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# COMMON CLASSIFICATION OF TERRITORIAL UNITS FOR STATISTICS (NUTS)

> The European Union has established a common classification of territorial units for statistics, known as 'NUTS', in order to facilitate the collection, development and publication of harmonised regional statistics in the EU. This hierarchical system is also used for socioeconomic analyses of the regions and the framing of interventions in the context of EU cohesion policy.

## LEGAL BASIS

Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003, which has been amended on several occasions (in 2005, 2008, 2013 and 2017), mainly upon accession of new Member States to the EU. The latest amendment in 2017 brought about more profound changes by: (1) establishing the legal recognition of territorial typologies for the purpose of European statistics; (2) laying down the core definitions and statistical criteria for the different territorial typologies; (3) ensuring harmonised and transparent application and use of the territorial typologies at EU level and in Member States; and (4) clarifying the delegation of powers to the Commission.

The annexes have also been adapted several times through Commission Regulations; the latest update was adopted in November 2016, and addresses changes in the administrative territorial division of several Member States. It has been applicable as regards the transmission of data to the Commission (Eurostat) since 1 January 2018.

## OBJECTIVES

Regional statistics are a cornerstone of the EU statistical system and form the basis for the definition of regional indicators. Their nature was established at the beginning of the 1970s on the basis of negotiations between the national statistical bodies of the Member States and Eurostat, the statistical office of the European Union.

The users of statistics have expressed a growing need for Union-wide harmonisation to provide them with access to comparable data for the whole of the EU. In order to facilitate the collection, transmission and publication of harmonised regional statistics, the EU has established the NUTS classification system.

The single legal framework thus created by Regulation (EC) No 1059/2003 ensures the stability of regional statistics over time.

## STRUCTURE

The NUTS classification subdivides the economic territory of the Member States, which also includes their extra-regional territory. This is made up of the parts of the economic territory that cannot be considered part of a particular region: airspace, territorial waters and the continental plateau, territorial enclaves (embassies, consulates and military bases), and deposits of resources located in international waters and exploited by units within the territory.

In order for regional statistics to be comparable, geographical areas must also be of comparable size in terms of population. Their political, administrative and institutional situation also needs to be specified. If necessary, non-administrative units must also reflect economic, social, historical, cultural, geographical or environmental circumstances.

The NUTS classification is hierarchical in that it subdivides each Member State into three levels: NUTS 1, NUTS 2 and NUTS 3. The second and third levels are subdivisions of the first and second levels. A Member State may decide to add further levels to the hierarchy by subdividing NUTS level 3.

## FUNCTIONING

**A.**　Definition

The definition of territorial units is based on the existing administrative units in the Member States. An administrative unit is a geographical area for which an administrative authority is empowered to take administrative or strategic decisions, in accordance with the judicial and institutional framework of the Member State concerned.

Some of the existing administrative units used for the requirements of the hierarchical NUTS classification are listed in Annex II to Regulation (EC) No 1059/2003, examples being:

**1.**　NUTS 1: 'Gewesten/Régions' in Belgium; 'Länder' in Germany; 'Continente', 'Região dos Açores' and 'Região da Madeira' in Portugal; 'Scotland, Wales, Northern Ireland' and 'Government Office Regions of England' in the United Kingdom.

**2.**　NUTS 2: 'Provincies/Provinces' in Belgium; 'Comunidades y ciudades autónomas' in Spain; 'Régions' in France; 'Länder' in Austria.

**3.**　NUTS 3: 'Amtskommuner' in Denmark; 'départements' in France; 'län' in Sweden; 'megyék' in Hungary; 'kraje' in the Czech Republic; 'oblasti' in Bulgaria.

A system of local administrative units (LAUs) complements the NUTS classification. LAUs are the building blocks of NUTS, and comprise the municipalities and communes of the European Union: in each Member State, LAUs subdivide the NUTS 3 level into one or two further levels of territorial unit. In addition, so-called statistical grids complement the NUTS classification and are used to calculate population-based territorial typologies. The Commission (Eurostat) has to maintain and publish in the

dedicated section of its website Union typologies composed of territorial units at the levels of NUTS, LAU and grid cells.

**B.** Thresholds

The NUTS level for an administrative unit is determined on the basis of demographic thresholds:

| Level | Minimum | Maximum |
|---|---|---|
| **NUTS 1** | 3 million | 7 million |
| **NUTS 2** | 800 000 | 3 million |
| **NUTS 3** | 150 000 | 800 000 |

If the population of a Member State as a whole is below the minimum threshold for a NUTS level, that Member State constitutes a NUTS territorial unit at that level.

If there is no administrative unit of a sufficient size in a Member State, the level is established by aggregating a sufficient number of smaller contiguous administrative units. These aggregated units are known as 'non-administrative units'.

**C.** Amendments

Amendments to the NUTS classification may be adopted during the second half of the calendar year, no more frequently than every three years. Nevertheless, if there is a substantial reorganisation of the relevant administrative structure of a Member State, amendments may be adopted at shorter intervals. Member States must inform the Commission of any change to administrative units or other changes that might affect the NUTS classification (for instance changes to the components that might have an impact on the limits for the NUTS 3 level).

Changes to small administrative units will alter the NUTS classification if they involve a population transfer of more than 1% for the NUTS 3 territorial units in question.

For the non-administrative units of a Member State, the NUTS classification may be amended where the change reduces the standard deviation of the size (in terms of population) of all EU territorial units.

## ROLE OF THE EUROPEAN PARLIAMENT

Further to its role in scrutinising the Commission's proposed changes to the classification, Parliament has stressed on a number of occasions that certain aspects, such as the treatment of smaller administrative units, require particular attention. The establishment of a NUTS level for smaller administrative units will allow the actual situation to be taken more fully into account and avoid disparities, particularly since regional entities that are very different in terms of population are classified at the same NUTS level.

During the latest amendment procedure for the regulation in 2017, Parliament, in its capacity as co-legislator, supported the Commission's proposal to adapt the NUTS Regulation (in terms of the territorial typologies included therein) with a view to addressing the increasing need for data in the context of cohesion and territorial development.

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