3.3 – Implementation of ISIC, Rev 5
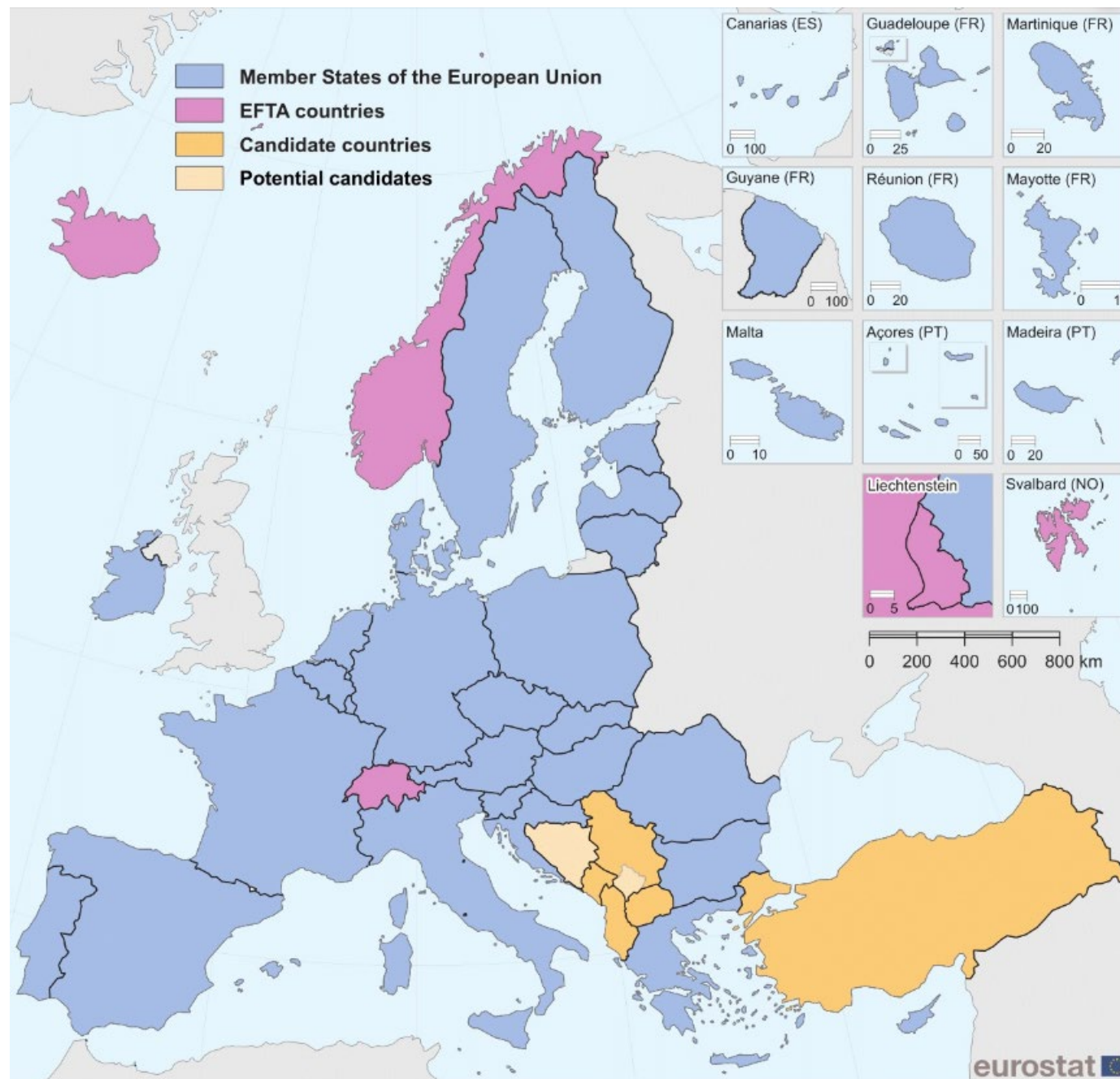
Regional Experience – development of NACE

Regional Workshop on International Statistical Classifications,

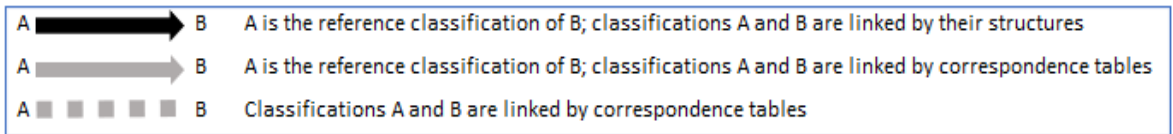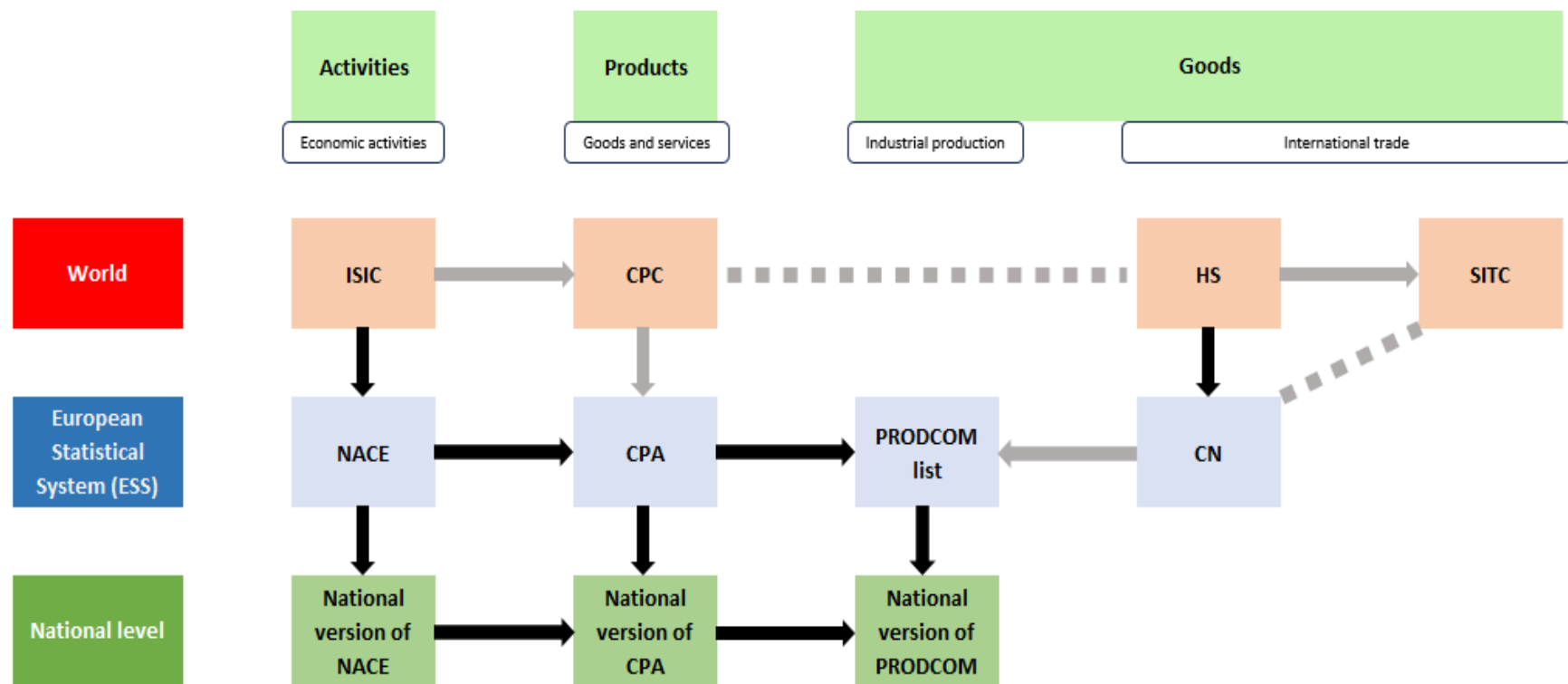Santiago del Chile, 20-22 May 2025

What is NACE

- NACE is the hierarchical European statistical classification of economic activities. NACE presents the universe of economic activities partitioned in such a way that a NACE code can be assigned to each economic activity carried out by any statistical unit

- NACE is the acronym derived from the French title « Nomenclature statistique des activités économiques dans la Communauté européenne" used to designate the various statistical classifications of economic activities developed in the European Union (EU) since 1970

- The use of NACE is mandatory by law within the European statistical System (ESS), composed by the European Union (EU) and the European Free Trade Association (EFTA) countries, for all statistics presented according to economic activities

European Commission

European Union
+
EFTA countries
=
European Statistical System

NACE and ISIC

- NACE is a classification derived from ISIC. The categories at all levels of NACE are either identical with or, in a large majority of cases, subsets of single ISIC categories. The first and second levels of NACE and ISIC (sections and divisions) are identical. In principle, the third and fourth levels (groups and classes) of ISIC are subdivided in NACE according to European requirements. The aim of the further breakdowns in NACE, as compared with ISIC, is to obtain a classification more suited to the structure of the European economy

- In order to ensure international comparability, the definitions and guidelines established for the use of NACE within the EU are in line with those published in the introduction to ISIC

- Statistics produced based on NACE are comparable across Europe and, in general, the world. The comparability at world level of statistics produced based on NACE is due to the fact that NACE is part of an integrated system of statistical classifications, developed under the auspices of the United Nations Statistics Division (UNSD)

NACE Rev 2.1

- The first NACE was created back in 1961. Updated and revised versions were created in 1963, 1965, 1967, 1970, 1990 and 2006.

- Eurostat launched in 2018, twelve years after the last revue, the works for the revision of the revision of NACE Rev 2

- In this context, Eurostat has received more than 1750 proposals for changes in NACE, from statistical offices of the ESS countries, producers of official statistics, European Commission services, trade associations and universities/research centres

- Proposals for change referred to all NACE sections, with slightly more than 25% to the Section C "Manufacturing"

- Eurostat has been involved in the work of the TT-ISIC from the beginning

European Commission

NACE Rev 2.1

- The structure of NACE Rev 2.1 has been endorsed by the ESS Committee in May 2022

- The final version of the NACE Rev 2.1 explanatory notes and correspondence tables has been made available to the users in October 2024

- Full implementation of NACE Rev. 2.1 in European statistical products is planned for 2030

➢ The total definition and implementation of NACE Rev. 2.1 will take 12 years.

European Commission

ISIC Rev 5 vs. NACE Rev 2.1

- NACE Rev 2.1 contains <u>more detail than ISIC Rev 5</u> in the following domains

  - Manufacturing (food products, apparel, chemical products, non-metallic products, basic metals, machinery, military industry)

  - Generation of electricity and gas

  - Waste collection and recovery

  - Specialised construction

  - Trade (wholesale trade)

  - Rental and leasing

  - Human health activities

NACE Rev 2.1 vs. NACE national versions

- Of the 31 ESS countries, 19 have created a national version based on NACE

- By law, they must be in full alignment with the structure of NACE Rev. 2.1

- Eurostat checks the consistency of the national versions and approve them

- National versions can only be used within countries -> data transmitted to Eurostat should only be made available using NACE Rev. 2.1 codes

- The different fifth (or even sixth) digit levels of the various national versions reflect the particularities of the economic realities of the different countries