or rental services concerning personal and household goods"* has been broken up into eight classes, each dedicated to a specific type of good: *"televisions, radios, video cassette recorders and related equipment and accessories"* (r7321*), *"video tapes"* (r7322), *"furniture and other household appliances"* (r7323), *"leasing and leisure equipment"* (r7324), *"household linen"* (r7325), *"textiles, clothing and footwear"* (r7326), *"do-it yourself machinery and equipment"*, and finally *"other goods, n. e. c."* (r7329). Surprisingly -- if one takes the connections made in the concordance tables in consideration --, the Voorburg Group declares that new class r7311 *"Leasing or rental services concerning transport equipment without operator"* comes from subclass p83105 *"Leasing or rental services other **land** transport equipment without operator"*; indeed, their respective coverages could be compared, though the latter only involves *"land transport equipment"*, and the second one generally concerns *"transport equipment"*.

12. At five-digit level, four of the range of seven subclasses under new class r7311 correspond to similar former subclasses under class p8310*. Subclass p83105* *"Leasing or rental services concerning other land transport equipment without operator"* has been split into three rev subclasses: r73113 *"Leasing or rental services concerning railroad vehicles without operator"*,³ r73114 *"Leasing or rental services concerning other land transport without operator"*, and r73117 *"Leasing or rental services of containers"*.

13. With regard to leasing or rental services, the correspondence between prov and rev subclasses is made upon types of machinery and equipment rent or leased. Subclass p83101 *"Rental services or leasing concerning private cars without operator"* is connected with subclass r73111 *"Rental services concerning cars and **light vans** without operator"*, and so are identical services concerning *"goods transport motor vehicles without operator"* (p83102 and r73112), *"vessels without operator"* (p83103 and r73115), and *"aircraft without operator"* (p83104 and r73116). The Voorburg Group has estimated in addition that light vans were implicitly covered in the provisional CPC.

14. As far as explanatory notes under class r7311 are concerned, the following changes should be noted:

- a) In the new explanatory notes, the repetition of a subclass title, which was systematic in the original explanatory notes, is deleted or does not appear when a subclass has no exact correspondent.
- b) The text of explanatory note under subclass p83101 *"Leasing or rental services concerning private cars without operator"* is not reintroduced in the corresponding subclass r73111 *"Leasing or rental services concerning cars and light vans without operator"*. The Voorburg Group has considered that there has been no change in coverage or content of class resulting from these modifications.
- c) The text of the explanatory note under subclass p83105* *"Leasing or rental services concerning other land transport equipment without operator"* has been recast, while this subclass has been broken up in three. In fact, only one of the three subclasses resulting from this breaking up

²The distinction between transport and non-transport services is frequent and has been referred in certain schedules of specific commitments. It has been now introduced in CPC rev.1.

³The relation between subclass r73117 *"Leasing or rental services of containers"* and subclass p83105 *"Leasing or rental services concerning other **land** transport equipment without operator"* is subject to criticism, insofar as it could not implies the renting of containers in maritime transport..

has an explanatory note: subclass *r73114 "Leasing or rental concerning other land transport equipment without operator"* (the other subclass concerns railroad vehicles without operator). It cites exactly the same examples as in subclass *p83105** explanatory note; however, new items are added -- leasing, renting or hiring services concerning other land transport equipment without operators and man- or animal-drawn passenger vehicle rental services without the services of a driver -- and a new exclusion is defined: leasing, renting or hiring of bicycles, skis (relevant to subclass *r73240*⁴).

- d) The text of the explanatory note under subclass *p83106 "Leasing or rental services concerning agricultural machinery and equipment without operator"* is repeated verbatim in rev corresponding subclass, except for the addition of exclusion of *"leasing, renting and hiring services concerning lawnmowers"*, which is relevant to subclass *r73270*.
- e) The text of the explanatory note under both subclass *p83107 "Leasing or rental services concerning construction machinery and equipment without operator"* and the corresponding subclass *r73122* has not been modified, except addition of new examples of construction machinery: scaffolding without erection and dismantling, site huts, etc.
- f) Subclass *p83108* "Leasing or rental services concerning office machinery and equipment (including computer) without operator"* has been broken up into two subclasses, subclass *r73123 "Leasing or rental services concerning office machinery and equipment (excl. computers) without operator"* and subclass *r73124 "Leasing or rental services concerning computers without operator"*.⁵

Exclusions of renting or hiring services concerning computers or computer-related equipment with operator or management⁶ and renting services of computer time on an hourly or time-sharing basis⁷ are no more mentioned in any of the explanatory notes related to the new subclasses. A new exclusion of telephone equipment is added to the explanatory note under subclass *r73123*.⁸

- g) Finally, the residual explanatory note under subclass *p83109 "Leasing or rental services concerning other machinery and equipment without operator"* is completely reintroduced. An additional precision is given that personal and households goods are not concerned, while it is similarly mentioned that leasing, renting or hiring of all kinds of machinery generally used as capital goods by industry are covered; mention of communication equipment is replaced by mentioning of telecommunication equipment; new items are added: coin operating machines, office furniture, telephone equipment.

⁴This only excludes items expressly referred in another subclass. It is worth noting that these items were already mentioned in the explanatory note under the correspondent of CPC rev.1 *r73240* in CPC provisional, namely subclass *p83204 "Leasing or rental services concerning pleasure or leisure equipment"*.

⁵Computers are now excluded from the coverage of the former and relevant to the coverage of the latter, insofar as "computers" components and "office machinery and equipment (excl. computers)" components of the original explanatory note have simply been divided between the two corresponding new explanatory notes.

⁶Formerly classified in group *p843 "Data-processing services"*, now disaggregated and shared between *r831* "Consulting and management services"* and *r859* "Other support services"*.

⁷Related to ex-*p84330 "Time-sharing services"*, whose correspondent in rev is *r85960* "Computer processing services"*.

⁸Referred to subclass *r73129 "Leasing or rental services concerning other machinery and equipment without operator"*.

B. CPC 832 "Leasing or Rental Services concerning Personal and Household Goods"

15. As mentioned above, single-class *p8320 "Leasing or rental services concerning personal and household goods"* has been disaggregated in eight rev classes, all related to single-subclasses (hence having the same denomination). These classes (already mentioned in paragraph --) and subclasses are the following:

- class *r7321* "Leasing or rental services concerning televisions, radio, video cassette recorders and related equipment and accessories"* (and subclass *r73210**);
- class *r7322 "Leasing or rental services concerning video tapes"* (and subclass *r73220*);
- class *r7323 "Leasing or rental services concerning furniture and other household appliances"* (and subclass *r73230*);
- class *r7324 "Leasing or rental services concerning pleasure and leisure equipment"* (and subclass *r73240*);
- class *r7325 "Leasing or rental services concerning household linen"* (and subclass *r73250*);
- class *r7326 "Leasing or rental services concerning textiles, clothing and footwear"* (and subclass *r73260*);
- class *r7327 "Leasing or rental services concerning do-it-yourself machinery and equipment"* (and subclass *r73270*);
- class *r7329 "Leasing or rental services concerning other goods, n. e. c."* (and subclass *r73290*).

16. As to these classes and subclasses, the following remarks can be issued:

- in all explanatory notes, mention of leasing, already contained in title, is added to the text of the note at the beginning; explanatory notes of corresponding items are all identical, except for some minor changes and redistribution of content when disaggregation occurs.
- in the explanatory note to subclass *r73220 "Leasing or rental services concerning video tapes"* mention of video games is added.
- in the explanatory note to subclass *r73230 "Leasing or rental services concerning furniture and other household appliances"* mention of leasing, renting or hiring services concerning crockery, cutlery and ornaments is added.
- in the explanatory note to subclass *r73240 "Leasing or rental services concerning pleasure and leisure equipment"* mention of camping equipment is added.
- subclass *r73250 "Leasing or rental services concerning household linen"*, subclass *r73260 "Leasing or rental services concerning textiles, clothing and footwear"*, subclass *r73270 "Leasing or rental services concerning do-it-yourself machinery and equipment"* and subclass *r73290 "Leasing or rental services concerning other goods, n.e.c."* all result from the disaggregation of subclass *p83209 "Leasing or rental services concerning other personal or household goods"*. Whereas the first two new rev subclasses have

no explanatory notes, subclass r73270 mentions inclusion of leasing, renting or hiring services concerning lawnmowers. The explanatory note under subclass r73290 "*Leasing or rental services concerning other goods, n.e.c.*" now comprises the entire content of the explanatory note under p83209 "*Leasing or rental services concerning other personal or household*", with an additional mention of books, journals and magazines, of flowers and plants, of photo equipment, and another new mention of leasing, renting or hiring services concerning medical equipment (crutches) and paramedical equipment.
