

SWITCH TO THE NEW CLASSIFICATION OF ECONOMIC ACTIVITIES (NACE REV2)

1 Introduction of new classification of activities (nace rev2)

1.1. General

Classifications of activities and products are revised periodically. That is necessary because the economic structure of countries changes, and so does the composition of certain aggregates in the national accounts (broken down by industry and/or product). From now on, NACE 2008 replaces the nomenclature NACE 2003. The revised nomenclature of activities NACE rev2¹ (NACE 2008) provides for less detail than before in manufacturing industry, but more detail in the construction and services sectors.

Number of branches in NACE 2003

Section	Description	NACE	NACE	NACE	NACE
		2	3	4	5
A_B	Agriculture, forestry and fishing	3	7	16	24
C_E	Mining and quarrying, industry, electricity, gas and water	30	122	275	352
F	Construction	1	5	18	29
G_P	Services	27	93	229	470
Total		61	227	538	875

Number of branches in NACE 2008

Section	Description	NACE	NACE	NACE	NACE
		2	3	4	5
A_B	Agriculture, forestry and fishing	3	13	39	44
C_E	Mining and quarrying, industry, electricity, gas and water, sewerage, waste management and remediation activities	34	114	262	299
F	Construction	3	9	22	41
G_T	Services	47	135	291	558
Total		87	271	614	942

The aggregation levels applicable in the national accounts published up to 2010 (NACE 2003) and those published from 2011 (NACE 2008) are as follows

NACE 2003	NACE 2008	domain
A6	A10	quarterly accounts
A17	A21	not used in the national accounts (sections of NACE)
A31	A38	detailed accounts : estimates last year (t-1)
A60	A64	detailed accounts : estimates t-2 and earlier
SUT branch (# 125)	SUT branch (# 135)	compilation level per industry

The content of the various aggregation levels in terms of NACE 2008 is set out in the annex.

¹ The most detailed branch breakdown used here is the NACE 4-digit classification. However, for Belgium it is the NACE-bel 2008, produced by DGSEI, which is compatible with the NACE 4-digit classification but offers additional detail (5-digit specification of branches). NACE-bel 2008 is the Belgian transposition of Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE rev.2.

1.2. Switch to nace 2008

1.2.1. Automatic conversion of nace 2003 from the 2008 business register

The estimates for 2009 use the NACE 2008 classification. For that purpose, all units (corporations, self-employed persons, NPIs, etc.) included in the 2009 business register of the national accounts had to have a NACE 5-digit code in accordance with the new classification.

For existing enterprises (present in the 2008 business register) the NACE 2008 code was allocated on the basis of NACE 2003. The following links between the old and new NACE ² are possible:

- if, on transition from NACE 2003 to NACE 2008, there is a "1 → 1"- or a "N → 1" relationship for the codes, the conversion takes place automatically on the basis of the old NACE code;
- if, on transition from NACE 2003 to NACE 2008, there is a "1 → N" relationship for the codes, the method is as follows:
 - the NACE 2008 code for the enterprise in question is extracted from the KBO [companies register DGSEI];
 - if the NACE code in the KBO is among the NACE 2008 codes belonging to "N", the code is applied;
 - if the NACE code in the KBO is not among the NACE 2008 codes belonging to "N", the preferential NACE code is chosen. This is the most generic NACE code in "N".

Below is an example of the "1 → N" relationship, by way of illustration:

NACE 2003	Description	NACE 2008	Description
72.400	Other on-line publishing activities	58.110	Publishing of books
72.400	On-line publishing of guides and mailing lists	58.120	Publishing of directories and mailing lists
72.400	Other on-line publishing activities	58.130	Publishing of newspapers
72.400	Other on-line publishing activities	58.140	Publishing of journals and periodicals
72.400	On-line publishing of databanks	58.190	Other publishing
72.400	Other on-line publishing activities	58.190	Other publishing
72.400	Other on-line publishing activities	58.210	Publishing of computer games
72.400	Other on-line publishing activities	58.290	Other software publishing
72.400	On-line publishing for downloading music	59.203	Publishing of music recordings
72.400	Broadcasting of radio programmes via the internet	60.100	Broadcasting of radio programmes
72.400	Broadcasting of television programmes via the internet	60.200	Television programming and broadcasting
72.400	Designing the structure and content of databanks	62.010	Computer programming activities
72.400*	Activities relating to databanks	63.110*	Data processing, hosting and related activities
72.400	Internet home pages	63.120	Web portals

(*) 63.110 is the preferential NACE 2008 code corresponding to NACE 2003 code 72.400

The NACE 2003 code 72.400 (activities relating to databanks) is broken down into 13 different branches at the 5-digit level in the new NACE. These come under 5 different NACE 2008 divisions (58, 59, 60, 62, 63). If the NACE 2008 code in the KBO of undertakings currently classified under NACE 2003 code 724 in the 2008 code list concerns one of the 13 branches [58110, 58120, 58130, 58140, 58190, 58210, 58290, 59203, 60100, 60200, 62010, 63110, 63120] the NACE code according to the KBO is chosen. If the NACE code in the KBO is not on that list, the preferential NACE code (63110) is allocated.

For new undertakings (present in the 2009 business register but lacking in the 2008 business register) NACE 2008 code in the KBO is extracted.

² DGSEI has produced a correspondence table for the NACE 2003 and NACE 2008 nomenclatures.

1.2.2 Correction of incorrect nace codes in the 2009 business register

The introduction of NACE 2008 was an opportunity to improve the quality of the NACE codes in the business register where necessary. Before the automatic conversion, the NACE codes of undertakings in the 2008 code list were tested for possible inconsistencies by comparison with external sub-populations (agriculture census, list of enterprises reporting for the survey of industrial production (prodcom). The modified NACE used by the NSSO from 2010 on for service voucher undertakings was also taken into account. The NACE code of atypical enterprises in the SUT³ was corrected and the population of enterprises with old NACE code 74879 (other business-related services) was examined⁴.

This made it possible to correct the NACE code of several thousand enterprises (at NACE 2-digit level). This changed the relative importance of the branches in the economy.

Table 1 Reallocation of value added among the branches as a result of corrections to the NACE codes (2008, €million)

	S11	S124	S15	Total
Agriculture, forestry, fishing (A) ⁵	-38			-38
Mining and quarrying (B)	10			10
Manufacturing (C)	560			560
Electricity, gas, steam and air conditioning supply (D)	1			1
Water supply, sewerage, waste management and remediation activities (E)	60			60
Construction (F)	76			76
Wholesale and retail trade; repair of motor vehicles and motor cycles (G)	-105			-105
Transportation and storage (H)	-30			-30
Accommodation and food service activities (I)	0			0
Information and communication (J)	-8			-8
Financial and insurance activities (K)	9	-97		-88
Real estate activities (L)	-6			-6
Professional, scientific and technical activities (M)	-54			-54
Administrative and support service activities (N)	-424			-424
Education (P)	55		-56	-1
Human health and social work activities (Q)	22			22
Arts, entertainment and recreation (R)	7			7
Other service activities (S)	19			19
Total	153	-97	-56	0

S11: non-financial corporations

S124: financial auxiliaries

S15: non-profit institutions serving households

In a number of cases, correction of the NACE codes led to a revision of the sector codes: thus, in 2008 €97 million of value added switched from S124 to S11 (non-financial corporations incorrectly included under NACE 2003 code 67 "financial sector") and €56 million of value added switched from S15 to S11 (international schools which are henceforward regarded as market producers).

The biggest shifts are between manufacturing and construction, which gain in importance, and business-related services, wholesale and retail trade and financial activities which become less important.

³ These are undertakings whose main activity concerns a different branch from the one to which they are allocated in the supply and use table, indicating an incorrect NACE classification in the business register.

⁴ If the KBO has a more specific NACE code for these undertakings, it is selected.

⁵ Since value added in agriculture is estimated exogenously, the NACE corrections do not affect it. However, the net elimination of undertakings from agriculture (transferred, for example, to the food processing industry and trade in agricultural products) does result in an increase in total value added (amounting to €38 million).

1.2.3 Preparation of series in nace 2008 from 1995

For economic analysis, it is of course important to have longer series available in NACE 2008. For that purpose, series are back casted to 1995. This is a 2-stage process:

- conversion of series 1995-2008 according to NACE 2003 to series in NACE 2008 in A64. For variables available per enterprise (labour market statistics and gross fixed capital formation), the conversion was carried out per enterprise; the individual variables were then aggregated to the A64 branch. For variables only available per branch (value added), a conversion was carried out from the old SUT branch to the new A64 branch.
- retropolation of the NACE corrections/adjustments to institutional sectors in the 2009 business register; this meant that the NACE correction (and in some cases the change of institutional sector code) carried out in the 2009 business register was continued into the past, so that in principle there is no break between 2009 and earlier years.

Annex Aggregation levels in nace rev2

A10

Agriculture, forestry and fishing (A)

Mining and quarrying; manufacturing; electricity, gas, steam and air conditioning supply; water supply; sewerage, waste management and remediation activities (B, C, D, E)

Construction (F)

Wholesale and retail trade; repair of motor vehicles and motorcycles; transportation and storage; accommodation and food service activities (G, H, I)

Information and communication (J)

Financial and insurance activities (K)

Real estate activities (L)

Professional, scientific and technical activities; administrative and support service activities (M, N)

Public administration and defence; compulsory social security; education; human health and social work activities (O, P, Q)

Arts, entertainment, repair of household goods and other services (R, S, T, U)

A21

A Agriculture, forestry and fishing

B Mining and quarrying

C Manufacturing

D Electricity, gas, steam and air conditioning supply

E Water supply; sewerage, waste management and remediation activities

F Construction

G Wholesale and retail trade; repair of motor vehicles and motorcycles

H Transportation and storage

I Accommodation and food service activities

J Information and communication

K Financial and insurance activities

L Real estate activities

M	Professional, scientific and technical activities
N	Administrative and support service activities
O	Public administration and defence; compulsory social security
P	Education
Q	Human health and social work activities
R	Arts, entertainment and recreation
S	Other service activities
T	Activities of households as employers; undifferentiated goods -and services- producing activities of households for own use
U	Activities of extraterritorial organizations and bodies

A38

AA	Agriculture, forestry and fishing
BB	Mining and quarrying
CA	Manufacture of food products, beverages and tobacco products
CB	Manufacture of textiles, wearing apparel and leather products
CC	Manufacture of wood and paper products, and printing
CD	Manufacture of coke and refined petroleum products
CE	Manufacture of chemicals and chemical products
CF	Manufacture of basic pharmaceutical products and pharmaceutical preparations
CG	Manufacture of rubber and plastics products, and other non-metallic mineral products
CH	Manufacture of basic metals and fabricated metal products, except machinery and equipment
CI	Manufacture of computer, electronic and optical products
CJ	Manufacture of electrical equipment
CK	Manufacture of machinery and equipment n.e.c.
CL	Manufacture of transport equipment
CM	Manufacture of furniture; other manufacturing; repair and installation of machinery and equipment
DD	Electricity, gas, steam and air-conditioning supply
EE	Water supply; sewerage, waste management and remediation activities
FF	Construction
GG	Wholesale and retail trade, repair of motor vehicles and motorcycles
HH	Transportation and storage
II	Accommodation and food service activities
JA	Publishing, audiovisual and broadcasting activities
JB	Telecommunications
JC	Computer programming, consultancy and related activities; information service activities
KK	Financial and insurance activities
LL	Real estate activities
MA	Legal and accounting activities; activities of head offices; management consultancy activities; architecture and engineering activities; technical testing and analysis
MB	Scientific research and development

MC	Advertising and market research; other professional, scientific and technical activities; veterinary activities
NN	Administrative and support service activities
OO	Public administration and defence; compulsory social security
PP	Education
QA	Human health activities
QB	Social work activities
RR	Arts, entertainment and recreation
SS	Other service activities
TT	Activities of households as employers of domestic personnel and undifferentiated goods and services production of households for own use
UU	Activities of extra-territorial organizations and bodies

A64

(nace 2)

01	Crop and animal production, hunting and related service activities
02	Forestry and logging
03	Fishing and aquaculture
05-09	Mining and quarrying
10-12	Manufacture of food products, beverages and tobacco products
13-15	Manufacture of textiles, wearing apparel and leather products
16	Manufacture of wood and of products of wood and cork, except furniture; manufacture of articles of straw and plaiting materials
17	Manufacture of paper and paper products
18	Printing and reproduction of recorded media
19	Manufacture of coke and refined petroleum products
20	Manufacture of chemicals and chemical products
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations
22	Manufacture of rubber and plastics products
23	Manufacture of other non-metallic mineral products
24	Manufacture of basic metals
25	Manufacture of fabricated metal products, except machinery and equipment
26	Manufacture of computer, electronic and optical products
27	Manufacture of electrical equipment
28	Manufacture of machinery and equipment n.e.c.
29	Manufacture of motor vehicles, trailers and semi-trailers
30	Manufacture of other transport equipment
31-32	Manufacture of furniture; other manufacturing
33	Repair and installation of machinery and equipment
35	Electricity, gas, steam and air conditioning supply
36	Water collection, treatment and supply
37-39	Sewerage; waste collection, treatment and disposal activities; materials recovery; remediation activities and other waste management services
41-43	Construction
45	Wholesale and retail trade and repair of motor vehicles and motorcycles
46	Wholesale trade, except of motor vehicles and motorcycles
47	Retail trade, except of motor vehicles and motorcycles

- 49 Land transport and transport via pipelines
- 50 Water transport
- 51 Air transport
- 52 Warehousing and support activities for transportation
- 53 Postal and courier activities
- 55-56 Accommodation; food and beverage service activities
- 58 Publishing activities
- 59-60 Motion picture, video and television programme production, sound recording and music publishing activities; programming and broadcasting activities
- 61 Telecommunications
- 62-63 Computer programming, consultancy and related activities; information service activities
- 64 Financial service activities, except insurance and pension funding
- 65 Insurance, reinsurance and pension funding, except compulsory social security
- 66 Activities auxiliary to financial services and insurance activities
- 68 Real estate activities
- 69-70 Legal and accounting activities; activities of head offices; management consultancy activities
- 71 Architecture and engineering activities; technical testing and analysis
- 72 Scientific research and development
- 73 Advertising and market research
- 74-75 Other professional, scientific and technical activities; veterinary activities
- 77 Rental and leasing activities
- 78 Employment activities
- 79 Travel agency, tour operator reservation service and related activities
- 80-82 Security and investigation activities; services to buildings and landscape activities; office administrative, office support and other business support
- 84 Public administration and defence; compulsory social security
- 85 Education
- 86 Human health activities
- 87-88 Social work activities
- 90-92 Creative, arts and entertainment activities; libraries archives, museums and other cultural activities; gambling and betting activities
- 93 Sports activities and amusement and recreation activities
- 94 Activities of membership organisations
- 95 Repair of computers and personal and household goods
- 96 Other personal service activities
- 97-98 Activities of households as employers of domestic personnel and undifferentiated goods and services production of households for own use
- 99 Activities of extraterritorial organizations and bodies