

Reference: Elliott, R.J.R. (1999), "Industrial Specialisation and Adjustment in the EU: Structural and Labour Market Dimensions" PhD thesis, University of Nottingham.

Description of SITC rev3 (five-digit) – UK SIC (1980) (four-digit) Concordance

Our aim was to carry out extensive analysis using trade data classified by the UK Standard Industrial Classification (SIC) at the highest, four-digit level of disaggregation. The process required direct matching of the trade data extracted from OECD magnetic tapes at the fifth-digit. A concordance at this level was previously unavailable.

The first step involved contacting the Central Statistic Office (CSO) for a concordance prepared at the most detailed level available. The information received provided us with a nine-digit Combined Nomenclature that had the corresponding five-digit SITC rev3 and four-digit SIC (1980) records. From here we had to derive the SITC5-SIC4 concordance.

After extraction it became clear that a substantial percentage of five-digit products could be allocated to one, of up to four, alternative SIC groupings. This suggested a degree of arbitrary allocation. To improve the appropriateness of the choice at this level we returned to the nine-digit nomenclature. The first stage was to consider the number of nine-digit products within each five-digit SITC. If this was inconclusive we went to the finest level of detail possible and studied the sterling values of trade thus ensuring that the emphasis of allocation lay with the relatively more important product. For example SITC 27899 is split as follows;

25302000, 27899, 2396

25304000, 27899, 2396

25390000, 27899, 2396

25303000, 27899, 2515

The choice is between allocating 27899 as 2396 or 2515. Without the nine-digit nomenclature information, it would be an arbitrary fifty-fifty choice. When considered in relation to this additional information, we would express a preference for 2396. To be entirely sure however, we then compared the trade flows of the four competing products. In the, albeit, rare example outlined above, UK exports of 25303000 dwarfed the other three and thus 27899 would be allocated as SIC 2515. The results give us 3089 SITC's (rev 3) each with a given four-digit SIC (1980).

Weaknesses with this approach include the differences between imports and exports and the fact that trade flows differ over time. We believe that this remains however, the most satisfactory and in comprehensive method of concordance construction to date.

A second step carried out for a number of our papers was to be able to make comparisons over time. This meant bridging across SITC revision changes and involved utilising the SITC concordance between rev2 and rev3 and then reallocating the SIC groupings (not included here but available from official sources). Again, we were left with a certain degree of arbitrary choice concerning cases when a rev2 product is no longer classified in the new revision or a product is split into sub groups belonging to different industries. An educated allocation was made with reference to product and industry listings.

The SITC rev3 – UK SIC (1980) concordance has been utilised in numerous publications including

Brulhart and Elliott (2002), Labour market Effects of Intra-Industry Trade: Evidence for the UK, *Weltwirtschaftliches Archiv*

Greenaway, Milner and Elliott (1999), UK Intra-Industry Trade with the EU North and South, *Oxford Bulletin of Economics and Statistics*.

Greenaway, Hine and Milner (1995), Vertical and Horizontal Intra-Industry Trade: A Cross Country Analysis for the UK, *Economic Journal*.