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*****I**

REPORT

on the proposal for a regulation of the European Parliament and of the Council establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains
(COM(2006)0039 – C6-0041/2006 – 2006/0011(COD))

Committee on Economic and Monetary Affairs

Rapporteur: Guntars Krasts

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission.)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains
(COM(2006)0039 – C6-0041/2006 – 2006/0011(COD))

(Codecision procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2006)0039)¹,
 - having regard to Article 251(2) and Article 285(1) of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C6-0041/2006),
 - having regard to Rule 51 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A6-0247/2006),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council and the Commission.

Text proposed by the Commission

Amendments by Parliament

Amendment 1
RECITAL 3

(3) An up-to-date classification as NACE Rev. 2 is central to Commission's ongoing efforts to **overhauling** Community statistics; it is expected to convey, through more comparable and relevant data, a better economic governance at EC and national levels.

(3) An up-to-date classification **such** as NACE Rev. 2 is central to Commission's ongoing efforts to **overhaul** Community statistics; it is expected to convey, through more comparable and relevant data, a better economic governance at EC and national levels.

¹ Not yet published in the OJ.

Justification

Linguistic improvement.

Amendment 2
RECITAL 4

(4) In order to function, the internal market requires statistical standards applicable to the collection, transmission and publication of national and Community statistics so that **undertakings**, financial institutions, governments and all other operators in the single market can be provided with reliable and comparable statistical data. To this **scope**, it is vital that the various categories of the classification of activities in the European Community be interpreted uniformly in all the Member States.

(4) In order to function, the internal market requires statistical standards applicable to the collection, transmission and publication of national and Community statistics so that **enterprises**, financial institutions, governments and all other operators in the single market can be provided with reliable and comparable statistical data. To this **end**, it is vital that the various categories of the classification of activities in the European Community be interpreted uniformly in all the Member States.

Justification

The term “undertaking” is outdated and not used in other statistical regulations any more.

Amendment 3
RECITAL 5

(5) Reliable and comparable statistics are necessary to enable **undertakings** to assess their competitiveness, and **is** useful to the Community institutions in preventing distortions of competition.

(5) Reliable and comparable statistics are necessary to enable **enterprises** to assess their competitiveness, and **are** useful to the Community institutions in preventing distortions of competition.

Justification

The term “undertaking” is outdated and not used in other statistical regulations any more.

Amendment 4
RECITAL 6

(6) The establishment of a revised common statistical classification of economic activities does not *per se* oblige Member States to collect, publish or supply data. Only if the Member States use

(6) The establishment of a revised common statistical classification of economic activities does not *per se* oblige Member States to collect, publish or supply data. Only if the Member States use **activity**

classifications of activities linked to the Community classification is it possible to provide integrated information with the reliability, speed, flexibility and degree of detail required for the management of the internal market.

classifications linked to the Community classification is it possible to provide integrated information with the reliability, speed, flexibility and degree of detail required for the management of the internal market.

Justification

Linguistic clarification.

Amendment 5
RECITAL 7

(7) Provision should be made for the Member States to be able, in order to meet national requirements, to **insert in** their national classifications additional categories based on the statistical classification of economic activities in the European Community.

(7) Provision should be made for the Member States to be able, in order to meet national requirements, to **integrate into** their national classifications additional categories based on the statistical classification of economic activities in the European Community.

Justification

Linguistic improvement.

Amendment 6
RECITAL 9

(9) Use of the classification of economic activities in the Community requires that the Commission be assisted by the Statistical Programme Committee set up by Council Decision 89/382/EEC, Euratom in particular as regards the examination of problems arising from implementation of NACE Rev. 2, **the smooth** transition from NACE Rev. 1 to NACE Rev. 2, as well as the incorporation of amendments to NACE Rev. 2.

(9) Use of the classification of economic activities in the Community requires that the Commission be assisted by the Statistical Programme Committee set up by Council Decision 89/382/EEC, Euratom in particular as regards the examination of problems arising from implementation of NACE Rev. 2, **a fully coordinated** transition from NACE Rev. 1 to NACE Rev. 2, as well as the incorporation of amendments to NACE Rev. 2.

Justification

It is important that the transition from NACE Rev. 1 to NACE Rev. 2 is “fully coordinated”, thus replacing the vague term “smooth”.

Amendment 7
RECITAL 13

(13) The measures necessary for the implementation of this Regulation ***should be adopted in accordance with*** Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission.

(13) ***Since*** the measures necessary for the implementation of this Regulation ***are measures of general scope within the meaning of Article 2 of*** Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission, ***they should be adopted by use of the regulatory procedure provided for in Article 5 of that Decision.***

Justification

The implementation measures enlisted in Article 7 are clearly within the scope of measures described in Article 2 of Regulation 1999/468/EC, laying down the procedures for the exercise of implementing powers conferred upon the Commission. It is therefore appropriate to implement these measures via the procedure recommended in Article 2 of the Regulation 1999/468/EC, which is the regulatory procedure provided for in Article 5 of that Decision.

Amendment 8
RECITAL 13 A (new)

(13a) Since the objective of this Regulation, namely the creation of common statistical standards that permit the production of harmonised data, cannot be sufficiently achieved by the Member States and can therefore be better achieved at Community level, the Community may adopt measures, in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. In accordance with the principle of proportionality, as set out in that Article, this Regulation does not go beyond what is necessary to achieve that objective.

Justification

It is essential to state that the principles of subsidiarity and proportionality are fully applicable in the context of this Regulation.

Amendment 9
ARTICLE 4, PARAGRAPH 5

5. The Commission shall, together with the Member State concerned, periodically review the provisions granted under **this Article** to verify whether they are still justified.

5. The Commission shall, together with the Member State concerned, periodically review the provisions granted under **paragraph 4** to verify whether they are still justified.

Justification

The inserted reference to paragraph 4 clarifies the scope of paragraph 5.

Amendment 10

ARTICLE 5, PARAGRAPH 1, INTRODUCTORY PART

1. The Commission shall ensure the dissemination, maintenance and promotion of NACE Rev. 2, in particular by:

1. The Commission, **in cooperation with the Member States**, shall - ensure the dissemination, maintenance and promotion of NACE Rev. 2, in particular by:

Justification

It is important that the Commission activities with respect to dissemination, maintenance and promotion of NACE Rev. 2 are performed “in cooperation with the Member States”.

Amendment 11

ARTICLE 5, PARAGRAPH 1, POINT (C)

c) publishing correspondence tables between NACE Rev. 1.1 and NACE Rev. 2;

c) publishing correspondence tables between NACE Rev. 1.1 and NACE Rev. 2 **and between NACE Rev. 2 and NACE Rev. 1.1;**

Justification

Correspondence tables from both the old to the new as well as from the new to the old classification should be made available.

Amendment 12

ARTICLE 5, PARAGRAPH 2

2. The Commission shall take the necessary measures to ensure the implementation of NACE Rev. 2.

deleted

Justification

Art 5.2 is redundant as the measures of implementation are the topic of Article 6.

Amendment 13

ARTICLE 6, PARAGRAPH 1 AND PARAGRAPH 2, INTRODUCTORY PART

The measures for implementing and updating NACE Rev. 2 shall be adopted in accordance with the procedure referred to in article 7.

Such measures shall **include**:

The measures for implementing and updating NACE Rev. 2 shall be adopted in accordance with the **regulatory** procedure referred to in article 7(2). ***Consideration is to be given to the principle that the benefits of updating must outweigh its costs, and to the principle that additional costs and burden remain within a reasonable limit.***

Such measures shall **comprise**:

Justification

The term “regulatory” is added to specify the kind of comitology procedure. The reference to Article 7 is more precisely specified, too. The updating must consider the benefits of costs and should be done on the principle that additional costs and burden remain within a reasonable limit. The term “comprise” clarifies that the list of measures is exhaustive.

Amendment 14

ARTICLE 6, PARAGRAPH 2, POINT (C)

c) measures ensuring **the smooth** transition from NACE Rev. 1.1 to NACE Rev. 2, especially with respect to issues related to breaks in time series, including double reporting and back-casting of time series.

c) **technical** measures ensuring **a fully coordinated** transition from NACE Rev. 1.1 to NACE Rev. 2, especially with respect to issues related to breaks in time series, including double reporting and back-casting of time series.

Justification

The term “technical” is added to clarify that comitology measures are only of technical nature. Similar to Amendment 6 the term “smooth” is replaced by “fully coordinated”.

Amendment 15

ARTICLE 7, PARAGRAPH 1

1. The Commission shall be assisted by the Statistical Programme Committee, **hereinafter referred to as «the Committee»**, established by Decision 89/382/EEC,

1. The Commission shall be assisted by the Statistical Programme Committee, established by Decision 89/382/EEC, Euratom, (**“the Committee”**).

Euratom.

Justification

Linguistic improvement.

Amendment 16
ARTICLE 7, PARAGRAPH 2

2. Where reference is made to this paragraph, Articles **4** and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

The period laid down in Article **4(3)** of Decision 1999/468/EC shall be set at three months.

2. Where reference is made to this paragraph, ***the procedure laid down in Articles 5*** and 7 of Decision 1999/468/EC shall apply, having regard to the provisions of Article 8 thereof.

The period laid down in Article **5(6)** of Decision 1999/468/EC shall be set at three months.

Justification

Instead of a management procedure a regulatory procedure should be applied (see also amendment 7).

Amendment 17
ARTICLE 7, PARAGRAPH 2 A (new)

2a. The Committee shall adopt its rules of procedure.

Justification

Instead of a management procedure a regulatory procedure should be applied (see also amendment 7).

Amendment 18
ARTICLE 8, PARAGRAPH 2 A (new)

2a. By way of derogation from paragraph 2, short-term statistics governed by Regulation (EC) No 1165/98 and the labour cost index governed by Regulation (EC) No 450/2003 shall be produced in accordance with NACE Rev. 2 from 1 January 2009 onwards.

Justification

Paragraph 2 of Article 21 is moved to Article 8 in order to have all provisions of implementation in one article. The wording is adapted appropriately (see also amendment 21).

Amendment 19 ARTICLE 8, PARAGRAPH 3, POINT (B)

b) ***Agricultural statistics*** under Regulation (EC) N°138/2004;

b) ***Economic accounts for agriculture*** under Regulation (EC) No 138/2004;

Justification

Correct quotation of Regulation 138/2004.

Amendment 20 ARTICLE 20

Without prejudice to Article 3(1) of Regulation (EC, Euratom) N° 58/97, Member States shall transmit to the Commission structural business statistics referring to the calendar year 2008 according to both NACE Rev. ***1*** and NACE Rev. 2.

The list of characteristics ***to be transmitted using the*** NACE Rev. 1 ***classification and the details regarding the production of the results*** shall be decided in accordance with the procedure laid down Article ***12*** of Regulation (EC, Euratom) N° 58/97.

With reference to Regulation (EC, Euratom) No 58/97, Member States shall transmit to the Commission (***Eurostat***) structural business statistics referring to the calendar year 2008 according to both NACE Rev. ***1.1*** and NACE Rev. 2.

For each of the Annexes to Regulation (EC, Euratom) No 58/97, the list of characteristics ***and the required breakdowns that need to be transmitted according to*** NACE Rev. ***1.1*** shall be decided in accordance with the procedure laid down in Article ***13*** of Regulation (EC, Euratom) N° 58/97.

Justification

Article 3(1) only refers to activity coverage and is therefore too limited in its scope to be a valid reference. Therefore it is suitable to refer to Regulation 58/97 as a whole. It is crucial to explicitly mention the Statistical Office of the European Communities (Eurostat) in the legislative text, as Member States transmit statistical data exclusively to this institution. The quotation of NACE is to be corrected. The second paragraph is to be reformulated for the sake of precision. Article 13 of Regulation (EC, Euratom) Nr. 58/97 is the correct quotation.

Amendment 21
ARTICLE 21, PARAGRAPH 2

**2. By way of derogation to paragraph 1, *deleted*
second subparagraph, this Regulation shall
apply to statistics produced under (EC)
Regulation N° 1165/98 and the labour cost
index under (EC) Regulation 450/2003
from 1st January 2009, for statistics
referring to economic activities performed
from 1 January 2009 onwards.**

Justification

*Moved to Article 8 in order to assemble all provisions of implementation in one Article only
(see also amendment 18).*

Amendment 22
ANNEX I, DIVISION 10, GROUP 10.3, CLASS 10.39

Processing and preserving of fruit and
vegetables ***n.e.c.***

Other processing and preserving of fruit and
vegetables.

Justification

Technical clarification.

Amendment 23
ANNEX I, DIVISION 14, GROUP 14.1, CLASS 14.19

Manufacture of other wearing apparel and
accessories ***n.e.c.***

Manufacture of other wearing apparel and
accessories.

Justification

Technical clarification.

Amendment 24
ANNEX I, DIVISION 17, GROUP 17.2, CLASS 17.29

Manufacture of other articles of paper and
paperboard ***n.e.c.***

Manufacture of other articles of paper and
paperboard.

Justification

Technical clarification.

Amendment 25
ANNEX I, DIVISION 18, GROUP 18.1, CLASS 18.12

Printing *n.e.c.*

Other printing.

Justification

Technical clarification.

Amendment 26
ANNEX I, DIVISION 23, GROUP 23.4, CLASS 23.49

Manufacture of other ceramic products *n.e.c.*

Manufacture of other ceramic products.

Justification

Technical clarification.

Amendment 27
ANNEX I, DIVISION 28, GROUP 28.1, CLASS 28.14

Manufacture of taps and valves

Manufacture of **other** taps and valves

Justification

Technical clarification.

Amendment 28
ANNEX I, DIVISION 28, GROUP 28.4, CLASS 28.41

Manufacture of metal **working machine tools**

Manufacture of metal **forming machinery**

Justification

Technical clarification.

Amendment 29
ANNEX I, DIVISION 28, GROUP 28.4, CLASS 28.49

Manufacture of other machine tools *n.e.c.* Manufacture of machine tools

Justification

Technical clarification.

Amendment 30
ANNEX I, DIVISION 32, TITLE

Manufacturing *n.e.c.* **Other** manufacturing

Justification

Technical clarification.

Amendment 31
ANNEX I, DIVISION 32, GROUP 32.9, **TITLE**

Other manufacturing Manufacturing *n.e.c*

Justification

Technical clarification.

Amendment 32
ANNEX I, DIVISION 33, GROUP 33.1, CLASS 33.17

Repair and maintenance of other transport Repair and maintenance of other transport
equipment *n.e.c.* equipment

Justification

Technical clarification.

Amendment 33
ANNEX I, DIVISION 41, TITLE

Construction of buildings Construction of **residential and non-
residential** buildings

Justification

Technical clarification.

Amendment 34
ANNEX I, DIVISION 41, GROUP 41.2, CLASS 41.20

Construction of buildings

Construction of **residential and non-residential** buildings

Justification

Technical clarification.

Amendment 35
ANNEX I, DIVISION 46, GROUP 46.1, CLASS 46.18

Agents **specializing** in the sale of particular products **or ranges of products n.e.c.**

Agents **specialised** in the sale of **other** particular products

Justification

Technical clarification.

Amendment 36
ANNEX I, DIVISION 46, GROUP 46.3, CLASS 46.34

Wholesale of **alcoholic and other** beverages

Wholesale of beverages

Justification

Technical clarification.

Amendment 37
ANNEX I, DIVISION 47, GROUP 47.5, CLASS 47.59

Retail sale of furniture, lighting equipment and household articles **n.e.c.** in **specialized** stores

Retail sale of furniture, lighting equipment and **other** household articles in **specialised** stores

Justification

Technical clarification.

Amendment 38
ANNEX I, DIVISION 49, GROUP 49.3, CLASS 49.39

Other passenger land transport

Other passenger land transport *n.e.c.*

Justification

Technical clarification.

Amendment 39
ANNEX I, DIVISION 49, GROUP 49.4, TITLE

Freight transport by road

Freight transport by road *and removal services*

Justification

Technical clarification.

Amendment 40
ANNEX I, DIVISION 55, GROUP 55.2, TITLE

Holiday and other *collective* accommodation

Holiday and other *short-stay* accommodation

Justification

Technical clarification.

Amendment 41
ANNEX I, DIVISION 55, GROUP 55.2, CLASS 55.20

Holiday and other *collective* accommodation

Holiday and other *short-stay* accommodation

Justification

Technical clarification.

Amendment 42
ANNEX I, DIVISION 56, GROUP 56.2, CLASS 56.29

Other food services **n.e.c.**

Other food services

Justification

Technical clarification.

Amendment 43
ANNEX I, DIVISION 66, GROUP 66.1, CLASS 66.19

Activities auxiliary to financial
intermediation **n.e.c.**

Other activities auxiliary to financial
intermediation

Justification

Technical clarification.

Amendment 44
ANNEX I, DIVISION 73, GROUP 73.1, CLASS 73.12

Media representation **services**

Media representation

Justification

Technical clarification.

Amendment 45
ANNEX I, DIVISION 77, GROUP 77.2, CLASS 77.29

Renting and leasing of other personal and
household goods **n.e.c.**

Renting and leasing of other personal and
household goods

Justification

Technical clarification.

Amendment 46
ANNEX I, DIVISION 81, GROUP 81.2, CLASS 81.29

Other cleaning **services n.e.c.**

Other cleaning **activities**

Justification

Technical clarification.

Amendment 47
ANNEX I, DIVISION 85, GROUP 85.6, TITLE

Educational support **services**

Educational support **activities**

Justification

Technical clarification.

Amendment 48
ANNEX I, DIVISION 85, GROUP 85.6, CLASS 85.60

Educational support **services**

Educational support **activities**

Justification

Technical clarification.

Amendment 49
ANNEX I, DIVISION 87, GROUP 87.9

Other residential care activities **n.e.c.**

Other residential care activities

Justification

Technical clarification.

Amendment 50
ANNEX I, DIVISION 87, GROUP 87.9, CLASS 87.90

Other residential care activities **n.e.c.**

Other residential care activities

Justification

Technical clarification.

Amendment 51
ANNEX I, DIVISION 95, GROUP 95.2, CLASS 95.29

Repair of personal and household goods
n.e.c.

Repair of **other** personal and household
goods

Justification

Technical clarification.

Amendment 52
ANNEX II, POINT 1.2
Annex 1, section 9, Section S, Division 95 (Regulation (EC, Euratom) N° 58/97)

**Repair of computers and personal and
household goods**

deleted

Justification

The row "Division 95" is deleted, because the relevant activities are listed at the class level.

Amendment 53
ANNEX II, POINT 2, POINT 2.1 (new)
Annex 2, section 3 (Regulation (EC, Euratom) N° 58/97)

2.1. Section 3 shall be replaced by:

"The statistics are to be compiled for all activities within the coverage of Sections B, C, D and E of NACE Rev. 2. These sections cover the activities of mining and quarrying (B), manufacturing (C), electricity, gas, steam, and air conditioning supply (D) and water supply, sewerage, waste management and remediation activities (E). Enterprise statistics refer to the population of all enterprises whose main activity is classified in Sections B, C, D or E."

Justification

For reasons of clarification the listing of the coverage of the industry activity module is added.

Amendment 54
ANNEX III, POINT 1.1
Annex A, part (a), "Scope" (Regulation (EC) N° 1165/98)

This Annex applies to all activities listed in Sections B to E of NACE Rev. 2, or as the case may be, to all products listed in Sections B to E of the CPA. The information is not required for 37, 38.1, 38.2 and 39 of NACE Rev. 2. The list of **groups** may be revised in accordance with the procedure laid down in Article 18.

This Annex applies to all activities listed in Sections B to E of NACE Rev. 2, or as the case may be, to all products listed in Sections B to E of the CPA. The information is not required for 37, 38.1, 38.2 and 39 of NACE Rev. 2. The list of **activities not required** may be revised in accordance with the procedure laid down in Article 18.

Justification

The original sentence is unclear, because of the use of the term “groups”, which is the term used for the three-digit level of NACE.

Amendment 55
ANNEX III, POINT 1.2
Annex A, part (c), "List of variables", point 8 (Regulation (EC) N° 1165/98)

8. The information on orders (N° 130, 131, 132) is only required for the following Divisions of NACE Rev. 2: 13, 14, 17, 20, 21, 24, 25, 26, 27, 28, 29, 30. The list of **NACE Rev. 2 Divisions could be modified** in accordance with the procedure laid down in Article 18.

8. The information on orders (N° 130, 131, 132) is only required for the following Divisions of NACE Rev. 2: 13, 14, 17, 20, 21, 24, 25, 26, 27, 28, 29, 30. The list of **activities may be revised** in accordance with the procedure laid down in Article 18.

Justification

It is preferable to use a similar wording as in amendment 54 and 56.

Amendment 56
ANNEX III, POINT 1.4
Annex A, part (c), "List of variables", point 9 (Regulation (EC) N° 1165/98)

10. The information on output prices and import prices (N° 310, 311, 312 and 340) is not required for the following groups or classes of NACE Rev. 2 respectively CPA: 07.2, 24.46, 25.4, 30.1, 30.3, 30.4 and 38.3. The list of **groups** may be modified in accordance with the procedure laid down in Article 18.

10. The information on output prices and import prices (N° 310, 311, 312 and 340) is not required for the following groups or classes of NACE Rev. 2 respectively CPA: 07.2, 24.46, 25.4, 30.1, 30.3, 30.4 and 38.3. The list of **activities not required** may be revised in accordance with the procedure laid down in Article 18.

Justification

It is preferable to use the same wording as in amendment 54.

Amendment 57

ANNEX III, POINT 4.3

Annex D, part (f), "Level of detail", point 1, row 5 (Regulation (EC) N° 1165/98)

sum of (69.1, **69.2** and 70.2).

sum of (69 and 70.2).

Justification

As there is only 69.1 and 69.2 it should be written 69.

Amendment 58

ANNEX V

Annex 1, part (b), "Coverage" (Regulation (EC) N° 808/2004)

This module covers business activities within Sections C to N and R and ***Divisions 94 and 95*** of the statistical classification of economic activities in the European Community (NACE Rev. 2). Section K will be included subject to successful prior studies.

This module covers business activities within Sections C to N and R and ***Division 95*** of the statistical classification of economic activities in the European Community (NACE Rev. 2). Section K will be included subject to successful prior pilot studies.

Justification

The inclusion of Division 94 of NACE Rev. 2 (equals mainly to Division 91 of NACE Rev. 1) would be an enlargement of the current coverage and is thus to be deleted.

EXPLANATORY STATEMENT

I. Legislative background

The first statistical classification of businesses in the European Community dates back to 1961/63 when the "Nomenclature of Industries in the European Communities" (NICE: *Nomenclature des industries établies dans les Communautés européennes*) was established. 1965 brought about the "Nomenclature of Commerce in the European Community" (NCE: *Nomenclature du commerce dans la CEE*) that was covering all commercial activities in the then European Community. They were followed by two new classifications that appeared in 1967: Nomenclature of Services and Nomenclature of Agricultural Activities. They all 'merged' in a sense in 1970 to create the first General Nomenclature of Economic Activities in the European Communities, known commonly under its French acronym as NACE (*Nomenclature des Activités économiques dans les Communautés Européennes*), NACE 1970 or NACE 70.

1990 brought about the first revision of the NACE classification¹, trying to take into account developments of the economy over all those years and to bring the European nomenclature close to the classification of industries elaborated by the United Nations and used worldwide and known as the CITI/ISIC (*Classification internationale type, par industrie, de toutes les branches d'activité économique*/ International Standard Industrial Classification of all economic activities). In March 2006 the United Nations Statistical Commission has approved the revised classification structure elaborated by the Expert Group on International Economic and Social Classifications, as the international standard for activity classifications to be known as ISIC rev. 4. In order to reflect the technological development and structural economic changes, it has been decided to proceed with a second revision of the NACE classification - "NACE Rev. 2". The Eurostat Classification Section completed its works on the draft proposal, preceded by a number of broad consultations carried out since 2002, in September 2005.

II. Stimuli for change and objectives of the proposal

An update of the NACE classification forms a part of the Commission's strategy to overhaul Community statistics. The proposed structure is completely compatible with the ISIC Rev. 4. It is expected to convey, through more comparable with other statistical standards, better economic governance at European and national level thanks to co-ordinated collection, transmission and publication of statistical data. It is to be understood *per se* that it is vital for the European economy that the various categories of classified economic data are interpreted uniformly in all the Member States.

III. Implementation

A preliminary implementation agenda for NACE Rev. 2 has been elaborated in cooperation of

¹ Council Regulation (EEC) N° 3037/90 [OJ L 293, 24.10.1990].

the Task Force "Implementation of NACE/CPA", composed by Eurostat experts, national experts and representatives of the European Central Bank.

NACE are adopted in EU Member States through Council and Parliament Regulations. There is therefore a series of legal acts and instruments that will have to be adapted due the revision. The most important ones are duly listed by the Commission in its Regulation proposal. When it comes to statistical legislation, it is very often a framework regulation defining the general characteristics and standards.

It is, according to the principle of subsidiarity, up to the Member States to elaborate their methods to comply with the requirements. According to Article 4 of the proposed Regulation, the Member States' statistics presented according to economic activities shall be produced using NACE Rev. 2 or a national classification derived therefrom. This implementation process and elaboration of a Member State specific register based on the revised NACE is expected to be a very complex operation. It is likely that the national version of NACE Rev. 2 will be enriched with additional headings and levels and also different coding may be used. This option exists in order to ensure that the NACE Rev. 2 Regulation also caters for the national specifics of a Member State's economy.¹ Obviously, in order to guarantee applicability and consistency of the national classification the Commission will have to verify conformity and authorise the national draft.

In February 2005, the above mentioned Task Force "Implementation of NACE/CPA" questioned the Member States on their strategies to implement NACE. Among 26 countries that decided to respond to the call, substantial majority of 20 states declared their will to elaborate national versions of the NACE Rev. 2 classification, of course in full compliance with Community law. Two among them, Malta and Lithuania, expressed their readiness to adopt the European version directly. Same principle was pronounced in the name of Spain with the exemptions of very few changes to be implemented. France, Ireland and Hungary decided to withhold with their final opinion on designing a national version of NACE Rev.2 until the Community Regulation is properly analysed by national experts.

As these particular classifications should be made available to all Member States and their economic actors, much attention should be paid to elaboration of accompanying instruments, such as explanatory notes or indexes. After all, having built the structure of NACE Rev. 2 at a national level, the key problem will be making the available data comprehensible and usable by interested parts.

It is proposed that the first reference year for NACE Rev. 2 will be 2008 and any statistics referring to economic activities performed from 1 January 2008 onwards shall be produced by in accordance with NACE Rev. 2 (or respective national classification). The planning of the national implementation is based on two concrete dates that are stipulated in the draft Regulation:

- 2008: Implementation of NACE Rev.2 into Structural Business Statistics,
- 2009: Implementation of NACE Rev.2 into Short-term Statistics and Labour Costs Index.

IV. Structure

For both ISIC Rev. 4 and NACE Rev. 2 the number of sections is increasing from 17 to 21, and the number of divisions from 62 to 88. The changes are occurring at every level of the classification and introduce new sectors for utilities, water supply, sewage, waste management and remediation, ICT and professional, scientific and technical services. It reflects very well the growing importance of services activities in economies over the last couple of years. The draft Regulation does not cover the production of statistics for national accounts, agriculture and balance of payments, international trade in services and foreign direct investment.

NACE Rev. 2 structure:

I level	consisting of headings identified by an alphabetical code (sections),
II level	consisting of headings identified by a two-digit numerical code (divisions),
III level	consisting of headings identified by a three-digit numerical code (groups),
IV level	consisting of headings identified by a four-digit numerical code (classes).

At the fourth and most detailed level, the revision comprises around 620 classes, comparing to current 514 under NACE Rev. 1.1. It is currently Germany that has the most detailed classification (1041 classes), followed by Italy (883), the Netherlands (870) and Belgium (800).

PROCEDURE

Title	Proposal for a regulation of the European Parliament and of the Proposal for a regulation of the European Parliament and of the Council establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains						
References	COM(2006)0039 – C6-0041/2006 – 2006/0011(COD)						
Date submitted to Parliament	6.2.2006						
Committee responsible Date announced in plenary	ECON 16.2.2006						
Committee(s) asked for opinion(s) Date announced in plenary	INTA 16.2.2006	EMPL 16.2.2006	ENVI 16.2.2006	ITRE 16.2.2006	TRAN 16.2.2006	AGRI 16.2.2006	
Not delivering opinion(s) Date of decision	INTA 21.2.2006	EMPL 15.2.2006	ENVI 21.2.2006	ITRE 25.4.2006	TRAN 22.2.2006	AGRI 21.2.2006	
Enhanced cooperation Date announced in plenary							
Rapporteur(s) Date appointed	Guntars Krasts 14.3.2006						
Previous rapporteur(s)							
Simplified procedure – date of decision							
Legal basis disputed Date of JURI opinion							
Financial endowment amended Date of BUDG opinion							
European Economic and Social Committee consulted – date of decision in plenary							
Committee of the Regions consulted – date of decision in plenary							
Discussed in committee	3.5.2006	12.6.2006.	12.7.2006				
Date adopted	12.7.2006.						
Result of final vote	+: 20 –: 0 0: 0						
Members present for the final vote	Zsolt László Becsey, Udo Bullmann, Ieke van den Burg, Manuel António dos Santos, Elisa Ferreira, Jean-Paul Gauzès, Robert Goebbels, Gunnar Hökmark, Piia-Noora Kauppi, Wolf Klinz, Guntars Krasts, Antolín Sánchez Presedo, John Purvis, Bernhard Rapkay, Ivo Strejček, Margarita Starkevičiūtė						
Substitute(s) present for the final vote	Pilar del Castillo Vera, Satu Hassi, Thomas Mann						
Substitute(s) under Rule 178(2) present for the final vote	Bill Newton Dunn						
Date tabled	17.7.2006						

Comments (available in one language only)	...
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