NACE rev.2 changeover: follow-up

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JOINT EC-OECD WORKSHOP ON RECENT DEVELOPMENTS IN BUSINESS AND CONSUMER SURVEYS
Brussels, 17 November 2011
Outline

- Background
- The changeover step by step
- State of play
  - availability of NACE Rev.2 series
  - BCS users’ needs
- The way ahead
  - open issues
Background:
Commission's ongoing efforts to modernise production of EU statistics

- EC Regulation 1893/2006 establishes NACE Rev.2 as the new basis for classifying economic activities
- Jan 2009: short-term and structural business statistics; Autumn 2011: national accounts (Eurostat)
- May 2010: Business survey data (ECFIN)
  BCS partner institutes report business survey data according to the NACE2 classification
- 2010: BCS partner institutes were asked to provide DG ECFIN with back-cast series
  (back to 2000 for detailed 2-digit codes, and back to 1985 for aggregates and MIGs)
The changeover step by step

- Most of the back-cast series were received by the end of 2010.

- Validation process with a twofold objective:
  i) to check the back-cast series,
  ii) to make available series that are continuous and as long as possible.

- **February 2011**: validated NACE2 series at aggregate level

- **June 2011**: validated NACE2 series at MIGs level
The changeover step by step

- **Aggregate level**: a model-based methodology + statistical tests of structural break
  - Reasonably robust for not very volatile series.
  - Not suitable for MIG series (risks of detecting spurious breaks).

- **MIGs level**: correlation-based + retropolation of m-o-m changes

- In both cases, the adopted approach allows to have NACE2 series as long as the original NACE1.1 series, even when the available back-cast series is shorter, which is often the case.
State of play: availability of series for download

✓ DG ECFIN's “validated” database
  Long historical NACE2 business survey series
    - at the aggregate level (i.e. "total sector")
    - at Main Industrial Grouping (MIG) level

✓ Separate database
  Subsector series (2 digit-level): back-cast series sent by partner institutes, seasonally adj. by DG ECFIN

✓ Archive database
  - Back-cast series, as originally provided by partner institutes (non seasonally adjusted)
  - NACE1.1 business survey series (up to 04/2010)
State of play: what is missing & users’ needs

EU and EA series at subsector level

To produce EU and EA aggregates ECFIN needs NACE2 weights (from National Accounts - Eurostat)

- NACE2 weights for EU and EA coverage expected to be available in January 2012
- Full back-cast data not before September 2012
State of play: what is missing & users’ needs

- EA subsector series are needed by the ECB
- EU and EA series are demanded also by private sector companies and banks
- EC’s internal use

→ need to find a solution quickly
The way ahead

There is no best solution/option
As from January 2012: *fixed weight strategy*
apply the last available weights (from NACE2 national accounts) to past observations
- EU and EA subsector series available as from beginning 2012

January 2013: *review the approach*
take stock of the availability of back-cast weights (from NACE2 national accounts) and consider the possibility of changing weights, if necessary
- EU and EA subsector series possibly revised

Happy to hear your views on that
& thanks for your attention