Implementation of NACE Rev 2 in May 2010

Reuben Borg

EU WORKSHOP ON RECENT DEVELOPMENTS IN BUSINESS AND CONSUMER SURVEYS

Brussels, 14 October 2009
Overview – policy issues

- Background of process
- Reasoning behind sectoral survey breakdowns
- Conclusions
Introduction

• Important challenge: Smooth running of the BCS programme
• Time series continuity and comparability
• Interest of all partners
• Minimise potential risks of disruptions
Background

• 2007: Task Force studied 3 main issues
• Nov 2007: presentation in BCS workshop
• Dec 2007: DG ECFIN’s requirements
• 2008: response from institutes - big majority agreed with content
In 2009: rigorous internal analysis of

1. Institutes’ concerns
2. Discussion with Eurostat experts

April – EC letter soliciting institutes’ feedback on modified breakdown

• Encouraging feedback with minor disagreements

September – EC letter with final breakdown in annex
**Final INDUSTRY Breakdown**

**INDUSTRY**

- Broadly unchanged and conforms closely with classification given in NACE 2 regulation (comparable to short-term statistics as reference series)
- Code 19 no longer as separate ENERgy MIG (but code still has to be covered). Therefore, ENER MIG dropped.
- MIGs unchanged (still CONS = CDUR + CNDU, FOBE subset of CNDU)
- TOTA = CONS + INTM + INVE + 19
- Back-casted MIG aggregates should show very similar results
- Likewise for INVESTMENT survey
CONSTRUCTION

• Simplified to 41, 42, and 43 as foreseen in regulation

• No longer division between residential and non-residential
  – in line with change of business registers with NACE 2
  – interest in this division is more from the demand side rather than the supply side
  – Construction companies likely to work on both residential and non-residential projects
Final SERVICES breakdown

SERVICES

• Unchanged, same as classification given in NACE 2 (comparable to short-term statistics as reference series)

• Coverage increased, need to broaden scope of survey

• Movements of codes between industry and services should not have big impact on TOTS for back-casting purposes

• EC understands difficulty to cover certain codes, but this depends on the country’s market structure, thus cannot eliminate coverage of codes
**Final RETAIL breakdown**

**RETAIL**
- Not theme-based classification, only codes 45 (MV) and 47
- Facilitates collection, back-casting and comparison with short-term statistics

**45 – MVS + MVRM**
- MVS – separate code for the sale of motor vehicles (45.1) – widely watched indicator
- MVRM – captures the rest

**47 – FBT + FUEL + OTHERS**
- FBT – retail sale of Food, Beverages, Tobacco (necessity goods – relatively income inelastic)
  - decided to put 47.1 (supermarkets) under this heading
- FUEL – difficult to categorise, at the same time has appeal as an economic indicator
- OTHERS – considered as normal goods (likely to fluctuate with the business cycle)
WHOLESALE – code 46

- encouraging approval of its coverage
- pending budgetary support
- Code 46 suggested to be separate if eventually covered
- But grouped in Section G with retail as in NACE regulation
- Then, TOTG = TOTR + 46
Conclusion 1. A common changeover date - MAY 2010

- MAY 2010 – changeover date
- Date coincides with start of 3rd annual agreement under the 2008-2011 framework
Conclusion 2. Length and level of back-casting

**Back to January 1985** (depends on starting date of surveys):
- Totals + MIGs for Industry
- Specific difficulties on the starting date will be dealt with bilaterally

**Back to January 2000** (depends on starting date of surveys):
- Lower breakdowns of all surveys
- Jan 2000 is in line with ESTAT provisions concerning the initial back-casting of STS data
Considerations to ensure smooth transition

Risk factors upon changeover date:
- potential breaks, technical failures
- insufficient continuous time series to allow proper economic analysis
- dubious back-casting (Totals and MIGs transition should be smooth)
- interruption of seasonal adjustment - non-conformity of back-casted data

- The Commission would like the institutes to start sending in both NACE Rev.1.1 and NACE Rev.2 figures before May 2010 for testing purposes

- EC will send template for transmission of data soon

- Will include normal sheets and a new metadata section will be added (population and sample size, response rate)

- Invite opinion of how to present old NACE 1 and NACE 2 databases