



# Classifications (11)

## NACE and CPA

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## Classification

# 1. GENERAL BACKGROUND (1)

- The production and the dissemination of official statistics are based on harmonised definitions and classifications.
- Economic statistics like those produced within the context of Structural Business Statistics, Short Term Statistics, National Accounts, and other statistical domains, are based on the European classification of economic activities (NACE) and of products by activities (CPA).
- NACE and CPA are derived from international classifications ISIC and CPC - although more detailed - and can therefore be considered the European version.



## Classification

# 1. GENERAL BACKGROUND (2)

- The code indicating the principal economic activity of a statistical unit is assigned to each unit classified in the national Business Registers (in accordance with the category that describes best the activity of the unit).
- Main statistical areas using NACE: 1. Business Registers; 2. National and Regional Accounts; 3. Structural Business Statistics; 4. Industrial short-Term Indicators; 5. Labour force Survey; 6. other labour statistics.



## Classification

# 1. GENERAL BACKGROUND (3)

- Since the national economic structures vary considerably, there are branches of industry in NACE which are not of importance or do not occur in all Member States (e.g. branches of mining and quarrying, manufacture of spacecraft, etc.).
- The NACE Regulation allows the Member States to use a national version derived from NACE for national purposes. Such national versions must, however, fit into the structural and hierarchical framework laid down by NACE
- Statistical classifications must be updated regularly, in order to take account of the technological and organisational developments of the economies.



# Classifications

## 2. THE ACQUIS (1)

- The EU classification of economic activities (NACE) has been established in the Council Regulation N° 3037/90/EEC, amended in 1993 and in 2002 (NACE Rev 1.1).
- The Regulations present the structure of NACE, together with the correspondence with the international classification of activities (ISIC).
- A specific publications presents also the introductory guidelines as well as the explanatory notes for each item of the classification.
- NACE Rev. 1.1 is structured into 4 levels:
  - Level 1: 17 sections identified by alphabetical letters A to Q;
  - intermediate level: 31 sub-sections identified by two-character alphabetical codes;
  - Level 2: 62 divisions identified by two-digit numerical codes (01 to 99);
  - Level 3: 224 groups identified by three-digit numerical codes (01.1 to 99.0);
  - Level 4: 514 classes identified by four-digit numerical codes (01.11 to 99.00).



# Classifications

## 2. THE ACQUIS (2)

- On Level 1 the 17 sections identified by alphabetical letters A to Q are:
  - A-Agriculture, hunting and forestry; B-Fishing; C-Mining and Quarrying; D-Manufacturing; E-Electricity, gas and water supply; F-Construction; G-Wholesale and retail trade, repair of motor vehicles, motorcycles and personal and household goods; H-Hotels and restaurants; I-Transport, storage and communication; J-Financial intermediation; K-Real estate, renting and business activities; L-Public administration and defence, compulsory social security; M-Education; N-Health and social work; O-Other community, social and personal service activities; P-Activities of households; Q-Extra-territorial organisations and bodies



# Classifications

## 2. THE ACQUIS (3)

- Many statistical legal acts refer to NACE when detailing the characteristics of statistics produced by Member States in the various statistical domains relevant for EU policies, e.g. the SBS regulation, the STS regulation, etc.



# Classifications

## 2. THE ACQUIS (4)

- CPA, the Classification of products by activity, has been established in the Regulation N° 3696/93/EEC, amended in 1998 and in 2001.
- CPA associate products to the economic activity which produces it, according to NACE.
- Level 1: 17 sections identified by an alphabetical code (A to Q);  
intermediate level: 31 sub-sections identified by a two-character alphabetical code;
- Level 2: 62 divisions identified by a two-digit numerical code;
- Level 3: 223 groups identified by a three-digit numerical code;
- Level 4: 502 classes identified by a four-digit numerical code;
- Level 5: 1146 categories identified by a five-digit numerical codes;
- Level 6: 2608 sub-categories identified by a six-digit numerical code.





# Classifications

## 2. THE ACQUIS (5)

- Main areas of application: National and regional accounts; input-output analysis; other analyses requiring product data (CPA provides a common EU framework for the comparison of statistical data on products [goods and services]).



## CLASSIFICATION

# 3. MOST PROBLEMATIC ISSUES

- All statistical units in Business Registers should be classified according to NACE or a statistical classification derived therefrom.
- Economic statistics produced on the basis of sample surveys should use sample plans designed on the basis of NACE.
- Economic indexes should use weights derived on the basis of NACE.
- Introduction of economic classifications into relevant administrative data sources.
- Identification of the correct principal activity for all statistical units in the business register.
- Recalculation of time series compiled according to old/different classifications in terms of new classifications



# Classifications

## 4. FUTURE ACQUIS (1)

- NACE and CPA have been recently revised, in the wider context of the revision of all major classifications of activities and products in the world.
- The revised NACE is currently under discussion at the EU Parliament, and is expected to be adopted by the end of 2006.
- NACE: main changes relate to changes in the world economy – information and communication technology, coverage of services
- NACE: number of sections increases from 17 to 21 and for divisions from 62 to 88, e.g. a new section on information and communication technology is introduced to identify clearly IT activities in manufacturing and services



# Classifications

## 4. FUTURE ACQUIS (2)

- The Regulation establishing NACE Rev. 2 includes specific provisions for its implementation in several statistical domains.
- In general, the first reference year for statistics produced on the basis of NACE Rev. 2 will be 2008
- National statistical institutes will need to adapt their classifications, the Business Registers and the related statistics according to NACE 2.



# Classifications

## 4. FUTURE ACQUIS (3)

- CPA has been revised as well due to the same reasons as NACE
- The Regulation establishing the revised CPA will be adopted by mid 2007.
- More information is available at:

*<http://forum.europa.eu.int/irc/dsis/nacecpacon/info/data/en/index.htm>*



# CLASSIFICATIONS

## 5. SPECIFIC QUESTIONS

1. Are you aware of the introduction of the revised versions of NACE and CPA?
2. Have you set up an implementation plan for NACE rev. 2 in your country?
3. When do you intend to introduce NACE 2 in your National Business Register and the respective statistical surveys?
4. Have you performed an analysis of users' needs in relation to the implementation of NACE Rev. 2?
5. Are the classifications used also by other administrative data sources?
6. What are your plans for back-calculation of statistical data produced in accordance with the old classifications?
7. How do you classify statistical units in your register and who is responsible for providing the correct classification code?