

A large, stylized white number '1' is centered within a white parallelogram that is tilted to the right. The parallelogram is positioned on the left side of the slide, with its right edge extending towards the center. The number '1' is a solid blue color, matching the background.

1

Introductory guidelines

1. NACE: introduction and background

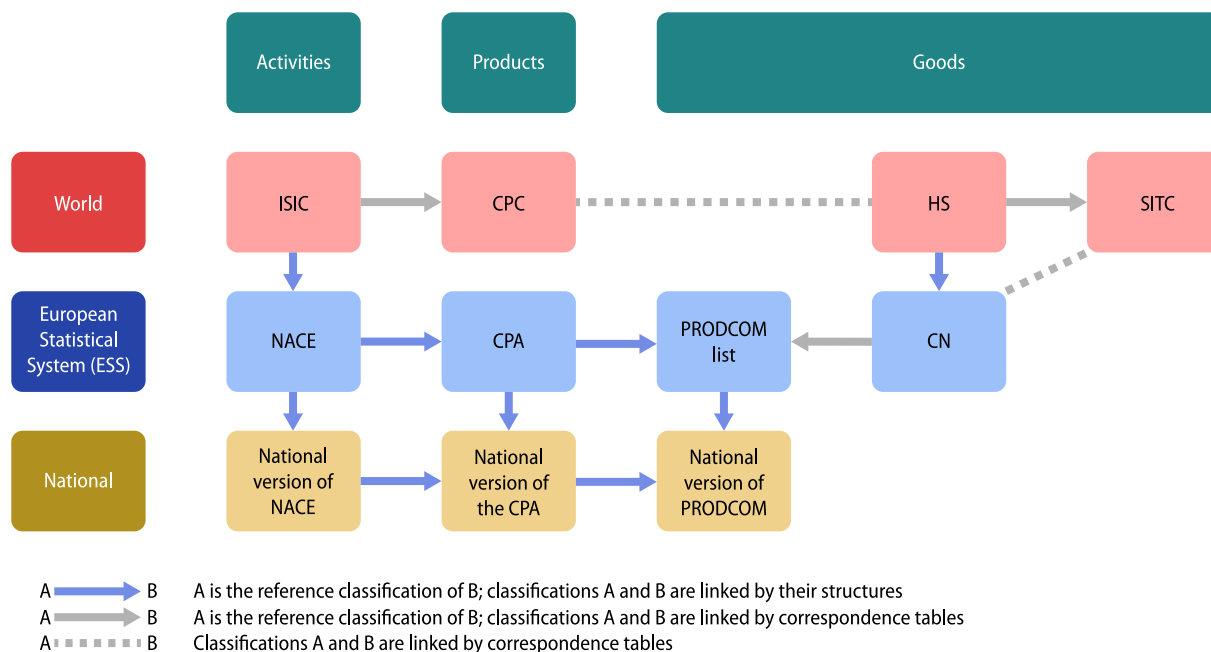
1.1. NACE and the international system of economic classifications

1. NACE is the acronym ⁽¹⁾ used to designate the various statistical classifications of economic activities developed in the European Union (EU) since 1970. NACE provides the framework for collecting and presenting a large range of statistical data according to economic activity in the fields of economic and business statistics (for example, production, employment, value added and national accounts variables) and in other statistical domains.
2. Statistics produced based on NACE are comparable across Europe and, in general, the world. The use of NACE is mandatory within the European Economic Area (EEA) for all statistics presented according to economic activities.

1.1.1. The international system of economic classifications

3. 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). From the European point of view, this system is illustrated in Figure 1, which introduces the following classifications related to NACE:
 - [ISIC](#) is the International Standard Industrial Classification of all Economic Activities, for which the UNSD is the custodian;
 - the [CPC](#) is the Central Product Classification, for which the UNSD is the custodian;
 - the [HS](#) is the Harmonized Commodity Description and Coding System, for which the World Customs Organization (WCO) is the custodian;
 - the [CPA](#) is the European Classification of Products by Activity;
 - [PRODCOM](#) is the title of the EU production statistics for mining and quarrying, manufacturing, and materials recovery;
 - the [CN](#) stands for the Combined Nomenclature, the European classification of goods used for International Trade in Goods Statistics;
 - the [SITC](#) is the Standard International Trade Classification, for which the UNSD is the custodian.

⁽¹⁾ NACE is derived from the French title *Nomenclature statistique des activités économiques dans la Communauté européenne* (Statistical classification of economic activities in the European Community).

Figure 1**The integrated system of economic statistical classifications**

- Such an integrated system facilitates the production of comparable statistics produced in different statistical domains. Therefore, for instance, statistics on the production of goods (reported in the EU according to PRODCOM) can be compared with statistics on trade (produced in the EU according to the CN). More details on the system and its components are provided in Chapter 5.

1.1.2. 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.
- Furthermore, the coding systems used in ISIC and NACE are, as far as possible, the same. In order to distinguish easily between the two classifications, NACE places a dot between the first two digits (division level) and the last two (group and class levels). Since some groups and classes in ISIC are disaggregated into NACE groups and classes, without introducing additional hierarchical levels, some ISIC codes differ from the corresponding NACE codes. An activity at group or class level may therefore have a numerical code in NACE which differs from that in ISIC.
- 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.

1.2. NACE: scope and characteristics

1.2.1. Statistical classifications

8. Statistical classifications group and organise information meaningfully and systematically, in exhaustive and structured sets of categories that are defined according to a set of criteria for similarity. These sets of categories may be assigned to variables registered in statistical surveys or administrative files and used in the production and dissemination of statistics. The categories are defined in terms of one or more characteristics of a particular population of units of observation (see [Best Practice Guidelines for Developing International Statistical Classifications](#), UNSD, p. 5).
9. Statistical classifications are characterised by:
 - a. exhaustive coverage of the observed universe;
 - b. mutually exclusive categories – each element must be classified in only one category of the classification;
 - c. methodological principles, which support the consistent allocation of the elements to the various categories of the classification.
10. A classification may be flat (built on only one level, in other words a listing of categories) or hierarchical, structured by more than one level of aggregation/disaggregation. Hierarchical classifications are structured with the most aggregated or broadest categories at the top and the most detailed categories at the bottom. The categories at each level of the classification structure must be mutually exclusive and collectively exhaustive of all objects in the population of interest. Depending on the descriptive and analytical needs, each level can be used when recording a value for a variable, for example, in a survey response or an administrative record (see [Best Practice Guidelines for Developing International Statistical Classifications](#), UNSD, pp. 5–8).
11. More specifically, hierarchical classifications are characterised by an increasingly granular partition of categories, which makes it possible to collect and present information at various levels of aggregation.

1.2.2. NACE as the EU classification of economic activities

12. 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 (see [paragraphs 58–64](#)).
13. An economic activity takes place when inputs to a production process such as natural resources, equipment, labour, manufacturing techniques, information networks or intermediary products are combined, leading to the creation of specific goods or services. Thus, an economic activity is characterised by input of resources and production processes leading to output (goods or services).
14. An activity as defined in the previous paragraph may consist of one specific process (for example, weaving) but may also cover a whole range of sub-processes, each mentioned in different categories of the classification. For example, the manufacture of a car consists of specific activities such as casting, forging, welding, assembling and painting. If the production process is organised as an integrated series of elementary activities within the same statistical unit, the whole combination is regarded as one activity.
15. Exceptions to the definition of economic activity discussed in the previous paragraphs are activities coded in groups 64.2 'Activities of holding companies and financial conduits' and 64.3 'Activities of trusts, funds and similar financial entities', which do not possess any of the above characteristics and are present in the classification solely to assist the attribution of NACE codes to units (not activities) in the business register as prescribed in [Regulation \(EU\) 2019/2152](#).
16. NACE does not per se provide categories for specific types of statistical units: units may perform several economic activities and can be defined in different ways according to specific characteristics (for example, related to location; see [paragraphs 65–67](#) on statistical units below).

1.2.3. Scope and limitations of NACE

17. In the [European System of Accounts \(ESA\)](#), NACE is the classification used for economic activities (in the ESA referred to as industries) in supply, use and input-output tables. It should be noted that NACE does not draw distinctions according to the kind of ownership of a production unit or its type of legal organisation or mode of operation, because such criteria do not relate to the characteristics of the activity itself. Units engaged in the same kind of economic activity are classified in the same NACE category, irrespective of whether they are (part of) incorporated enterprises, individual proprietors or government, whether the parent enterprise is a foreign entity and whether the unit consists of more than one establishment. Therefore, a strict link between NACE and the Classification of Institutional Sectors in the ESA or its international standard, the [System of National Accounts \(SNA\)](#), does not exist.
18. Manufacturing activities are described independently of whether the work is performed by power-driven machinery or by hand, or whether it is carried out in a factory or in a household.
19. NACE does not distinguish between formal and informal or between legal and illegal production. Classifications according to kind of legal ownership, kind of organisation or mode of operation may be constructed independently, in which case cross-classification with NACE could provide useful extra information.
20. NACE does not differentiate between market and non-market activities, as defined in the ESA/SNA, while this distinction is an important feature of the ESA/SNA. A breakdown of economic activities according to this principle is useful in any case where data are collected for activities that take place on both a market and a non-market basis. This criterion should then be cross-classified with NACE categories. Non-market services in NACE are provided by public administrations, non-profit organisations, defence services and compulsory social security services, education providers, health providers, social work services, and so on.
21. NACE includes categories for the undifferentiated production of goods and services by households for their own use. However, these categories only refer to a portion of households' economic activities, as clearly identifiable household activities are classified in other parts of NACE ^(?).

1.2.4. Structure and coding of NACE

22. NACE consists of a hierarchical structure which is described in [Regulation \(EC\) 1893/2006](#) ('the NACE Regulation') as follows:
 - a. a first level consisting of headings identified by an alphabetical code (sections);
 - b. a second level consisting of headings identified by a two-digit numerical code (divisions);
 - c. a third level consisting of headings identified by a three-digit numerical code (groups);
 - d. a fourth level consisting of headings identified by a four-digit numerical code (classes).

The code for the section level is not integrated in the NACE code that identifies the division, the group and the class describing a specific activity. For example, the activity 'Manufacture of liquid biofuels' is identified by the code 20.51, where 20 is the code for the division, 20.5 is the code for the group and 20.51 is the code of the class; section C, to which this class belongs, does not appear in the code itself.

23. The divisions are coded consecutively. However, some gaps have been provided to allow the introduction of additional divisions without a complete change of the NACE coding. These gaps have been introduced in sections that are most likely to prompt the need for additional divisions. For this purpose, the following division code numbers have been left unused in NACE Rev. 2.1: 04, 34, 40, 44, 45 (vacated; see [paragraph 158](#)), 48, 54, 57, 67, 76, 83 and 89.

(?) Domestic and personal services produced and consumed within the same households are not included within the scope of production as defined in the core ESA/SNA accounts with the following exceptions:

- domestic and personal services produced by employing paid domestic staff (see division 97),
- services of owner-occupied dwellings (see division 68).

Group 98.2 'Undifferentiated service-producing activities of private households for own use' is included in NACE for the sake of completeness.

24. As NACE is a balanced classification, even positions that are not subdivided at all incorporate positions at all lower levels. There are different scenarios.
- If a section is not split at all, there is one subordinated division, one subordinated group and one subordinated class, each of which has a heading (title) identical to that of the section (the sole current case being section V).
 - If a division is not split at all, the group and class must have the same heading as the division. The codes for such groups and classes are composed of the division code appended by the digit 0 at the group level and the digits 00 at the class level (an example being division 75 'Veterinary activities', group 75.0 'Veterinary activities' and class 75.00 'Veterinary activities').
 - If a division consists of a single group which is split at class level, the group must have the same heading as the division, with the code of the group being the division code appended by the digit 0. At class level, none of the headings may be the same as the group heading, as the classes are split into further detailed content which must be reflected in each class heading. Class codes are composed of the group code appended by a nonzero digit (an example being division 11 'Manufacture of beverages', group 11.0 'Manufacture of beverages', classes 11.01 'Distilling, rectifying and blending of spirits', 11.02 'Manufacture of wine from grape', 11.03 'Manufacture of cider and other fermented fruit beverages', and so on).

For each NACE position, it is required that its scope is exhausted by the positions subordinated to it at the next (more granular) level. Therefore, several groups and classes with headings including the term 'other' or ending with 'n.e.c.' (not elsewhere classified) have been introduced. The codes of the categories ending with 'n.e.c.' are characterised by the use of the digit 9 at group and/or class level (as an example see group 30.9 'Manufacture of transport equipment n.e.c.' and class 30.99 'Manufacture of other transport equipment n.e.c.').

1.3. NACE: historical background and legal context

1.3.1. From NICE to NACE Rev. 1.1

25. Between 1961 and 1963, the *Nomenclature des industries établies dans les Communautés européennes* (NICE) (Classification of Industries Established in the European Communities) was developed. The original (1961) version had broad divisions with entries down to three digits. The revised (1963) version had more subdivisions. NICE covered extractive, energy-producing and manufacturing industries and construction.
26. In 1965, the *Nomenclature du commerce dans la CEE* (NCE) (Classification of Trade and Commerce in the European Communities) was developed to cover all commercial activities.
27. In 1967, a classification for services was developed, followed by one for agriculture, both in broad divisions.
28. In 1970, the *Nomenclature générale des activités économiques dans les Communautés européennes* (NACE) (General Industrial Classification of Economic Activities within the European Communities) was developed. As its name implies, it was a classification covering the whole range of economic activities.
29. This first version of NACE suffered from two major drawbacks:
- as it had not been established as part of Community legislation, data were often collected according to existing national classifications and then transformed into NACE categories by means of conversion tables, which did not produce satisfactorily comparable data;
 - as NACE 1970 had not been developed within a recognised international framework, it offered poor comparability with other international classifications of economic activities.
30. It was therefore decided to consider the alignment of NACE with other international standards. Through a joint UNSD/Eurostat working group, Eurostat and representatives of the EU Member States were closely involved in the third revision of the International Standard Industrial Classification of All Economic Activities (ISIC Rev.3), which was adopted by the UNSC in 1989.

31. Subsequently, a working group coordinated by Eurostat with representatives of EU Member States developed NACE Rev. 1 (a revised version of NACE). Starting from the structure of ISIC Rev.3, details were added to reflect European economic activities that were inadequately represented in ISIC. NACE Rev. 1 was established by [Regulation \(EEC\) 3037/90](#).
32. In 2002, NACE Rev. 1.1 (a minor update of NACE Rev. 1) was established by [Regulation \(EC\) 29/2002](#). NACE Rev. 1.1 introduced a few additional items and changes to some headings (titles). The aims of the update were to:
 - reflect new activities which were not included in NACE Rev. 1 when it was developed (for example, call centres);
 - reflect activities which had manifestly grown in importance since NACE Rev. 1 was developed, due to either technological or organisational changes;
 - correct errors in NACE Rev. 1.

1.3.2. Regulation No 1893/2006 establishing NACE Rev. 2: main features

33. The NACE Regulation was adopted in December 2006 and started to apply to data transmitted by European Economic Area (EEA) countries to Eurostat on 1 January 2008.
34. The NACE Regulation imposes the mandatory use of NACE in the EEA. Thus, all statistics produced by EEA countries presented according to economic activities must be compiled according to NACE or a national classification derived from it.
35. The NACE Regulation allows EEA countries to use a national version derived from NACE for national purposes. Such national versions must, however, fit into the structural and hierarchical framework of NACE. Most EEA countries have developed national versions, usually by adding a fifth digit for national purposes. The national NACE versions (and any updates thereto) must be forwarded to the European Commission for approval before their publication (see Article 4 of the [NACE Regulation](#)).

1.3.3. The NACE Rev. 2.1 revision

36. Changes in economic structures and organisations, as well as technological developments, give rise to new activities and products, which may supersede existing activities and products. Such changes imply a constant challenge for the compilation of statistical classifications. The intervals between updates must not be too long, since the relevance of the classification diminishes with time, nor must they be too short, since otherwise the comparability of the data over time is adversely affected. Any update of a classification, particularly if it includes structural changes, leads to breaks in the time series of the statistics depending upon it.
37. In 2018, with the aim of integrating in the classification changes that occurred in economic activities in the years since the previous revision, such as digitalisation, globalisation and more attention paid to well-being and sustainability, the European Statistical System Committee (ESSC) decided to launch a review of NACE Rev. 2. This review was conducted by a task force composed of representatives designated by national statistical institutes of the European Statistical System and chaired by Eurostat, which reported to the Standards Working Group that validated its work.
38. A first stage of the review was completed when the ESSC validated the structure of NACE Revision 2 Update 1 ('NACE Rev. 2.1') in May 2022. To facilitate its implementation, Eurostat has published introductory guidelines and explanatory notes to the new classification as well as correspondence tables between NACE Rev. 2 and NACE Rev. 2.1.
39. The overall characteristics of NACE have not been changed through Update 1 to NACE Rev. 2. NACE Rev. 2.1 strikes a balance between the level of disaggregation requested by main users and the workload in statistical offices.

40. NACE Rev. 2.1 is available as a static PDF publication containing:
 - these introductory guidelines;
 - the structure of the classification;
 - the general note/include/includes also/parts of the explanatory notes;
 - the legal basis for NACE Rev. 2.1 (Annex I);
 - a list of selected economic classifications beyond Europe (Annex II).
41. NACE Rev. 2.1 is also available in a dynamic electronic format, which is the only format wherein the [online index](#) is available. This index is an integral part of the explanatory notes and assists stakeholders and producers of statistics to use and implement NACE Rev. 2.1.
42. [Regulation \(EU\) 2023/137](#), which established NACE Rev. 2.1 by amending the NACE Regulation, was published in January 2023. Its consolidated version, as well as the consolidated version of the NACE Regulation, are presented in Annex I (Legal basis of NACE Rev. 2.1).
43. In parallel to the NACE review, other international and European economic classifications were updated between 2018 and 2024, for example, the CPA, ISIC and the CPC, as well as national versions of NACE. Representatives from Eurostat, EU Member States and EFTA countries have actively participated in the review work of ISIC and the CPC, supporting the need to correctly reflect the European economic reality in the framework of international economic classifications.

2. NACE: definitions and principles

2.1. Criteria adopted for developing NACE

44. The principles and criteria that have been used to define and delineate NACE categories are based on the inputs of goods, services and factors of production, the process and technique of production, the characteristics of outputs, the use to which outputs are put as well as on the use of the classification for statistical purposes and the availability of data. These criteria are applied differently at different levels of the classification: the criteria for lower levels consider similarities in the actual production process, while this is largely irrelevant at more aggregated levels of the classification. Economic activities that are similar with respect to these criteria have been grouped together in the categories of NACE. At the lowest level of the classification, preference has been given to the process and technique of production to define individual NACE classes, particularly in classes related to services. At higher levels, characteristics of outputs and the use to which outputs are put are more important for creating analytically useful aggregations.
45. However, a strict application of these criteria has not proven useful. The weight that has been applied to each of these criteria therefore changes throughout the classification. In addition, practical considerations such as the organisation of economic production in most countries and the need for stability of the classification, are factors that have also influenced the way categories have been defined at different levels of the classification.
46. The underlying technology is not a general criterion for defining economic activities in NACE. For instance, financial technology (fintech) provides, improves, or increases access through the extensive use of digitalisation to financial services which were already carried out in the past, albeit with less advanced technical instruments than those existing at the time that Update 1 to NACE Rev. 2 was defined. Activities of financial intermediation are classified in section L 'Finance and insurance activities', whereas the activity of provision of digital technology supporting the provision of a financial service is classified in section K 'Telecommunication, computer programming, consulting, computing infrastructure and other information service activities'.
47. NACE no longer differentiates between the various ways by which goods are distributed. The NACE structure for retail and wholesale trade is based on the product sold, no matter whether the good is sold in a shop, online, via stalls and markets or via vending machines.
48. The content and scope of each position in the classification is defined through detailed explanatory notes, which also highlight boundary issues by providing examples of activities that may appear similar to those belonging to the position but are classified elsewhere in NACE. The entries in the NACE index are an integral part of these notes.

2.1.1. Criteria for classes

49. The criteria concerning the way activities are combined in, and allocated among, production units are central to the definition of classes (the most disaggregated categories) of NACE. They are intended to ensure that NACE classes will be relevant for the classification of the activity of the unit and that units whose activity is classified in the same class will be similar, with respect to the activities in which they engage. In general, this means that activities are grouped together when they share a common process for producing goods or services.
50. In addition, the classes of NACE are defined so that the following two conditions are fulfilled:
 - a. the output of the category of goods and services characterising the activities of a given class represents a major part of the output of the units whose principal activity is classified in that class;
 - b. the class contains the units that produce most of the category of goods and services that characterise it.
51. These conditions are required in order for establishments or similar types of units to be classified uniquely and easily according to their economic activity, and that units that have their principal activity categorised in the same class will be as similar to each other as is feasible.

52. Another major consideration in defining classes in NACE is the relative importance of the activities to be included. In general, separate classes are provided for activities that are prevalent in most EU Member States, or that are of particular importance in the world economy. Thus, certain additional classes which are of importance only for certain Member States have been introduced in NACE.
53. As a matter of principle, NACE generally may not have classes covering combined activities (bundled services), in other words classes integrating activities already classified in other NACE positions.

2.1.2. Criteria for groups, divisions and sections

54. The actual production process and technology used become less important as a criterion for grouping activities at more aggregated levels. At the section, division and group levels, not only the general characteristics of the goods and services produced but also the potential use of the statistics, for instance in the ESA and the SNA, become more important.
55. The main criteria applied in delineating groups and divisions of NACE concern the following characteristics of the activities of production units:
 - the character of the goods and services produced,
 - the uses to which the goods and services are put,
 - the inputs, the process and technique of production.
56. Regarding the character of the goods and services produced, account is taken of the physical composition and stage of fabrication of the items and the needs served by them. Distinguishing categories of NACE in terms of the nature of goods and services produced provides the basis for grouping production units according to similarities in, and links between, the raw materials consumed and the input-output framework.
57. The weight assigned to the criteria described above varies between categories. In a few instances (for example, food manufacturing, textile, clothing and leather industries, machinery and equipment manufacturing, as well as service activities) the three specific characteristics are so closely related that the problem of assigning weights to the criteria does not arise. In the case of activities involving intermediate goods, the physical composition as well as the stage of fabrication of goods are often given the greatest weight. In the case of activities involving goods with complicated production processes, the end use, the technique, and the organisation of production of the items are frequently given priority over the physical composition of the goods.

2.2. Principal, secondary and ancillary activities

58. A unit may perform one or more economic activities (primary, secondary or ancillary activities) described in one or more categories of NACE.
59. The principal activity of a statistical unit is the activity which contributes most to the total value added of that unit (see [paragraphs 71–77](#)). There are cases where the activities of a unit are so diversified that there is no single class accounting for the majority of the unit's total value added. In those instances, the principal activity is identified according to the top-down method (see [paragraphs 87–89](#)).
60. A secondary activity is any other activity of the unit, whose outputs are goods or services which are suitable for delivery to third parties. A unit may be performing multiple secondary activities.
61. A distinction should be made between principal and secondary activities, on the one hand, and ancillary activities, such as accounting, transportation, storage, purchasing, sales promotion, repair and maintenance, on the other hand. The output of principal and secondary activities, which are consequently principal and secondary products, is produced for sale on the market or for other uses that are not defined in advance; for example, they may be stocked for future sale or for further processing. Ancillary activities are undertaken solely to facilitate the principal or secondary activities of the unit by providing goods or services for the use of that unit only.

62. An activity is ancillary if it fulfils all the following conditions:
- it serves only the unit or units performing them;
 - the inputs contribute to the costs of the unit;
 - the outputs (usually services, seldom goods) are not part of the unit's final product and do not generate gross fixed capital formation;
 - a comparable activity on a similar scale is performed in similar production units.
63. For instance, the following are not to be regarded as ancillary activities:
- production of goods and services that are part of own-account capital formation; for example, construction work for own account, which would be classified separately in construction if data would be available, and software production exclusively for a unit's internal use;
 - production of outputs, a significant part of which is sold on the market, even if part of it is consumed in connection with the principal activities;
 - production of goods or services which subsequently become an integral part of the output of the principal or secondary activities (for example, the production of boxes by a department of an enterprise for packing its products);
 - production of energy (for example, an integrated power station or coking plant), even if the whole output is consumed by the parent unit;
 - purchase of goods for resale in an unaltered state;
 - research and development, as these activities do not provide a service that is consumed during current production.
64. In all these cases, separate units should, whenever separate data are available, be distinguished and recognised as independent and then classified according to their activity.

2.3. Definitions of statistical units

65. To draw a complete statistical picture of the economy, a wide range of information is required, and the organisational level at which it is feasible to collect the information varies depending on the type of data. For example, data for an enterprise may be available from only one geographically central location referring to several different locations, whereas product sales data may be available for each of the separate locations. To observe and analyse the data satisfactorily, it is therefore necessary to define a system of types of statistical units, that are suitable for data collection, compilation and aggregation. These form the reference building blocks with respect to which data can be collected and classified according to NACE.
66. Different types of statistical units meet different needs, but each unit is a specific entity which is defined in such a way that it can be recognised and identified and not confused with any other unit. It may be an identifiable legal or physical entity or, as for example in the case of the unit of homogeneous production, a statistical construct.
67. The following are the types of units that are described in [Regulation \(EEC\) 696/93](#) on statistical units:
- the enterprise,
 - the institutional unit,
 - the enterprise group,
 - the kind-of-activity unit (KAU),
 - the unit of homogeneous production (UHP),
 - the local unit,
 - the local kind-of-activity unit (local KAU),
 - the local unit of homogeneous production (local UHP).

3. Classification rules for activities and units

3.1. Basic classification rules

68. A unit may perform one or more economic activities classified in one or more NACE classes. For each unit, their principal activity is classified. Units may perform activities of a mixed character. The identification of a principal activity is necessary to allocate a unit to a single NACE class.
69. One NACE code is assigned to each unit recorded in statistical business registers (see [Regulation \(EU\) 2019/2152](#)) according to its principal economic activity. A NACE code is also assigned to units that enter the business register without any obvious economic activity, associated value added or value-added substitutes (see groups 64.2 and 64.3, [paragraph 120](#)).
70. All activities are considered when determining the principal activity, but only the principal activity is used to classify a unit. The assignment of the NACE code is supported by the explanatory notes (including entries in the NACE index) of NACE positions and correspondence tables to other classifications (such as ISIC, the CPA, the HS and the CN).
71. The principal activity of the unit should ideally be determined with reference to the value added associated to each activity. The relevant valuation concept is gross value added at basic prices, defined as the difference between output at basic prices and intermediate consumption at purchasers' prices. Thus, value added at basic prices can be decomposed into the following components: compensation of employees, gross operating surplus, gross mixed income and other taxes on production less other subsidies on production (net other taxes on production equals other taxes on production less other subsidies on production). Application of this definition of value added should be envisaged in case an output of an economic activity is provided to other units for free, or at prices that are not economically significant ⁽⁹⁾. It should be noted that capital gains do not constitute value added, and therefore should not be considered.

3.2. Value added substitutes

72. To determine the principal activity of a unit, the activities carried out by the unit and the corresponding share of value added must be known. Sometimes it is not possible to obtain information on the value added associated with the different activities carried out, and the activity classification must be determined by using substitute criteria. Such criteria could be the following.
 - a. Substitutes based on output:
 - gross output of the unit that is attributable to the goods or services associated with each activity,
 - value of sales or turnover of the groups of products within each activity.
 - b. Substitutes based on input:
 - wages and salaries (or income of self-employed people) plus depreciation attributable to the different activities,
 - number of staff involved in the different economic activities of the unit,
 - time worked by staff attributable to the different activities of the unit.
73. Such substitute criteria should be used as proxies for the unknown value-added data to obtain the best approximation possible to the result which would have been obtained based on the value-added data. The use of substitute criteria does not change the methods used to determine the principal activity as they are only operational approximations of value-added data.

⁽⁹⁾ A terminological change for 'compensation of employees' has been implemented in SNA 2025. For European statistics applications, please refer to the standards in force in ESA for the reference period in scope.

In addition, gross operating surplus (GOS) and gross mixed income (GMI) are defined by SNA 2008 as follows:

gross operating surplus = net operating surplus + consumption of fixed capital;

gross mixed income = net mixed income + consumption of fixed capital.

These formulae are likely to be changed in the next version of the ESA based on SNA 2025: please refer to the standard in force for the reference period in scope.

74. However, the simple use of the substitute criteria listed above may be misleading. This is always the case when the structure of the substitute criteria is not directly proportional to the (unknown) value added.
75. When using sales (turnover) as a proxy for value added, it should be considered that in certain cases turnover and value added are not proportional. For example, turnover in trade usually has a much lower share of value added than turnover in manufacturing. Even within manufacturing, the relation between sales and the resulting value added may vary between activities. For some activities (for example, financial intermediation activities or insurance activities), turnover is defined in a specific way which makes comparisons with other activities misleading. When using gross output data as substitute criteria, the same considerations should be kept in mind.
76. Many units perform both trade and other activities. In such cases, trade turnover figures are highly unsuitable indicators for the unknown value-added share of the trade activity. A much better indicator is the gross margin (difference between the trade turnover and purchases of goods for resale adjusted by changes in stocks). The trade margins (*) may vary within a single wholesale or retail trade activity and may also vary between different trade activities. In addition, consideration must be given to the specific classification rules for trade as set out in [paragraphs 90–95](#).
77. Similar precautions must be considered when input-based substitute criteria are applied. The proportionality between wages and salaries or employment, on the one hand, and value added on the other hand, is not reliable when the capital intensity or the labour intensity of the various activities are different. Higher capital intensity normally implies higher depreciation and a lower share of wages and salaries in value added. Capital intensity and labour intensity may vary substantially between different economic activities and between activities of the same NACE class. For instance, the production of a good using craft techniques (for example, with hand tools) is more labour intensive than production of the same good using a mechanised process which is more capital intensive.

3.3. Treatment of multiple and integrated activities

78. Instances may arise where considerable proportions of the activities of a unit are included in more than one NACE class. These cases may result from i) the vertical integration of activities (for example, tree felling combined with sawmilling or the manufacture of textiles combined with the subsequent production of wearing apparel), see [paragraphs 83–85](#), ii) the horizontal integration of activities (for example, the same unit carrying out both wholesale and retail trade), see [paragraph 86](#), or iii) any combination of activities that cannot be separated within a statistical unit. In these situations, the principal activity of the unit should be classified according to the rules below. If value added cannot be determined for the activities involved, approximations as set out in [paragraphs 72–77](#) can be used, provided that their application to the different activities is consistent.
79. If a unit performs activities falling in only two different NACE classes, there will always be one activity that accounts for more than 50 % of value added, except in the highly unlikely case that both activities in the different classes have equal shares (both 50 %). The activity that represents more than 50 % of the value added is the principal activity and determines the NACE classification of the principal activity of the unit.
80. In the complex case where a unit performs more than two activities falling into more than two different NACE classes, with none of them accounting for more than 50 % of value added, the activity classification of that unit must be determined by using the top-down method, as described below (see [paragraphs 87–89](#)).

3.3.1. Stability rule – changes of the principal activity of the unit

81. Units may change their principal activity, either abruptly or gradually over a period, either because of seasonal factors or because of a management decision to change the pattern of output. While all these cases call for the classification of the unit to be changed, frequent changes could result in inconsistencies between short-term (monthly and quarterly) and longer-term statistics, making their interpretation extremely difficult.

(*) The concept 'trade margin' is defined in the [Glossary of macroeconomic terms and definitions](#) for the development of the SNA 2025 and Balance of Payments and International Investment Position Manual 7.

82. To avoid frequent changes, it is necessary to have a stability rule. Without such a rule, there would be apparent changes in the economic demography of the business population that would be no more than statistical artefacts. Such a stability rule is intended for units that engage in a mix of activities that are almost balanced and are thus subject to a higher risk of changes to the principal activity resulting from only small changes in the ratio of the activities involved. In such cases, the ratio of activities over the previous two to three years should be taken into account when determining the principal activity of the unit. Changes in the classification of units for the purpose of statistical surveys are made not more than once a year, either at fixed dates or as information becomes available. More frequent changes would result in inconsistency between short-term (monthly and quarterly) and longer-term statistics.

3.3.2. Treatment of vertically integrated activities

83. Vertical integration of activities occurs where the different stages of production are carried out in succession by the same unit and where the output of one process serves as an input to the next. Examples of vertical integration include tree felling and subsequent sawmilling, a clay pit combined with brickworks or production of apparel in a textile mill.
84. When applying NACE, vertical integration should be treated like any other form of multiple activities, which means that the principal activity of the unit is the activity accounting for the largest share of value added, as determined according to the top-down method.
85. If value added or value-added substitutes cannot be determined for the individual steps in a vertically integrated process directly from accounts compiled by the unit itself, comparisons with similar units (for example, based on market prices for intermediate and final products) could be used. The same precautions for using substitutes as listed in [paragraphs 72–77](#) apply here. If it is still impossible to determine the share of value added (or its substitutes) for the different stages in the chain of production activities, default assignments for typical forms of vertical integration can be applied. A negative consequence of assigning one NACE code for the principal activity of a unit engaged in vertical integration (instead of splitting this unit into more statistical units for which different principal activities would be identified) is that the production chain as represented in the input-output framework becomes less clear.

3.3.3. Treatment of horizontally integrated activities

86. Horizontal integration of activities occurs when activities are carried out simultaneously using the same factors of production, in which case it would often be impossible to statistically separate such activities into different processes, assign them to different units or generally provide separate data for them, nor would the principle of value added normally be applicable. In general, in the case of horizontally integrated activities, gross output or turnover might be the most appropriate value-added substitutes to be used for determining the principal activity, following the top-down method. To mitigate the classification problem described above, integrated activities are in many cases included in the same NACE class even though their outputs have quite different characteristics. The principle of value added has to be applied, following the top-down method, and the same precautions for using substitutes as listed in [paragraphs 72–77](#) apply here.

3.3.4. The top-down method

87. The top-down method follows a hierarchical principle: the classification of the principal activity of a unit at the lowest level of the classification must be consistent with the classification of the unit at the higher levels of the structure. To satisfy this condition, the process starts with identification of the relevant highest level and progresses down through the levels of the classification in the following way:
1. identify the section which has the highest share of the value added;
 2. within this section, identify the division which has the highest share of the value added;
 3. within this division, identify the group which has the highest share of the value added;
 4. within this group, identify the class which has the highest share of value added.

88. Example: a unit carries out the following activities (shares in terms of value added).

Table 1

Top-down method to classify units

Section	Division	Group	Class	Description of the class	Share
C	25	25.9	25.91	Manufacture of steel drums and similar containers	10 %
	28	28.1	28.11	Manufacture of engines and turbines, except aircraft, vehicle and cycle engines	6 %
		28.2	28.24	Manufacture of power-driven hand tools	5 %
		28.9	28.93	Manufacture of machinery for food, beverage and tobacco processing	23 %
			28.95	Manufacture of machinery for paper and paperboard production	8 %
G	46	46.1	46.14	Activities of agents involved in the wholesale of machinery, industrial equipment, ships and aircraft	7 %
		46.6	46.61	Wholesale of agricultural machinery, equipment and supplies	28 %
N	71	71.1	71.12	Engineering activities and related technical consultancy	13 %

Based on the information in Table 1, the following steps are taken to identify the principal activity.

1. Identify the main section among the sections.

Section C – Manufacturing	52 %
Section G – Wholesale and retail trade	35 %
Section N – Professional, scientific and technical activities	13 %

2. Identify the main division within the main section (section C).

Division 25 – Manufacture of fabricated metal products, except machinery and equipment	10 %
Division 28 – Manufacture of machinery and equipment n.e.c.	42 %

3. Identify the main group within the main division (division 28).

Group 28.1 – Manufacture of general-purpose machinery	6 %
Group 28.2 – Manufacture of other general-purpose machinery	5 %
Group 28.9 – Manufacture of other special-purpose machinery	31 %

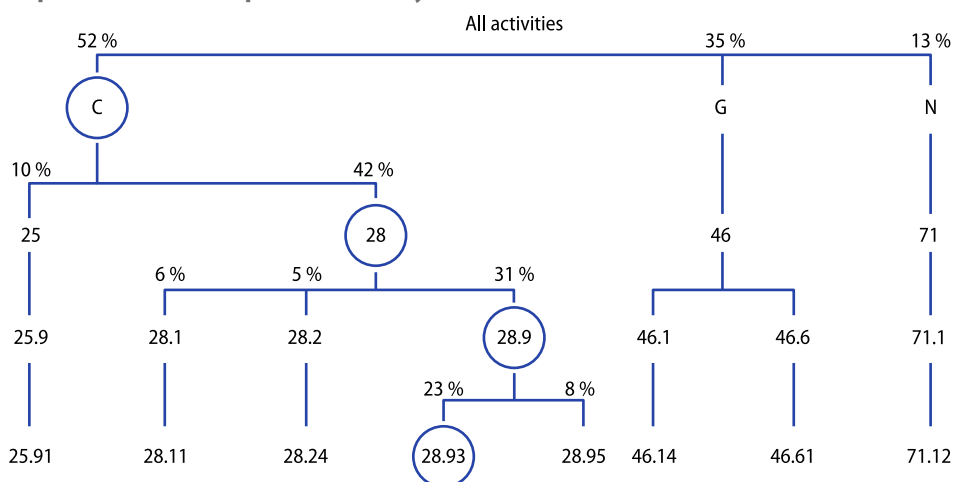
4. Identify the main class within the main group (group 28.9).

Class 28.93 – Manufacture of machinery for food, beverage and tobacco processing	23 %
Class 28.95 – Manufacture of machinery for paper and paperboard production	8 %

Therefore, the correct class for the principal activity is 28.93 'Manufacture of machinery for food, beverage and tobacco processing', although the class with the biggest share of value added is class 46.61 'Wholesale of agricultural machinery, equipment and supplies'.

Figure 2 illustrates the decision path followed in the example.

Figure 2
Top-down decision path to classify units

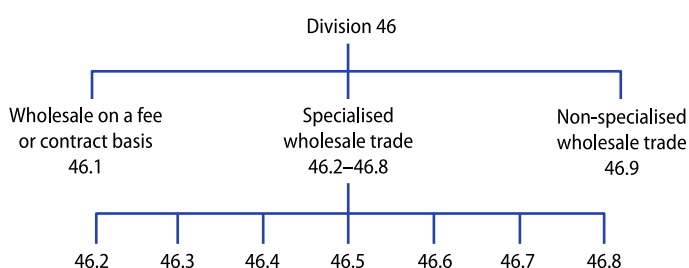


89. When applied to section G 'Wholesale and retail trade', a specific adaptation of the top-down method is required (see subsequent [paragraphs 90–95](#)).

3.3.5. Top-down method for wholesale and retail trade activities

90. Trade is partitioned into wholesale and retail trade. It may happen that a unit performs horizontally integrated trade activities under various possible forms. If the goods sold by the unit do not correspond to a single class accounting for at least 50 % of the value added, then application of the top-down method requires special caution and consideration of additional levels.
91. Within division 46 'Wholesale trade', a first distinction must be considered between group 46.1 'Wholesale on a fee or contract basis' (in this case, the wholesaler does not assume ownership of the goods they trade), and the other groups of division 46. In the case of wholesale other than on a fee or contract basis, the next step is to decide whether to categorise the principal activity of the unit as specialised wholesale trade (an aggregate of groups 46.2 to 46.8), or group 46.9 'Non-specialised wholesale trade'. Finally, the group (if not already identified) and class must be identified using the top-down method.
92. Figure 3 represents the decision tree to be used for the allocation of the principal activity of a unit to a specific group in division 46 'Wholesale trade'.

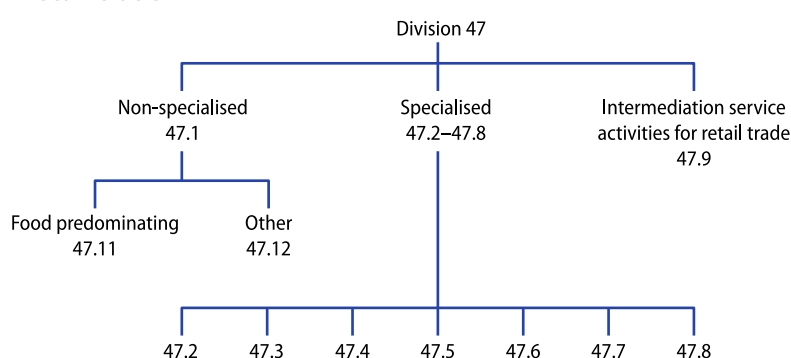
Figure 3
Decision tree for the allocation of the principal activity of a unit to a specific group in division 46 'Wholesale trade'



93. Concerning division 47 'Retail trade', the first decision is whether or not to allocate the principal activity of a unit to intermediation service activities for retail trade. If the principal activity of the unit is not classified to intermediation service activities for retail trade, the next step is to categorise the principal activity in either group 47.1 'Non-specialised retail trade' or in specialised retail trade, covered by the groups 47.2 to 47.8 (see below). Finally, the group (if not already identified) and class must be identified using the top-down method.
94. Figure 4 represents the decision tree to be used for the allocation of the principal activity of a unit to a specific group in division 47 'Retail trade'.

Figure 4

Decision tree for the allocation of the principal activity of a unit to a specific group in division 47 'Retail trade'



3.3.6. Specialised and non-specialised trade

95. In both wholesale and retail trade, the distinction between specialised and non-specialised trade is based on the number of classes comprising the goods sold, where the classes to be considered each account for at least 5 % (and less than 50 %) of the value added.
- a. If the products sold correspond to no more than four classes in any of the groups 46.2 to 46.8 (for wholesale trade) or 47.2 to 47.8 (for retail trade), the unit is considered to be carrying out specialised trade. It is then necessary to determine the principal activity applying the top-down method based on the value added, selecting first the main group and then the class within that group (see Table 2).

Table 2

Examples of the identification of the principal activity in specialised trade

Classes	Case A	Case B	Case C
47.21	30 %	30 %	20 %
47.25	5 %	15 %	5 %
47.62	45 %	40 %	35 %
47.75	20 %	15 %	40 %
Final allocation	Class 47.62	Class 47.21	Class 47.75

- b. If the products sold correspond to five or more classes in any of groups 46.2 to 46.8 (for wholesale trade) or 47.2 to 47.8 (for retail trade), the principal activity of the unit should be considered to be non-specialised trade (group 46.9 for non-specialised wholesale trade and group 47.1 for non-specialised retail trade). For non-specialised retail trade, the following rule applies: if food, beverages and tobacco account for at least 35 % of value added, the unit should be classified in NACE Rev. 2.1 class 47.11; in all other cases, the unit must be classified in class 47.12.

Table 3**Examples of the identification of the principal activity in non-specialised trade**

Classes	Case A	Case B	Case C
47.21	5 %	20 %	5 %
47.22	15 %	15 %	5 %
47.54	45 %	45 %	5 %
47.61	10 %	10 %	45 %
47.62	25 %	10 %	40 %
Final allocation	Class 47.12	Class 47.11	Class 47.12

3.4. Rules for specific activities

3.4.1. Outsourcing / activities on a fee or contract basis

96. In some cases, units sell goods or services under their own name but the actual production, such as the physical transformation process in the case of manufacturing, is carried out fully or in part by others through specific contractual arrangements.
97. In this chapter, the following terminology is applied.
98. The principal is a unit that enters into a contractual relationship with another unit (contractor) that is to carry out some part (or all) of the production process.
99. The contractor is a unit that carries out specific tasks, such as parts of a production process or even the full production process or support functions on a contractual relationship with a principal.
100. Outsourcing is a contractual agreement according to which the principal requires the contractor to carry out a specific production process. The term 'subcontracting' (see [Regulation \(EU\) 2019/2152](#)) is sometimes used as well.
101. A factoryless goods producer (FGP) is a principal that controls the production of a good by undertaking the entrepreneurial steps and providing the technical specifications required to produce the good, but that outsources the material transformation process required to produce the output. NACE Rev. 2.1 follows the conceptual definition of a factoryless goods producer (FGP), outlined in [paragraph 23.26 of the 2025 SNA manual](#).
102. Contractors, in other words units carrying out an activity on a fee or contract basis, are usually classified in the same NACE category as units producing the same goods or services for their own account. Exceptions to this rule exist for trade activities, for which separate categories for such outsourced activities exist (see group 46.1 'Wholesale on a fee or contract basis').

3.4.2. Outsourcing of parts of the production process

103. If only part of the production process is outsourced, the principal activity of the principal is classified in the class that corresponds to the activity representing the complete production process, in other words the principal activity is classified as if the principal were carrying out the complete process, including the contracted work, itself. The principal activity of the contractor is classified with the principal activities of units producing the same goods or services for their own account.

104. This also applies to the outsourcing of support functions in the production process, such as accounting or computing activities.

3.4.3. Outsourcing of the complete production process – manufacturing

105. In general, if the principal outsources the complete production process of a good or service, its principal activity is classified as if it were carrying out the production process itself. In the case of manufacturing, however, the following special considerations apply.
106. For its principal activity to be classified in Section C ‘Manufacturing’, a principal should not only own the final output, but also satisfy one of the following conditions: a) it owns the input materials (raw materials or intermediate goods) to the production process or b) it owns the intellectual property products (IPPs) ⁽⁵⁾. Examples of such activities are metal manufacturing (for example, forging, casting, cutting, stamping and foundry works), processing of metals (for example, chrome plating), manufacturing of apparel, finishing of apparel and similar elementary parts of the production process. The principal activity of the contractor is classified with that of units producing the same goods for their own account which, in this case, would be the same class as that of the principal.
107. A principal who completely outsources the transformation process of a manufacturing activity but does not own the input materials and does not supply inputs of intellectual property, is in fact buying the completed good from the contractor with the intention to re-sell it. Such an activity is classified in section G ‘Wholesale and retail trade’, specifically according to the type of sale and the specific type of good sold ⁽⁶⁾. The principal activity of the contractor is classified with units producing the same goods for their own account.
108. The importance of separately identifying the activity of FGPs has long been recognised. However, based on current practices and the stakeholder discussions of the NACE Rev. 2 review, it is difficult at this stage to classify separately the activity of FGPs in NACE. As a result, NACE Rev. 2.1 classifies the activity of FGPs in section C in the same class where it would have been classified if FGPs carried out the manufacturing process themselves. To allow this issue to be reconsidered as part of the research agenda for the next revision of NACE, countries are encouraged to develop approaches to identify FGPs.

3.4.4. Outsourcing of the complete production process – activities other than manufacturing

109. When a principal carries out the whole or a part of the production process (of a good or a service) but delegates to a contractor certain support activities (such as accounting or computer services), which are not part of the production process and do not directly lead to the final good or service, but support the general functioning of the principal as a production unit, the activities of the principal are classified to the NACE code that represents the core production process. The principal activity of the contractor is classified according to the specific activity it is carrying out (for example, class 69.20 ‘Accounting, bookkeeping and auditing activities; tax consultancy’ or class 62.20 ‘Computer consultancy and computer facilities management activities’).
110. The principal activity of a principal outsourcing a part of the goods production process in section A ‘Agriculture, forestry and fishing’, section B ‘Mining and quarrying’, section D ‘Electricity, gas, steam and air conditioning’ and section E ‘Water supply; sewerage, waste management and remediation activities’ is classified as if the principal would cover the whole production process. The principal activity of the contractor is classified with units producing the same goods for their own account. If the contractor carries out other activities, its principal activity should be determined in accordance with the value-added principle.

⁽⁵⁾ An update of the definition of IPPs has been implemented in the SNA 2025. For European statistics applications, please refer to the standards in force in ESA for the reference period in scope.

⁽⁶⁾ The final classification of the main activity of the principal may also depend on other activities that are carried out in the same unit.

111. A principal outsourcing the whole production process of section A 'Agriculture, forestry and fishing', section B 'Mining and quarrying' and section E 'Water supply; sewerage, waste management and remediation activities' but does not own the input materials (for example, seeds, plants, trees, herds of animals or fry) is in fact buying the completed good from the contractor with the intention to re-sell it. Such an activity is classified in division 46 'Wholesale trade' (depending on the activity and the specific good sold). The contractor is classified with units producing the same goods for their own account.
112. The principal activity of a principal outsourcing the whole production process of section D 'Electricity, gas, steam and air conditioning' is classified in section D as per the activity and the specific good sold. The principal activity of the contractor is classified with the principal activity of units producing the same goods for their own account.
113. When a principal subcontracts construction work to other units but remains responsible for the overall construction process, the principal activity of both the principal and the contractor is classified in section F 'Construction', specifically to the class that corresponds to the construction activities carried out.
114. Concerning the outsourcing of services (for example, group 82.2 'Customer support via call centres'), the principal who outsources a part of the service-producing activities should have its principal activity classified as if providing the whole service process. The principal activity of the contractor is classified according to the portion of the service provision it is undertaking. When the principal subcontracts the whole service activity, both the principal and the contractor are classified as if they were carrying out the complete service activity.

3.4.5. Intermediation services

115. Intermediation activities have increased enormously due to technological advances of digital platforms. The UN Expert Group of International Statistical Classifications [evaluated the treatment of intermediation activities within ISIC Rev.4](#), indicating how the use of such services related to service transactions should be addressed in ISIC.
116. In the framework of the revision of ISIC Rev.4 and the update of NACE Rev. 2, it was agreed to define non-financial intermediation service activities as

... activities that facilitate transactions between buyers and sellers for the ordering and/or delivering of goods and services for a fee or commission, without supplying the services or taking ownership of the goods that are intermediated. These activities can be carried out on digital platforms or through non-digital channels. Revenue for the intermediation activities can include other sources of income, such as revenues from sale of advertising space.

This definition excludes financial and insurance service activities, which are classified in section L 'Financial and insurance activities'.

117. To reflect these activities in NACE, separate groups or classes have been created in the divisions where these goods and services are produced (see [paragraph 135](#)). Thus, those new categories, combined with previously dedicated categories, can identify all non-financial intermediation services, which are now a significant component in the delivery of the underlying goods or services of the respective divisions. Intermediation services (except monetary intermediation) which cannot be classified in the dedicated classes or belong to several divisions, are integrated into a dedicated class 82.40 'Intermediation service activities for business support service activities n.e.c.'.

3.4.6. Financial activities

118. In recent years, there have been various innovations in the provision of financial services. Some examples of these innovations include an increased use of digital technologies to facilitate the provision of or access to financial services, the expansion in many financial markets by units other than the traditional banks and a greater number of financial activities provided by traditional units that are engaged in financial activities. The provision of financial intermediation services facilitated by information and communication technologies (digital technologies) is also integrated in section L 'Financial and insurance activities'.

119. No new groups or classes have been created for the classification of activities carried out by financial technology companies (fintechs) that are using digital techniques to provide, improve or increase access to financial services. Such activities are integrated in the existing structure of NACE, since these are not viewed as new activities, but rather as existing activities being carried out via a new modality. Activities of fintechs are classified based on their principal economic activity. Thus, activities of a fintech unit principally carrying out financial intermediation or other financial and insurance activities will be classified in section L, whereas when the unit's activity is to provide digital technologies that support the provision of a financial service, it will be classified in section K 'Telecommunication, computer programming, consulting, computing infrastructure and other information service activities'. Digital technology provision activities include, for example:
- the provision of software used by financial services units to digitalise and improve their compliance structures;
 - the provision of information technology infrastructure (including hardware and software) analytics to support insurance as underwriting, distribution, pricing and claims processing.
120. Section L includes two groups, 64.2 'Activities of holding companies and financing conduits' and 64.3 'Activities of trusts, funds and similar financial entities', which classify units that do not have any real activity, such as revenue from the sale of products and provision of services, and usually do not employ staff, and go beyond the normal scope of NACE (based on value added or substitutes to value added). They are integrated in NACE solely to facilitate the classification of units in the statistical business registers as prescribed in [Regulation \(EU\) 2019/2152](#). Some of these units may also be called 'brass plate companies', 'post box companies', 'empty boxes' or 'special purpose entities (SPEs)', as they have just a name and an address.
121. When considering classifying the principal activity of a unit in either of these two groups, attention should be paid also to other classes (66.30 'Fund management activities', 70.10 'Activities of head offices' and 70.20 'Business and other management consultancy activities'), which include generating value-added economic activities.
122. The coverage of these activities is as follows:
- a. group 64.2 'Activities of holding companies and financing conduits' refers to the activities of holding companies and financing conduits whose principal activity is, respectively, owning the group or acting as a vehicle to arrange and channel funds within the group;
 - b. group 64.3 'Activities of trusts, funds and similar financial entities' covers the activities of legal entities organised to pool securities or other financial assets, without managing them, on behalf of shareholders or beneficiaries;
 - c. class 66.30 'Fund management activities' includes activities carried out on a fee or contract basis;
 - d. class 70.10 'Activities of head offices' includes overseeing and managing other units of the enterprise or enterprise group, exercising operational control and day-to-day management;
 - e. class 70.20 'Business and other management consultancy activities' includes consultancy activities related to issues like corporate strategic and organisational planning, marketing objectives and policies, and human resources policies (see [Final report from the Task Force on the Classification of Head Offices and Holdings according to NACE](#)).
123. The principal activity of a unit performing several of the aforementioned activities should be identified, as usual, based on the value-added principle. It should be kept in mind that capital gains do not constitute value added, and therefore should not be considered.

3.4.7. Public administration

124. NACE does not make any distinction regarding the institutional sector (as defined in the ESA and the SNA) in which a statistical unit is classified. For instance, there is no NACE category that describes all activities carried out by the government as such. Consequently, not all government bodies have their activities automatically classified in section P 'Public administration and defence; compulsory social security'.
125. Activities of public sector units at national, regional or local levels that are specifically attributable to other areas of NACE are classified in the appropriate section.

126. For example, the activities of a secondary school administered by the central or local government are allocated to group 85.3 'Secondary and post-secondary non-tertiary education', whereas the public administration of educational programmes is classified in class 84.12 'Regulation of health care, education, cultural services and other social services'. Similarly, the activities of a public hospital are allocated to class 86.10 'Hospital activities', whereas the public health administration is integrated in class 84.12 'Regulation of health care, education, cultural services and other social services'. Conversely, section P does not only comprise the activities of government bodies: activities which are typically public administration activities are classified here even when they are in fact carried out by private sector units.
127. Division 84 includes activities of a governmental nature that are normally carried out by the public administration, including:
- the enactment and judicial interpretation of laws and their pursuant regulation;
 - the administration of programmes based on them;
 - legislative activities;
 - taxation; national defence; public order and safety;
 - immigration services;
 - foreign affairs;
 - the administration of government programmes.
- Nevertheless, the legal or institutional status of the unit carrying it out is not, in itself, the determining factor for an activity to belong in that division.

3.4.8. On-site installation

128. The activities of installation or assembly of items or equipment in buildings for their functioning are considered to be construction and therefore classified in division 43 'Specialised construction activities'.
129. Installation of machinery and other equipment other than those linked to the functioning of buildings (or civil engineering works) is classified in group 33.2 'Installation of industrial machinery and equipment'.

3.4.9. Repair and maintenance

130. Activities of repair or maintenance of goods are classified in one of the following categories, depending on the types of goods:
- a. repair and maintenance of fabricated metal products, machinery and equipment is classified in group 33.1;
 - b. repair of buildings and of engineering works is classified in section F;
 - c. repair and maintenance of computers and communication equipment is classified in group 95.1;
 - d. repair and maintenance of personal and household goods is classified in group 95.2;
 - e. repair and maintenance of motor vehicles and motorcycles is classified in group 95.3.

3.4.10. Individual entrepreneurs

131. The activities of individual entrepreneurs are classified according to the economic activity they carry out, in other words according to the goods or services they are producing, which is not necessarily identical with the economic activity of the unit they are working for. For example, the principal activity of an independent doctor working in a hospital must be classified in group 86.2 'Medical and dental practice activities', depending on the specialist area for which medical services are provided.

4. From NACE Rev. 2 to NACE Rev. 2.1

4.1. Changes in the structure

132. Table 4 presents a broad comparison between the sections of NACE Rev. 2 and NACE Rev. 2.1. As can be seen, NACE Rev. 2 section J has been split into two NACE Rev. 2.1 sections (J and K); subsequent sections have been recoded (for example, section K in NACE Rev. 2 has become section L in NACE Rev. 2.1).

Table 4

Comparison between the sections of NACE Rev. 2 and NACE Rev. 2.1

NACE Rev. 2		NACE Rev. 2.1	
Section	Heading	Section	Heading
A	Agriculture, forestry and fishing	A	Agriculture, forestry and fishing
B	Mining and quarrying	B	Mining and quarrying
C	Manufacturing	C	Manufacturing
D	Electricity, gas, steam and air conditioning supply	D	Electricity, gas, steam and air conditioning supply
E	Water supply; sewerage, waste management and remediation activities	E	Water supply; sewerage, waste management and remediation activities
F	Construction	F	Construction
G	Wholesale and retail trade; repair of motor vehicles and motorcycles	G	Wholesale and retail trade
H	Transportation and storage	H	Transportation and storage
I	Accommodation and food service activities	I	Accommodation and food service activities
J	Information and communication	J	Publishing, broadcasting, and content production and distribution activities
		K	Telecommunication, computer programming, consulting, computing infrastructure and other information service activities
K	Financial and insurance activities	L	Financial and insurance activities
L	Real estate activities	M	Real estate activities
M	Professional, scientific and technical activities	N	Professional, scientific and technical activities
N	Administrative and support service activities	O	Administrative and support service activities
O	Public administration and defence; compulsory social security	P	Public administration and defence; compulsory social security
P	Education	Q	Education
Q	Human health and social work activities	R	Human health and social work activities
R	Arts, entertainment and recreation	S	Arts, sports and recreation
S	Other service activities	T	Other service activities
T	Activities of households as employers; undifferentiated goods- and services-producing activities of households for own use	U	Activities of households as employers and undifferentiated goods- and service-producing activities of households for own use
U	Activities of extraterritorial organisations and bodies	V	Activities of extraterritorial organisations and bodies

133. Table 5 presents the changes, in numerical terms, between NACE Rev. 2 and NACE Rev. 2.1. For example, the increase in the number of sections is caused by the split of NACE Rev. 2 section J illustrated in Table 4 and is presented in the first row of Table 5. The smaller number of divisions in NACE Rev. 2.1 results from the suppression of NACE Rev. 2 division 45 and is shown in the second row. The differences in the number of groups and classes shown in the third and fourth rows of Table 5 result from the net difference between the number of new categories created in NACE Rev. 2.1 and the number of NACE Rev. 2 categories that have been removed.

Table 5

Changes, in numerical terms, between NACE Rev. 2 and NACE Rev. 2.1

	NACE Rev. 2	NACE Rev. 2.1	Difference
Sections	21	22	+1
Divisions	88	87	–1
Groups	272	287	+15
Classes	615	651	+ 36

4.2. Main changes in relation to NACE Rev. 2

134. This subchapter lists the major changes between NACE Rev. 2 and NACE Rev. 2.1. The term ‘major’ encompasses all changes at section (including the changing of headings), division and group level (including the changing of headings), restructuring within groups, mergers and splits of classes. Minor changes, in other words changes not listed here, include, for example, heading (title) changes (at group and class level), renumbering, recoding and partial transfers of content between classes.

4.2.1. Intermediation service activities

135. To reflect the increasing importance of intermediation service activities, the following new classes have been created in the NACE Rev. 2.1 divisions where these goods and services are produced (see also [paragraphs 115–117](#)):

- 35.40 ‘Activities of brokers and agents for electric power and natural gas’,
- 43.60 ‘Intermediation service activities for specialised construction services’,
- 47.91 ‘Intermediation service activities for non-specialised retail sale’,
- 47.92 ‘Intermediation service activities for specialised retail sale’,
- 52.31 ‘Intermediation service activities for freight transportation’,
- 52.32 ‘Intermediation service activities for passenger transportation’,
- 53.30 ‘Intermediation service activities for postal and courier activities’,
- 55.40 ‘Intermediation service activities for accommodation’,
- 56.40 ‘Intermediation service activities for food and beverage services activities’,
- 61.20 ‘Telecommunication reselling activities and intermediation service activities for telecommunication’,
- 68.31 ‘Intermediation service activities for real estate activities’,
- 74.91 ‘Patent brokering and marketing service activities’,
- 77.51 ‘Intermediation service activities for rental and leasing of cars, motorhomes and trailers’,
- 77.52 ‘Intermediation service activities for rental and leasing of other tangible goods and non-financial intangible assets’,
- 82.40 ‘Intermediation service activities for business support service activities n.e.c.’,
- 85.61 ‘Intermediation service activities for courses and tutors’,
- 86.97 ‘Intermediation service activities for medical, dental and other human health services’,
- 87.91 ‘Intermediation service activities for residential care activities’,
- 95.40 ‘Intermediation service activities for repair and maintenance of computers, personal and household goods, and motor vehicles and motorcycles’,
- 96.40 ‘Intermediation service activities for personal services’.

4.2.2. Section A: Agriculture, forestry and fishing

- 136. Classes 01.63 'Post-harvest crop activities' and 01.64 'Seed processing for propagation' have been merged into one new class 01.63 'Post-harvest crop activities and seed processing for propagation'.
- 137. Creation of a new group 03.3 'Support activities for fishing and aquaculture' and a new class 03.30 'Support activities for fishing and aquaculture'.

4.2.3. Section B: Mining and quarrying

- 138. There have been no major changes to section B.

4.2.4. Section C: Manufacturing

- 139. Restructuring of division 14 'Manufacture of wearing apparel': groups 14.1 'Manufacture of wearing apparel, except fur apparel', 14.2 'Manufacture of articles of fur' and 14.3 'Manufacture of knitted and crocheted apparel' have been rearranged into the two new groups 14.1 'Manufacture of knitted and crocheted apparel' and 14.2 'Manufacture of other wearing apparel and accessories'.
- 140. Split of group 16.1 'Sawmilling and planing of wood' into classes 16.11 'Sawmilling and planing of wood' and 16.12 'Processing and finishing of wood'.
- 141. Split of class 16.29 'Manufacture of other products of wood; manufacture of articles of cork, straw and plaiting materials' into three new classes: 16.26 'Manufacture of solid fuels from vegetable biomass', 16.27 'Finishing of wooden products' and 16.28 'Manufacture of other products of wood and articles of cork, straw and plaiting materials'.
- 142. Split of class 16.23 into two new classes: 16.23 'Manufacture of other builder's carpentry and joinery' and 16.25 'Manufacture of doors and windows of wood'.
- 143. Split of class 20.59 'Manufacture of other chemical products n.e.c.' into 20.51 'Manufacture of liquid biofuels' and 20.59 'Manufacture of other chemical products n.e.c.'. The content of previous classes 20.51 'Manufacture of explosives', 20.52 'Manufacture of glues' and 20.53 'Manufacture of essential oils' has been moved into class 20.59 'Manufacture of other chemical products n.e.c.'.
- 144. Split of class 22.23 into three new classes: 22.23 'Manufacture of doors and windows of plastic', 22.24 'Manufacture of builders' ware of plastic' and 22.25 'Processing and finishing of plastic products'.
- 145. Merger of classes 25.21 'Manufacture of central heating radiators and boilers' and 25.30 'Manufacture of steam generators, except central heating hot water boilers' into a new class 25.21 'Manufacture of central heating radiators, steam generators and boilers'.
- 146. Restructuring of group 25.6 'Treatment and coating of metals; machining'.
- 147. Integration of group 26.8 'Manufacture of magnetic and optical media' into group 26.7 'Manufacture of optical instruments, magnetic and optical media and photographic equipment'.
- 148. Creation of a new class 28.97 'Manufacture of additive manufacturing machinery'.
- 149. Creation of classes 30.13 'Building of military ships and vessels', 30.32 'Manufacture of military air and spacecraft and related machinery' and 33.18 'Repair and maintenance of military fighting vehicles, ships, boats, air and spacecraft'.
- 150. Restructuring of group 31.0 'Manufacture of furniture' by merging classes 31.01 'Manufacture of office and shop furniture', 31.02 'Manufacture of kitchen furniture', 31.03 'Manufacture of mattresses' and 31.09 'Manufacture of other furniture' into a new class 31.00 'Manufacture of furniture'.

4.2.5. Section D: Electricity, gas, steam and air conditioning supply

151. Restructuring of group 35.1 'Electric power generation, transmission and distribution': creation of new classes 35.11 'Production of electricity from non-renewable sources', 35.12 'Production of electricity from renewable sources' and 35.16 'Storage of electricity'. Creation of a new class 35.24 'Storage of gas as part of network supply services'.

4.2.6. Section E: Water supply; sewerage, waste management and remediation activities

152. Restructuring of groups 38.2 'Waste treatment and disposal' and 38.3 'Materials recovery': creation of new groups 38.2 'Waste recovery' and 38.3 'Waste disposal without recovery'.
153. Creation of new classes 38.21 'Materials recovery', 38.22 'Energy recovery' and 38.23 'Other waste recovery'.

4.2.7. Section F: Construction

154. Group 41.1 'Development of building projects' has been dropped, with its sole class 41.10 'Development of building projects' moved to group 68.1 'Real estate activities with own property and development of building projects'.
155. Restructuring of division 43 'Specialised construction activities': creation of new groups 43.4 'Specialised construction activities in construction of buildings', 43.5 'Specialised construction activities in civil engineering' and 43.6 'Intermediation service activities for specialised construction services'.
156. Split of class 43.29 'Other construction installation' into 43.23 'Installation of insulation' and 43.24 'Other construction installation'.

4.2.8. Section G: Wholesale and retail trade

157. The distinction at group and class level between in-store and online retail trade has been eliminated in NACE Rev. 2.1, which means that the former groups 47.8 'Retail sale via stalls and markets' and 47.9 'Retail trade not in stores, stalls or markets' of NACE Rev. 2 have been dropped and the activities included in the relevant classes.
158. Division 45 'Wholesale and retail trade and repair of motor vehicles and motorcycles' has been eliminated to achieve a consistent application of classification rules within section G. This means that the wholesale activities of motor vehicles and motorcycles have been moved to division 46 'Wholesale trade' (see new group 46.7), the activities of retail trade of motor vehicles and motorcycles to division 47 'Retail trade' (see new group 47.8) and the activities of maintenance and repair of motor vehicles and motorcycles to division 95 'Repair and maintenance of computers, personal and household goods, and motor vehicles and motorcycles' in section T.
159. Classes 46.51 'Wholesale of computers, computer peripheral equipment and software' and 46.52 'Wholesale of electronic and telecommunications equipment and parts' were merged into class 46.50 'Wholesale of information and communication equipment'.
160. The same principle was applied to retail trade where classes 47.41 'Retail sale of computers, peripheral units and software in specialised stores', 47.42 'Retail sale of telecommunications equipment in specialised stores' and 47.43 'Retail sale of audio and video equipment in specialised stores' were merged into class 47.40 'Retail sale of information and communication equipment'.

4.2.9. Section H: Transportation and storage

161. Group 49.1 'Passenger rail transport, interurban' has been split into two classes 49.11 'Passenger heavy rail transport' and 49.12 'Other passenger rail transport'.

162. Group 49.3 'Other passenger land transport' has been restructured with the creation of new classes 49.31 'Scheduled passenger transport by road', 49.32 'Non-scheduled passenger transport by road' and 49.34 'Passenger transport by cableways and ski lifts'.

4.2.10. Section I: Accommodation and food service activities

163. Group 56.1 'Restaurants and mobile food service activities' has been split into classes 56.11 'Restaurant activities' and 56.12 'Mobile food service activities'.

4.2.11. Section J: Publishing, broadcasting, and content production and distribution activities (first part of former section J)

164. NACE Rev. 2 section J has been split into two new sections: section J 'Publishing, broadcasting, and content production and distribution activities' and section K 'Telecommunication, computer programming, consulting, computing infrastructure and other information service activities'.
165. The first new section (for which code J is re-used), 'Publishing, broadcasting, and content production and distribution activities', includes the existing divisions 58, 59 and 60. It also includes the activities of news agencies and post-production recording conversion services to streaming formats, formerly in division 63. The second section new section (for which code K is re-used) 'Telecommunication, computer programming, consulting, computing infrastructure, and other information service activities', includes existing divisions 61, 62 and the rest of division 63.
166. Creation of a new group 60.3 'News agency and other content distribution activities', consisting of the class 60.31 'News agency activities' (moved from NACE Rev. 2 group 63.9) and the new class 60.39 'Other content distribution activities'.

4.2.12. Section K: Telecommunication, computer programming, consulting, computing infrastructure and other information service activities (second part of former section J)

167. The distinction at group level between wired, wireless, and satellite telecommunications activities was removed. Groups 61.1, 61.2 and 61.3 were thus merged into a single group 61.1 'Wired, wireless and satellite telecommunication activities' containing a single class 61.10 'Wired, wireless and satellite telecommunication activities'.
168. Class 62.01 'Computer programming activities' was transformed into group 62.1 'Computer programming activities' containing a single class 62.10 'Computer programming activities'.
169. Classes 62.02 'Computer consultancy activities' and 62.03 'Computer facilities management activities' were merged into one new group 62.2 'Computer consultancy and computer facilities management activities', which contains a single class 62.20 'Computer consultancy and computer facilities management activities'.
170. Class 62.09 'Other information technology and computer service activities' was transformed into a new group 62.9 'Other information technology and computer service activities', which contains a single class 62.90 'Other information technology and computer service activities'.
171. A new group 63.1 'Computing infrastructure, data processing, hosting and related activities', containing a single class 63.10 'Computing infrastructure, data processing, hosting and related activities', was created. It includes activities such as cloud infrastructure and platform provision (Infrastructure as a Service, IaaS and Platform as a Service, PaaS) and cloud computing (except software publishing and computer systems design) whether or not in combination with infrastructure provision, blockchain/distributed ledger technology (DLT) data processing activities and technical infrastructure provisioning services related to streaming.
172. A new group 63.9 'Web search portal activities and other information service activities' contains two classes: 63.91 'Web search portal activities' and 63.92 'Other information service activities' (former 63.99 'Other information service activities'.

n.e.c.'. Class 63.92 was created to cover activities of web sites that use a search engine to generate and maintain extensive databases of Internet addresses and content in an easily searchable format (part of the former class 63.12 'Web portals').

173. Cybersecurity activities was integrated in activities of software development, programming, consultancy activities and incident/information management in the new classes 62.10 'Computer programming activities', 62.20 'Computer consultancy and computer facilities management activities' and 62.90 'Other information technology and computer service activities'. Cybersecurity software publishing was added to group 58.2 'Software publishing'.

4.2.13. Section L (former section K): Financial and insurance activities

174. NACE Rev. 2 section K has been renamed to section L.
175. Group 64.2 'Activities of holding companies and financing conduits' has been split into classes 64.21 'Activities of holding companies' and 64.22 'Activities of financing conduits'.
176. Group 64.3 'Trusts, funds and similar financial entities' has been split into classes 64.31 'Activities of money market and non-money market investments funds' and 64.32 'Activities of trust, estate and agency accounts'.

4.2.14. Section M (former section L): Real estate activities

177. NACE Rev. 2 section L has been renamed to section M.
178. Class 41.10 'Development of building projects' has been moved to group 68.1 'Real estate activities with own property and development of building projects' (new class 68.12 'Development of building projects').

4.2.15. Section N (former section M): Professional, scientific and technical activities

179. NACE Rev. 2 section M has been renamed to section N.
180. NACE Rev. 2 class 70.21 'Public relations and communication activities' is moved to a new group 73.3 'Public relations and communication activities' containing a single class 73.30 'Public relations and communication activities'.
181. Classes: 72.11 'Research and experimental development on biotechnology' and 72.19 'Other research and experimental development on natural sciences and engineering' have been merged into class 72.10 'Research and experimental development on natural sciences and engineering'.
182. Group 74.1 'Specialised design activities' has been split into 4 new classes: 74.11 'Industrial product and fashion design activities', 74.12 'Graphic design and visual communication activities', 74.13 'Interior design activities' and 74.14 'Other specialised design activities'.
183. Class 74.90 'Other professional, scientific and technical activities n.e.c.' has been split into new class 74.91 'Patent brokering and marketing service activities' and a residual class 74.99 'All other professional, scientific and technical activities n.e.c.'.

4.2.16. Section O (former section N): Administrative and support service activities

184. NACE Rev. 2 section N has been renamed to section O.
185. The content of class 77.22 'Rental of video tapes and disks' has been included in NACE Rev. 2.1 class 77.22 'Rental and leasing of other personal and household goods'.
186. Group 78.3 'Other human resources provision' has been dropped and its content moved to group 78.2 'Temporary employment agency activities and other human resource provisions' containing a single class 78.20 'Temporary employment agency activities and other human resource provisions'.

187. Groups 80.1 'Private security activities', 80.2 'Security systems service activities' and 80.3 'Investigation activities' have been integrated into group 80.0 'Investigation and security activities', which itself has been restructured to new classes 80.01 'Investigation and private security activities' and 80.09 'Security activities n.e.c.'.
188. Merge of classes: 82.11 'Combined office administrative service activities' and 82.19 'Photocopying, document preparation and other specialised office support activities' into class: 82.10 'Office administrative and support activities'.

4.2.17. Section P (former section O): Public administration and defence; compulsory social security

189. NACE Rev. 2 section O has been renamed to section P.

4.2.18. Section Q (former section P): Education

190. NACE Rev. 2 section P has been renamed to section Q.
191. The content of this section was adapted to the [International Standard Classification of Education Programmes 2011 \(ISCED-P 2011\)](#) by extending group 85.3 'Secondary education' with a new class 85.33 'Post-secondary non-tertiary education' (moved from group 85.4 'Higher education') and renaming the group to 'Secondary and post-secondary non-tertiary education'.

4.2.19. Section R (former section Q): Human health and social work activities

192. NACE Rev. 2 section Q has been renamed to section R.
193. Splitting of group 86.9 'Other human health activities' into eight classes: 86.91 'Diagnostic imaging services and medical laboratory activities', 86.92 'Patient transportation by ambulance', 86.93 'Activities of psychologists and psychotherapists, except medical doctors', 86.94 'Nursing and midwifery activities', 86.95 'Physiotherapy activities', 86.96 'Traditional, complementary and alternative medicine activities', 86.97 'Intermediation service activities for medical, dental and other human health services' and 86.99 'Other human health activities n.e.c.'.

4.2.20. Section S (former section R): Arts, sports and recreation

194. NACE Rev. 2 section R has been renamed to section S 'Arts, sport and recreation'.
195. Complete restructuring of division 90 'Arts creation and performing arts activities' by splitting it into the new groups 90.1 'Arts creation activities', 90.2 'Activities of performing arts' and 90.3 'Support activities to arts creation and performing arts' with various classes therein.
196. Complete restructuring of division 91 'Libraries, archives, museums and other cultural activities' by splitting it into the new groups: 91.1 'Library and archive activities', 91.2 'Museums, collections, historical sites and monuments activities', 91.3 'Conservation, restoration and other support activities for cultural heritage' and 91.4 'Botanical and zoological garden and nature reserve activities' with various classes therein.

4.2.21. Section T (former section S): Other service activities

197. NACE Rev. 2 section S has been renamed to section T.
198. Merger of NACE Rev. 2 classes 95.11 'Repair of computers and peripheral equipment' and 95.12 'Repair of communication equipment' into new class 95.10 'Repair and maintenance of computers and communication equipment'.

199. Integration of a new group 95.3 'Repair and maintenance of motor vehicles and motorcycles' containing two classes 95.31 'Repair and maintenance of motor vehicles' and 95.32 'Repair and maintenance of motorcycles' (both moved from division 45).
200. Complete restructuring of division 96 'Other personal service activities' with the previous classes promoted to groups resulting in the creation of the following new groups: 96.1 'Washing and cleaning of textile and fur products', 96.2 'Hairdressing, beauty treatment day spa and similar activities', 96.3 'Funeral and related activities', 96.4 'Intermediation service activities for personal services' and 96.9 'Other personal service activities' with various classes therein.

4.2.22. Section U (former section T): Activities of households as employers and undifferentiated goods- and service-producing activities of households for own use

201. NACE Rev. 2 section T has been renamed to section U.

4.2.23. Section V (former section U): Activities of extraterritorial organisations and bodies

202. NACE Rev. 2 section U has been renamed to section V.

4.3. Online dissemination of classifications

203. [ShowVoc](#) is a web-based semantic platform that enables the visualisation of the detailed structures of statistical classifications and their correspondence tables developed by Eurostat for many statistical areas. The information covers various aspects, including a general description, the structure of the classifications (in other words, codes and headings), the explanatory notes (including index entries whenever defined), correspondence tables between classifications, links to legal acts and methodological documents.
204. Whenever available, the information is presented in all official EU languages. Details about the classifications used for the production of European statistics are available at the [Eurostat website on statistical classifications](#).

4.4. Correspondence tables

205. Correspondence tables are important tools for comparing statistical data collected and presented using different classifications. There are two types of correspondence tables:
 - correspondence tables between different versions of the same classification describe the detailed changes that have taken place in the revision process;
 - correspondence tables between two different classifications show the relationship between all positions of the two classifications involved.
206. Since NACE is used for the collection and presentation of statistics in many areas, there is a need for correspondence tables between the current version of NACE and its previous version. [Complete detailed correspondences between NACE Rev. 2 and NACE Rev. 2.1](#), and vice versa, are available online.

207. The correspondences between NACE Rev. 2 and NACE Rev. 2.1 are of the following types (see [NACE Rev. 2 – NACE Rev. 2.1 correspondence table Version 1.05](#)):

- 1-to-1 correspondence – 354 NACE Rev. 2 classes which correspond exactly to one class in NACE Rev. 2.1 and vice versa;
- n-to-1 correspondence – 25 NACE Rev. 2 classes are merged into one class in NACE Rev. 2.1;
- 1-to-m correspondence – 11 NACE Rev. 2 classes which are split into two or more classes in NACE Rev. 2.1;
- n-to-m correspondence – all other NACE Rev. 2 classes (225 in all); for these, the joint scope of two or more NACE Rev. 2 categories is identical to that of the joint scope of two or more NACE Rev. 2.1 categories.

5. European economic classifications related to NACE

5.1. Classification of products by activity – CPA

208. The [Classification of Products by Activity \(CPA\)](#) is the EU's classification of products (goods as well as services). It is designed to categorise products that have common characteristics and provides the basis for statistics on the production, distributive trade, consumption, international trade and transport of such products. The CPA product categories are related to activities as defined by NACE. Each CPA product is assigned to one single NACE activity. This linkage to NACE activities gives the CPA a structure parallel to that of NACE at all levels. Down to the fourth level (classes), the structure of the CPA corresponds to that of NACE. The specificities of the CPA are introduced at the fifth and sixth levels. The review of NACE rendered a review of the CPA necessary; this review established CPA Version 2.2, which is aligned with NACE Rev. 2.1.
209. The CPA may be considered as the European version of the CPC (see Annex II), as the purposes it serves are in line with those of the CPC, with which it is connected via a correspondence table. The CPA differs from the CPC not only in that it is usually more detailed, but also as regards its structure. The EU adopted the criterion of economic origin for its development, with NACE as the reference framework, whereas the CPC is a product classification that does not depend on the classification of economic activities.

5.2. European production statistics for mining and quarrying, manufacturing, and materials recovery – PRODCOM

210. The abbreviation for the EU system of production statistics for CPA divisions 05–33 and 38 (in other words, excluding services, other than 'industrial services') is [PRODCOM](#) (which stems from the French expression *Production Communautaire*). It is updated every two to three years by the PRODCOM committee. PRODCOM headings are coded using an eight-digit numerical code, the first six digits of which are identical to those of the CPA code. The PRODCOM list is therefore directly linked to and consistent with the CPA. Through the structural link with the CPA, PRODCOM is also structurally linked with NACE, with the first four digits of each PRODCOM code corresponding to a NACE code. The link with the CPA emphasises the link with NACE, enabling the enterprises producing the products to be identified.

5.3. Combined Nomenclature – CN

211. The classification used within the EU for the purposes of foreign trade custom tariffs and statistics is the [CN](#), which was introduced in 1988 and provides a degree of detail going beyond that in the corresponding international classification (the HS). Headings in the CN are identified by means of an eight-digit numerical code, adding two digits to the relevant HS code. The headings of the PRODCOM list are derived from the CN; this link allows comparisons between production statistics and foreign trade statistics (and provides an indirect link between the CN and NACE). The CN is revised annually.

5.4. Main Industrial Groupings – MIGs

212. The [Main Industrial Groupings \(MIGs\)](#) classification is a European classification which groups, in terms of demand-based products, all of the industrial activities represented in NACE into five categories: capital goods, intermediate goods, consumer durable goods, consumer non-durable goods and energy. MIGs are used for several indicators, including the index of industrial production (which aims to approximate volume developments of value added and is in principle based on the KAU) and the index of producer prices.

5.5. Balance of payments: classification for foreign direct investment statistics

213. [Balance of payments statistics](#) use an aggregation of NACE categories for reporting data on foreign direct investment (FDI). The activity breakdown levels are mainly expressed in terms of NACE divisions.

5.6. Aggregated structures for national accounts

214. National accountants have identified a need for standard aggregations of NACE and ISIC categories, to be used for reporting ESA and SNA data from a wide range of countries. For ISIC, these aggregations are defined in an annex to ISIC Rev.5 publication. For NACE Rev. 2.1, it is planned that the same aggregation of categories will be set out in the next version of the ESA based on the SNA 2025. This creates an indirect link between NACE and the ESA.