INSTITUTO NACIONAL DE ESTADISTICA

National Classification of Economic Activities (NACE-2025)

Introductory notes

January 2025

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I Introduction

1 Context of the update

1.1 NEED TO UPDATE THE CLASSIFICATION DUE TO THE CHANGES IN ECONOMIC AND TECHNOLOGICAL STRUCTURES

Statistical classifications, such as the NACE, are not static undertakings. They must be updated periodically to reflect changes in economic and technological structures. This is because, over time, new economic activities emerge, others lose importance, and production technologies evolve. Maintaining an up-to-date classification is essential to ensuring that the statistics gathered are relevant and faithfully represent the economic reality of the times.

Therefore, it is necessary to integrate changes such as digitalisation, globalisation and the growing attention to well-being and sustainability into the classifications of economic activities. This prompted the revision of NACE Rev. 2 (Statistical Classification of Economic Activities in the European Community) and the creation of NACE Rev. 2.1. In turn, this revision at the European level prompted the need to update NACE-2009, the Spanish National Classification of Economic Activities, to adapt it to the new NACE Rev. 2.1.

The revision project began in 2018 with Spain's participation in the revision of the NACE, coordinating the responses of the National Statistical System to Eurostat's queries. In 2019, an initial query was launched at the European level to identify needs for change, to which Spain contributed 15 proposals. Following an analysis of proposals and the preparation of a draft of the NACE, a global query was launched in 2022, with the new NACE Rev.2.1 being approved in May of that year. In September 2022, a first draft of the NACE-2025 was drawn up, on which national users were consulted. After analysing the contributions, in March 2023 the structure of the NACE-2025 was presented and a public query was opened. Finally, after the approval of Eurostat and the positive opinion of the High Council of Statistics, the procedures for the publication of the NACE-2025 as a Royal Decree were begun. The revision of the NACE-2009 was conducted in two stages (a minor update and an in-depth revision) and is not directly comparable to the update process for the NACE-2025, which has been much more iterative and has had greater participation from national users.

As explained at the beginning, if they are not updated with a certain frequency, the classifications of economic activities cease to adequately reflect economic reality, hindering analysis and decision-making. However, updates can also generate problems of comparability between historical series. Therefore, the interval between revisions must strike a balance between the need to maintain comparable historical series and the need to reflect the current economic reality. In the case of the NACE-2025, this update has been conducted after an exhaustive analysis of the changes in the Spanish economy and in coordination with the revision of the NACE at European level, seeking to minimise disruptions in the comparability of statistics.

The update of the classification to the NACE-2025 is framed within this context of constant change in economic and technological activities. The new classification seeks to reflect the transformations that have occurred since the previous revision, incorporating new activities, modifying the structure to adapt it to the current reality and providing a more precise framework for the collection and analysis of economic statistics.

1.2 NACE REVISION PROCESS AND ITS ALIGNMENT WITH THE NACE REV. 2.1

The NACE-2025, much like the NACE-2009, forms part of an integrated system of economic classifications that seeks international harmonisation. This system includes the ISIC (International Standard Industrial Classification) and the NACE. Alignment with the NACE, derived from the ISIC, is of particular importance for the comparability of European and international statistics.

Thus, NACE Rev. 2.1, much like its previous versions, serves as a foundation for national classifications, such as the NACE-2025. The NACE lays down the general classification structure, defining the sections, divisions, groups and classes, while the national versions, such as the NACE, can add further details to reflect the particularities of its economy.

This revision process has already been completed for the update from the NACE-2009 to the NACE-2025. There is a technical project for the NACE-2025 that describes the different stages of this update. The main stages of the revision are summarised below:

- **Participation in the revision of the NACE (2018 – 2022):** Spain took an active part in the revision of NACE Rev. 2, coordinating the responses of the National Statistics System to Eurostat queries. This process included identifying needs for change and the elaboration of a draft for the new NACE.
- **Writing the draft of the NACE-2025 (2022):** In September 2022, a first draft of the structure of the NACE-2025 was drawn up, which was submitted to specialised national statistics users for consultation.
- **Public query and approval (2023 – 2024):** After analysing the contributions received, in March 2023 the structure of the NACE-2025 was presented and a public query was opened. The structure was approved by the INE Executive Board in September 2023. Eurostat approved the structure in February 2024. The High Council of Statistic issued its approval in April 2024.
- **Publication and implementation (2024 – 2031):** The procedures for the publication of the NACE-2025 as a Royal Decree have begun. The new classification is expected to be gradually implemented in the different statistical domains between 1 January 2025 and 1 January 2031.

  This adaptation is carried out with the participation of the main users of the classification, ensuring that the NACE responds to the country's statistical needs. It is important to note that the only changes that can be added to the NACE with respect to the NACE are class disaggregation. Going into further detail, the general principles taken in the revision process of the NACE-2025 are as follows:

- **User participation:** The classification's main users, such as government institutions, companies and organisations, have participated in the revision to ensure that the NACE-2025 adapts to their needs.
- **Analysis of economic and technological changes:** The changes in the Spanish economy since the last revision were analysed, including the emergence of new activities, the evolution of technologies and changes in business organisation.
- **Alignment with NACE Rev. 2.1:** The objective was to maintain consistency with the structure and definitions of NACE Rev. 2.1 to ensure international comparability. It was decided to disaggregate certain NACE classes to reflect the national reality, creating additional classes.

– **Update of explanatory notes:** The explanatory notes that accompany each category in the classification were revised and updated to provide clear guidance on its content and scope.

The alignment of the NACE-2025 with NACE Rev. 2.1 is essential for the following reasons:

– **International comparability:** It allows Spanish statistics to be compared with those of other countries that use NACE as a basis for their national classifications.

– **Facilitating the exchange of information:** It facilitates the exchange of statistical data between Spain and other international institutions, such as Eurostat.

– **Improved economic analysis:** It provides a common framework for the analysis of the structure and dynamics of the Spanish economy in an international context.

In short, the NACE revision process is one that seeks to adapt the classification to changes in economic and technological reality, while maintaining consistency with international standards, in particular with NACE. This alignment is essential to ensure the quality, comparability and usefulness of Spanish economic statistics.

2 Importance of the NACE-2025

2.1 RELEVANCE FOR THE COLLECTION AND PRESENTATION OF ECONOMIC STATISTICS

The NACE-2025 plays a crucial role in the collection, presentation and analysis of economic statistics in Spain. Its importance lies in providing a standardised and homogeneous framework for the classification of economic activities, which facilitates the comparability of information, the analysis of productive structures, the development of economic indicators and informed decision-making by the different stakeholders. The main reasons why the NACE is relevant for data collection and presentation are as follows:

– The NACE-2025, being the Spanish adaptation of the NACE Rev. 2.1, is mandatory in the Spanish Statistical System for all statistics presented according to economic activity. This obligation ensures the coherence and comparability of the data collected by different organisations and institutions throughout the country.

– Being aligned with the NACE, the NACE-2025 allows for international harmonisation, since it facilitates the international comparability of Spanish statistics. It allows economic data from Spain to be compared with that of other countries that use the NACE, which is essential for the analysis of the Spanish economy in a global context.

– The NACE-2025 serves as a basis for other statistical classifications. This nexus between classifications facilitates the joint analysis of different economic variables, such as production, consumption and foreign trade.

Some of the benefits of the NACE-2025 for economic analysis include:

– It provides for an analysis of productive structures, that is, to analyse the composition of the Spanish productive fabric, identifying the sectors that contribute most to the economy, growth trends and regional specialisation.

– The NACE-2025 is essential for the development of economic indicators such as the Gross Domestic Product (GDP), the Industrial Production Index (IPI) and employment and unemployment rates.

– The data classified according to the NACE-2025 are used by the government, companies and other stakeholders for decision-making in areas such as economic policy, investment, business planning and regional development.

In short, the NACE-2025 is a fundamental tool for the Spanish Statistics System and the analysis of the Spanish economy. By providing a standardised framework that is internationally comparable, it allows for a better understanding of economic structures, facilitating the drafting of significant indicators and supports informed decision making in different fields.

2.2 OBLIGATORY USE IN THE SPANISH STATISTICS SYSTEM

The use of NACE-2025, as a national adaptation of the NACE Rev. 2.1, is mandatory in the Spanish Statistical System. This means that all statistics produced and published in Spain that refer to economic activities must use this classification to ensure the consistency and comparability of their data.

Regulation 1893/2006 of the European Union (revised and updated in Commission Delegated Regulation (EU) 2023/137 of 10 October 2022) establishes the mandatory use of the NACE (or a national version derived from it) for all economic activity statistics in its Member States. The NACE-2025, being the Spanish national version, meets this requirement and makes it the standard classification for the Spanish Statistical System. Mandatory use is important for several reasons:

– It ensures that all producers of statistics in Spain use the same classification, which in turn allows for the comparison of data between different sources and over time, ensuring consistency and comparability.

– By using a uniform classification, data can be aggregated and analysed more efficiently, providing a global and consistent view of the Spanish economy.

– The mandatory use of the NACE-2025 ensures that Spain complies with European regulations on economic statistics, facilitating the integration of Spanish data into the European statistical system.

The practical implications of this obligation affect different sectors:

– All public bodies that collect and publish economic statistics, such as the National Institute of Statistics (INE), ministries and autonomous communities, must use the NACE-2025.

– Companies that provide statistical information to the authorities must also use the NACE-2025 to classify their activities.

– Researchers and analysts who use economic statistical data must take into account the NACE-2025 classification to understand the scope and comparability of the information.

In summary, the mandatory use of the NACE-2025 in the Spanish Statistical System is a key element to guarantee the quality, coherence and comparability of economic

statistics. This obligation facilitates economic analysis, informed decision-making and compliance with European regulations on statistics.

3 International harmonization

3.1 THE NACE-2025 AS PART OF THE INTEGRATED SYSTEM OF ECONOMIC CLASSIFICATIONS

The NACE-2025, like the Spanish version of the NACE Rev. 2.1, fully forms part of an integrated system of economic classifications that seeks international harmonisation. This integration guarantees the comparability of economic statistics produced in Spain with those of other countries, facilitating a global economic analysis and decision-making at the international level.

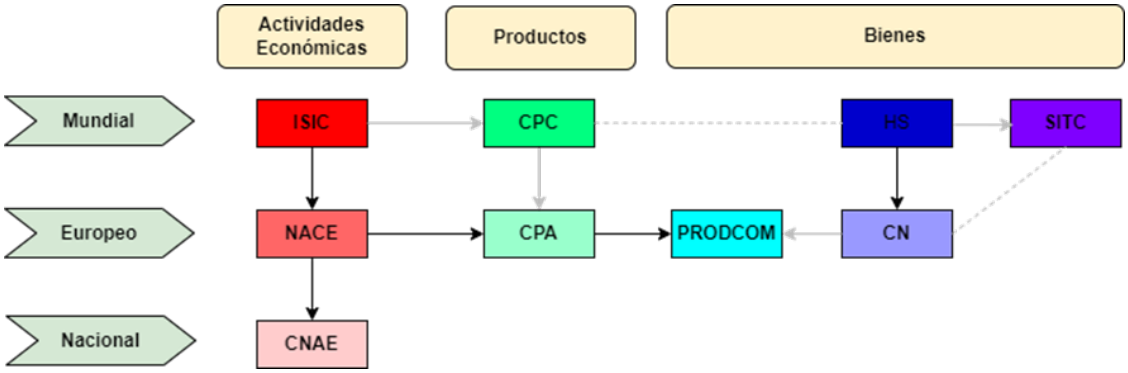
This integrated classification system, developed under the auspices of the United Nations Statistics Division (UNSD), comprises a series of interrelated classifications covering both economic activities and products. The connection between the NACE-2025 and this integrated system is explained in greater detail in section 1.3.2.

There are several benefits of international harmonisation for economic classifications:

- Harmonisation allows Spanish statistics to be compared with those of other countries, ensuring international comparability, which is essential for economic analysis at a global level.
- It facilitates the exchange of information and statistical data between Spain and other countries, as well as with international organisations such as Eurostat.
- It provides a common framework for the analysis of the structure and dynamics of the Spanish economy in an international context.
- Data classified according to the NACE-2025, being comparable at an international level, provide more complete and reliable information for decision-making in various areas, such as economic policy, investment and regional development.

In short, the NACE-2025, as part of the integrated system of economic classifications, contributes to the international statistics harmonisation. This harmonization is essential to guaranteeing the quality, comparability and usefulness of economic information, allowing for better analysis of the global economy and more informed decision-making at an international level.

3.2 RELATION WITH NACE REV. 2.1, ISIC AND CLASSIFICATIONS OF PRODUCTS AND GOODS



The NACE-2025, as previously mentioned, is the Spanish adaptation of NACE Rev. 2.1. This connection is essential to understanding its relationship with other international economic classifications, such as the ISIC (International Standard Industrial Classification) and classifications of products and goods.

The NACE-2025 is based directly on NACE Rev. 2.1. Since the use of NACE Rev. 2.1 (or a national version derived from it) is mandatory in all EU member states for economic activity statistics, the NACE-2025 inherits its hierarchical structure, with four levels of classification: sections, divisions, groups and classes; although it has some additional classes or disaggregation to better reflect the economic reality of Spain.

The ISIC (International Standard Industrial Classification) is the international standard for the classification of all economic activities, developed by the United Nations Statistics Division. NACE Rev. 2.1 is a classification derived from ISIC Rev. 5. The sections and divisions of the NACE are identical to those of the ISIC. By being based on the NACE, the NACE-2025 is connected with ISIC, ensuring the international comparability of Spanish economic statistics.

The CPC (Central Product Classification) classifies products (goods and services) with common characteristics. Its European version, the CPA (European Classification of Products by Activity), is directly linked to the NACE. The NACE-2025, through the NACE, is indirectly related to the CPA. This connection allows for the joint analysis of production, trade and other economic variable statistics. The HS (Harmonised System) is the international nomenclature for the classification of goods in international trade, developed by the World Customs Organization. Based on this, the CN is developed, which is the Combined Nomenclature of the European Union, which adds greater detail. This is used for tariffs and trade statistics. The NACE-2025, through the NACE and the CN, is connected to the HS, which facilitates the comparison of Spanish trade statistics with those of the rest of the world.

In short, NACE-2025 is integrated into a system of international economic classifications through its connection with NACE Rev. 2.1. This integration guarantees the international comparability of Spanish economic statistics and facilitates the analysis of the economy in a global context.

II Structure of the NACE-2025

1 Levels of classification

1.1 DESCRIPTION OF THE FOUR LEVELS: SECTION, DIVISION, GROUP AND CLASS

The NACE-2025, as a national adaptation of NACE Rev. 2.1, follows a hierarchical structure with four classification levels: section, division, group and class. The structure provides for the systematic and detailed organisation and classification of economic activities, guaranteeing the coherence and comparability between economic statistics. There is a description of the 4 levels given below:

– **Section**: The most aggregated level of the classification, with a total of 22 sections. The sections represent large groupings of economic activities with common general characteristics. They are identified with a one-letter alphabetic code. For example, section “C” correlates to “Manufacturing Industry”.

– **Division**: Subdivision of sections in more specific economic activity groups, with a total of 87 divisions. These are identified with a two-digit numeric code. For example, division “28” within section “C” correlates to “Machinery and equipment n.e.c.” (n.e.c. are the initials of "not elsewhere classified”).

– **Group**: Intermediate level of classification that subdivides the divisions in more homogeneous groups of economic activities, with 287 groups in total. These are identified with a three-digit numeric code. For example, group "28.1” within division “28” correlates to “Manufacture of general-purpose machinery”.

– **Class**: The most detailed level of the classification, with a total of 664 classes. Classes represent specific and well-defined economic activities. These are identified with a four-digit numeric code. For example, class “28.11” within group “28.1” correlates to “Manufacture of engines and turbines, except aircraft, vehicle and cycle engines”.

Each classification level is contained within the higher level. For example, a class belongs to a group, a group belongs to a division and a division belongs to a section. This hierarchical structure aggregates statistical data at different degrees of detail, adapting to the needs of the analysis. To illustrate the structure of the NACE-2025, we can see the above example schematically:

- Section: **C** - Manufacturing Industry
  - Division: **28** - Manufacture of machinery and equipment n.e.c.
    - Group: **28.1** - Manufacture of general-purpose machinery
      - Class: **28.11** - Manufacture of engines and turbines, except aircraft, vehicle and cycle engines

The benefits of using this hierarchical structure are:

– A hierarchical structure facilitates the systematic organisation and access to information on economic activities.

– Thanks to its flexible aggregation, it allows data to be aggregated at different degrees of detail, from the most general (section) to the most specific (class).

– A standardised structure guarantees the coherence and comparability of economic statistics between different sources and over time.

– It facilitates the analysis of the structure and dynamics of the economy, allowing the identification of growing sectors, trends and specialisation patterns.

In summary, the NACE-2025 structure, with its four levels of classification, is a fundamental tool for the preparation and analysis of economic statistics in Spain. This structure, based on NACE Rev. 2.1, guarantees the international comparability of data and facilitates the integration of the Spanish economy in the global context.

The following table summarises the number of categories at each level of the NACE-2025:

Level	Number of categories
Section	22
Division	87
Group	287
Class	664

1.2 COMPARISON WITH THE STRUCTURE OF THE NACE-2009

The NACE-2025 and the NACE-2009 share a four-level hierarchical structure for the classification of economic activity: section, division, group and class. However, there are some differences in the number of categories within each level, which are summarised in the following table:

Level	NACE-2009	NACE-2025
Section	21	22
Division	88	87
Group	272	287
Class	629	664

It can be seen that the number of sections and division is quite similar. It is mainly in the groups, but particularly in the classes, where the largest differences can be seen, especially due to the disaggregation of certain classes to obtain great detail in certain sectors, although there also all another series of changes. Some examples of these changes are:

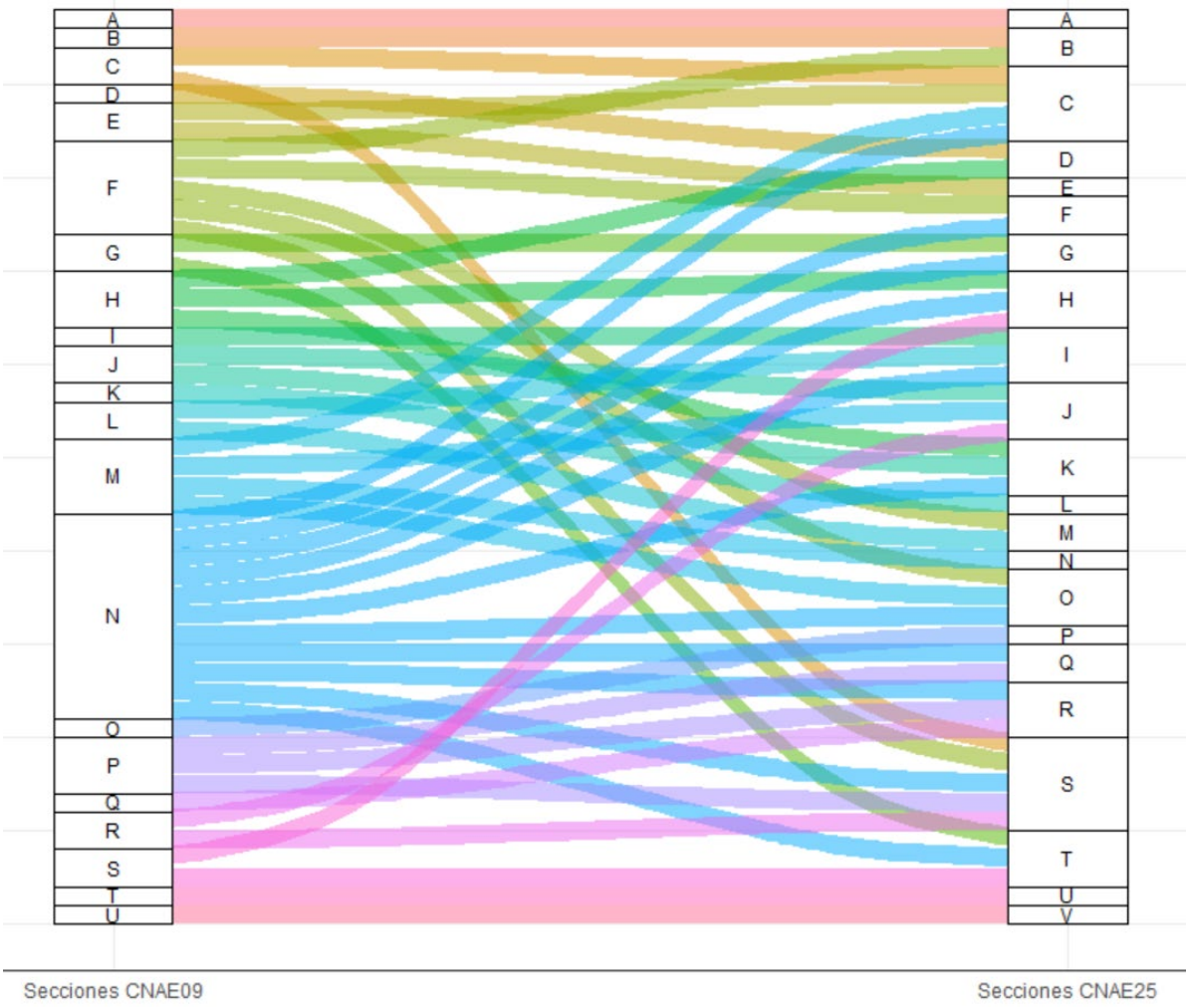
– The restructuring of group 35.1. “Electric power generation, transmission and distribution”.

  In the NACE-2009, the production of electricity was divided into 5 classes: hydroelectric, conventional thermal electricity, nuclear electricity, wind electricity, and other types of electricity.

  In the NACE-2025, these are grouped into only 2 classes: 35.11 “Production of electricity from non-renewable sources” and 35.12 “Production of electricity from renewable sources”. The order of the rest of the classes in the group is adjusted and, in addition, a new class is created, 35.16 “Storage of electricity”.

– Group 41.1 “Real estate development” disappears and group 41.2 “Building construction” (and the classes it contains: 41.21 and 41.22) is renumbered as 41.0, 41.01 and 41.02 respectively.

The following alluvial diagram shows the correspondences at section level between both classifications:



The following section of these introductory notes will deal in greater depth with the main changes that have occurred in the NACE-2025 with respect to the NACE-2009.

2 Main changes in relation to the NACE-2009

The NACE-2025 introduces a series of changes with respect to the NACE-2009, which are reflected in the creation of new sections, divisions, groups and classes; the restructuring of some existing categories within groups and classes, and the merger and division of certain classes. The main changes are detailed below.

2.1 NEW SECTION

Section J of the NACE-2009 (“Information and communications”) has been divided into two sections in the NACE-2025: Section J “Publishing, broadcasting and content production and distribution activities” and Section K “Telecommunications, computer programming, consulting, computing infrastructure and other information services”.

2.2 ELIMINATION OF A DIVISION

Division 45 “Sale and repair of motor vehicles and motorcycles” has been eliminated to achieve a consistent application of the classification rules within Section G, which is renamed “Wholesale and retail trade” (“repair of motor vehicles and motorcycles” is removed from the section title). Thus, activities previously located in Division 45 are now classified in Divisions 46 “Wholesale trade”, 47 “Retail trade” and 95 “Repair and maintenance of computers, personal and household goods, and motor vehicles and motorcycles” as appropriate.

2.3 NEW GROUPS AND CLASSES

New groups have been created in several sections to reflect the emergence of new activities and the growing importance of certain existing activities. Examples include:

- Section A (Agriculture, livestock breeding, forestry and fishing): Group 03.3 “ Fishing and aquaculture support activities” is created.
- Section C (Manufacturing industry): Division 14 “Manufacture of wearing apparel” is restructured, now into two groups: 14.1 “Manufacture of knitted wearing apparel” and 14.2 “Manufacture of other wearing apparel and accessories”. Division 16 “Industry and products of wood and cork, except furniture; articles of straw and plaiting materials” is restructured and new classes are created, such as 16.26 “Manufacture of solid fuels from plant biomass”. Group 20.5 “Manufacture of other chemical products” is restructured, eliminating and restructuring classes such as 20.51 “Manufacture of liquid biofuels”. Group 26.8 is integrated into Group 26.7 “Manufacture of optical instruments, magnetic and optical media and photographic equipment”. Class 28.97 “Manufacture of additive manufacturing machinery” is created. Classes 31.01 to 31.09 are merged into a single class 31.00 “Furniture manufacturing”.
- Section D (Supply of electricity, gas, steam and air conditioning): group 35.1 “Electric power generation, transmission and distribution” is restructured by merging and creating classes, such as Class 35.16 which is now called “Storage of electricity”.
- Section E (Water supply, sanitation activities, waste management and decontamination): Division 38 is restructured, the former groups 38.2 “Waste treatment and disposal” and 38.3 “Recovery” are now 38.2 “Waste recovery of waste” and 38.3 “Waste disposal without recovery”. In addition, Classes 38.21 “Materials recovery”, 38.22 “Energy recovery” and 38.23 “Other waste recovery” are created.
- Section F (Construction): Groups 43.4 “Specialised construction works in construction of buildings”, 43.5 “Specialised construction works in civil engineering”

and 43.6 “Intermediation services of specialised construction services” are created (thus restructuring Division 43).

– Section G (Wholesale and retail trade): the section is restructured, affecting certain classes of Division 45, which are transferred to new groups such as 46.7 “Wholesale trade in motor vehicles and motorcycles” and 47.8 “Retail trade in motor vehicles and motorcycles”.

– Section H (Transport and storage): the former Group 49.1 “Interurban passenger rail transport” is renamed “Passenger rail transport ” and is divided into two classes: 49.11 “Passenger heavy rail transport” and 49.12 “Other passenger rail transport”. Group 49.3 “Other land passenger 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”, 49.33 “On-demand passenger transport services by vehicle with driver” and 49.34 “Passenger transport services by cable car and ski lifts”.

– Section I (Hospitality): Group 56.1 “Restaurants and mobile food service”, which in NACE-2009 only contained one class, is subdivided in NACE-2025 into two new classes: 56.11 “Restaurants” and 56.12 “Mobile food service”.

– Section J (Publishing, broadcasting and content production and distribution activities): Group 60.3 “News agency and other content distribution activities” is created.

– Section K (Telecommunications, computer programming, consultancy, computing infrastructure and other information services): as mentioned above, the former section J is now divided into J and K, with the consequent restructuring of groups and classes.

– Section L (Financial and insurance activities): Groups 64.2 “Activities of holding companies and financing vehicle corporations” and 64.3 “Activities related to trusts, funds and similar financial entities”, which in NACE-2009 corresponded to a single class each, are now subdivided into two new classes in NACE-2025.

– Section M (Real estate activities): Group 68.1 “Real estate services with own property and development of building projects” is created, thus including the former class 41.10 in this group.

– Section N (Professional, scientific and technical activities): the new group 73.3 “Public relations and communication” is created and Group 74.1 “Specialised design services” is divided into four new classes. In addition, Group 74.9 “Other professional, scientific and technical activities n.e.c.” is now divided into the two new classes, 74.91 “Activities of patent agents and marketing services” and 74.99 “All other professional, scientific and technical activities n.e.c.”.

– Section O (Administrative activities and support services): the existing groups are restructured through the creation of Group 80.0 “Research and security services”.

– Section Q (Education): the content of this section has been adapted to the ISCED-P 2011 classification by extending Group 85.3 “Secondary education” with a new class 85.33 “Post-secondary non-tertiary education services” (moved from the former group 85.4 “Post-secondary education”) and renaming the group to “Secondary education and post-secondary non-tertiary education”.

– Section R (Health and social service activities): Group 86.9 “Other health activities” is divided into 8 new classes.
– Section S (Artistic, sporting and entertainment activities): Division 90 “Artistic creation and performing arts activities” and 91 “Library, archive, museum and other cultural activities” are restructured with the creation of new classes.
– Section T (Other services): Group 95.3 “Repair and maintenance of motor vehicles and motorcycles” is created, transferred from former Division 45. In addition, Division 96 “Personal services” is restructured with the creation of new groups.

2.4 MERGING OF CLASSES

Some classes have been merged to simplify the classification and eliminate redundancies. Examples include:

– Former classes 01.63 “Post-harvest services” and 01.64 “Seed processing for propagation” are grouped into the new Class 01.63.
– Former classes 25.21 “Manufacture of radiators and boilers for central heating” and 25.30 “Manufacture of steam generators, except central heating boilers” are grouped into the new Class 25.21.
– Former classes 46.51 “Wholesale of computers, peripheral equipment and software” and 46.52 “Wholesale of electronic and telecommunications equipment and components” are grouped into the new Class 46.50.

2.5 OTHER CHANGES

In addition to the changes specified, there are other revisions made at a greater level of detail or that go beyond the scope specified in the previous sections, such as the elimination of the distinction at the group and class level between retail trade in establishments and in another sales channel. This means that the former groups 47.8 “Retail trade in stalls and markets” and 47.9 “Retail trade neither carried out in establishments, nor in stalls or markets” of the NACE-2009 have been eliminated and the activities have been included in their relevant classes.

Some of the changes are due to amendments to the classification rules, which will be detailed in the following section, to improve the coherence and precision of the classification. For example, the definition of non-financial brokerage services has been updated to reflect their growing importance in the economy.

These are just some of the main changes introduced in NACE-2025 (and NACE Rev. 2.1). The new classification provides a more accurate and up-to-date tool for classifying economic activities, reflecting changes in economic structure and new technologies. For a detailed understanding of all the changes and new classification rules, the documentation for NACE Rev. 2.1, as well as the correlation tables of this version with NACE Rev. 2, can be consulted on the Eurostat website. The correlation tables, explanatory notes and other detailed documentation of NACE-2025 are also available for consultation on the INE website.

III Classification rules

1 General principles

1.1 DETERMINATION OF THE MAIN ACTIVITY: “TOP_DOWN” METHOD

A statistical unit can carry out more than one economic activity. This is why it is necessary to determine which of them is the main activity.

Gross value added is defined as the difference between production and intermediate consumption. In other words, it represents the wealth generated per productive unit by means of its transformation of goods and services.

The main activity of a statistical unit is defined as the activity that most contributes to the total value added of the unit. To determine what the main activity is, the “top-down” method is used. This method is based on a hierarchical principle, meaning that the classification of a unit at the lowest level must be consistent with its classification at the higher levels.

The process of the “top-down” method is described in the following steps:

1. Identify the section with the highest share of value added.
2. Within the selected section, identify the division with the highest share of value added.
3. Within the selected division, identify the group with the highest share of value added.
4. Within the selected group, identify the class with the highest share of value added.

It should be noted that the main activity does not necessarily represent 50% or more of the total value added of the unit. The “top-down” method allows the main activity to be determined even in cases where no individual activity exceeds this threshold.

The “top-down” method requires specific adaptations in section G (“Wholesale and retail trade”) due to the inherent complexity of this sector. Trading activities can be extremely diverse, including wholesale and retail trade, as well as the marketing of a wide range of products. To reflect this complexity, additional levels of disaggregation are incorporated before applying the “top-down” method, as described below:

– Division 46 (“Wholesale trade”): First, a distinction must be made between group 46.1 (“Wholesale trade intermediaries”), where the wholesaler does not take ownership of the goods, and the aggregation of groups 46.2 to 46.9, where wholesalers do take ownership of the goods. This initial decision is based on the value-added principle. If the choice falls on the aggregation of groups 46.2 to 46.9, a determination is made as to whether the trade is “specialised” or “non-specialised,” and finally the “top-down” method is applied to identify the group and class.
– Division 47 (“Retail trade”): The process is analogous to that discussed in the previous paragraph, initially differentiating between group 47.9 (“Intermediary activities for retail trade”) and the aggregation of groups 47.1 and 47.2 to 47.8. If the unit is classified within the aggregation of groups 47.1 and 47.2 to 47.8, it is determined whether the trade is “specialised” or “non-specialised”, before proceeding with the “top-down” method for selecting the group and class.

Sometimes, it is not possible to obtain precise information on the value added associated with each activity. In these cases, alternative criteria can be used as surrogates for value added.

Some examples of surrogates for value added are:

– Output-based: gross production, sales value or turnover.

– Input-based: wages and salaries, number of workers, time worked.

When using these proxies, it should be noted that they are not always proportional to value added. For example, the relationship between turnover and value added can vary significantly between different economic activities.

It is important to take into account the following additional considerations when applying the “top-down” method:

– Changes in the main activity: Units can change their main activity over time. It is recommended to apply a stability rule to avoid frequent changes in classification that do not reflect a real change in economic activity.

– Vertically integrated activities: In cases of vertical integration, where a unit performs different stages of production, the “top-down” method should be applied, considering all stages as a single activity.

– Horizontally integrated activities: In cases of horizontal integration, where a unit performs different activities simultaneously, the “top-down” method should also be applied to determine the main activity.

In summary, the “top-down” method is a fundamental tool for the classification of economic activities in the NACE-2025 and NACE Rev. 2.1. It allows the main activity of a statistical unit to be determined accurately and consistently, even in cases of multiple and integrated activities.

It is important to understand the process of the “top-down” method and the adaptations required for different sections and activities. Also, caution should be taken when using surrogates for value added, since they are not always proportional to the actual value added.

1.2 USE OF ALTERNATIVE CRITERIA AS SURROGATES FOR VALUE ADDED: TOP-DOWN METHOD

As argued in the previous section, value added is the fundamental concept for classifying the main activity of a statistical unit. However, at times it is not possible to obtain precise information on the value added on each activity. In these cases, alternative criteria may be used as surrogates for value added.

A potential surrogate for value added is sale value or turnover. This criteria is based on the logic that activities that generate higher sales also tend to generate higher value added. However, one must consider that the relation between sales and value added is not always proportional.

For example, in wholesale and retail trade, turnover tends to a lower proportion of value added when compared to the manufacturing industry. This is due to the fact that trade

implies the buying and selling of goods without a significant transformation, while the manufacturing industry implies the creation of new products.

Even within the manufacturing industry, the relation between sales and value added can vary substantially. Some products may have higher profit margins, while other may have lower ones.

The number of workers or time worked by employees in each activity can also be used as surrogates for value added. This criteria is based on the assumption that more labour-intensive activities also tend to generate higher value added.

However, much like sales, the proportionality between employment and added values is not always reliable. Labour intensity, that is, the amount of work needed to produce a unit of output, may vary significantly between economic activities.

For example, manual production of goods tends to be more labour-intensive that mechanised production methods of the same goods. This means that, for the same level of value added, the manual activity may employ more workers that the mechanised activity.

When using sales or employment as substitutes for value added, one must take certain precautions:

– Understand the characteristics of each economic activity: Analyse the relation between sales/employment and value added in that sector.

– Select the most suitable substitute: Choose the indicator that best reflects the real value added of the activity.

– Consider other criteria: In some cases, it may be necessary to use a combination of criteria or consider additional information to determine the unit's main activity.

In short, while sales and employment can serve as surrogates for value added in the classification of economic activities, their use requires caution and careful analysis of the particularities of each activity. Choosing the wrong surrogate can lead to misclassification of the unit's main activity.

2 Handling of multiple and integrated activities

2.1 VERTICAL INTEGRATION: ACTIVITIES THAT ARE PART OF A PRODUCTION PROCESS

Vertical integration occurs when a statistical unit carries out different stages of a production process in succession. In this case, the output of one stage serves as input for the next. Some examples of vertical integration would be:

– The felling of trees and the subsequent sawing of the wood.

– The mining of clay and the manufacture of bricks.

– The production of clothing in a textile factory, from weaving to the final making of apparel.

Vertical integration is approached like any other form of multiple activities. This means that the main activity of the unit is defined as the activity that provides the majority of the value added, determined through the “top-down” method.

It is important to remember that, as mentioned above, the value added represents the wealth generated by a unit through its process of transformation.

In some cases, determining the value added for each stage of a vertically integrated process can be complex. If this information cannot be obtained directly from the unit’s accounting, alternative methods can be used:

– Comparison with similar units: Data from units that perform individual stages of the process can be used to estimate the value added of each stage in the integrated unit.

– Valuation of intermediate and final products: Market prices can be used to estimate the value added generated at each stage.

Assigning a single NACE code to a unit that performs a vertically integrated process can have the disadvantage of obscuring the representation of the production chain in the input-output framework. This is because information about the different stages of the process is lost when they are aggregated into a single activity.

For illustrative purposes, here is a case in the agricultural sector where vertical integration is frequently observed. A common example is the production of grapes and the production of wine from one's own grapes. In these cases, it is recommended to use “number of hours worked” as a surrogate for value added. The application of this criteria tends to extend to classifying these agricultural units.

Furthermore, it is established that, in similar situations with other agricultural products, units are classified by convention under agriculture to ensure harmonised treatment.

In short, vertical integration presents a particular challenge for the classification of economic activities. The “top-down” method based on value added remains the guiding principle, but the determination of value added for each stage of the process may require alternative methods. The application of specific criteria for the agricultural sector seeks to simplify classification and ensure consistency in the treatment of integrated activities.

2.2 HORIZONTAL INTEGRATION: ACTIVITIES CARRIED OUT SIMULTANEOUSLY

Horizontal integration occurs when a statistical unit simultaneously carries out several activities using the same factors of production. In these cases, separating these activities into distinct processes or assigning them to different units for statistical purposes is complex.

In horizontal integration, applying the value added principle to determine the main activity can be troublesome. As an alternative, it is suggested that gross output or turnover could be the most suitable surrogates for value added when applying the “top-down” method.

Horizontal integration is addressed by grouping activities that are usually carried out together in the same class, even if the resulting products or services (outputs) have different characteristics. This means that they are assigned a single NACE code, even if the output products or services of these activities are different. This approach seeks to simplify classification and ensure comparability of statistics.

A clear example of horizontal integration is found in the commercial sector, where a unit can simultaneously carry out wholesale and retail trade, or combine sales in physical establishments with online sales.

The specific rules for the classification of horizontally integrated commercial activities are detailed in section 3.3.4. “Wholesale and retail trade: specialised vs. non-specialised” of this document. These rules seek to guide the application of the top-down method by considering the different levels of aggregation and the distinction between specialised and non-specialised trade.

Caution must be taken when using surrogates for value added, as discussed previously. Horizontal integration can affect the clarity of the representation of production chains in input-output analyses.

In short, horizontal integration presents a challenge for the classification of economic activities. Guidelines are provided to address this situation, using gross output or turnover as surrogates for value added and grouping commonly integrated activities in the same class.

3 Rules for specific activities

3.1 SUBCONTRACTING AND ACTIVITIES ON BEHALF OF THIRD PARTIES: PRINCIPAL AND CONTRACTOR

Detailed rules are provided for the classification of economic activities in outsourcing situations, using the terms “principal” and “contractor” to refer to the units involved. The following definitions are necessary:

– The principal is defined as the unit that enters into a contract with another unit (contractor) for the latter to perform specific tasks, such as parts of the production process or even the entire process.

– The contractor is defined as the unit that performs specific tasks based on its contract with the principal. The activities performed by the contractor are referred to as “on behalf of third parties”.

– Subcontracting (outsourcing) is defined as the contractual agreement in which the principal requests the contractor to perform specific tasks. The term “subcontracting” also applies if the contractor is a subsidiary unit of the principal.

In general, the contractor is classified in the same NACE category as units that produce the same goods or services on their own behalf, although there are exceptions to this rule in sectors such as trade and construction (discussed below).

On the other hand, the classification of the principal depends on the nature of the subcontracting and the sector of activity.

In addition, there are sectors with specific rules. For illustration purpose, take the case of the manufacturing industry:

– If the principal outsources only a part of the manufacturing process, its main activity is classified as if it carried out the entire process, including the subcontracted part.

– If the principal outsources the entire manufacturing process, its classification depends on the ownership of the materials and intellectual property products:

  - the principal owns the input materials or the intellectual property products, is classified in Section C (Manufacturing industry), in the class corresponding to the complete production process.
  - If the principal does not own the input materials or provide intellectual property products, it is classified in Section G (Wholesale and retail trade), depending on the type of sale and goods sold.

As an example, consider a clothing manufacturing company that outsources the manufacturing of garments to another company. If the clothing company provides the fabric and buttons, it is classified in Section C in the class "Wearing apparel manufacturing". If the clothing company only provides the design and the other company buys the materials, it is classified in Section G in the class "Wholesale trade of wearing apparel and footwear".

Specific rules for subcontracting in other sectors are detailed below:

– Construction: Both the principal and the contractor are classified in Section F (Construction).
– Agriculture, forestry and fishing: The classification of the principal depends on the ownership of the inputs (seeds, plants, trees, animals, etc.).
– Support services: The principal is classified according to their main activity and the contract according to the specific service they provide (accounting, IT, etc.).
– Other services: The principal is classified as providing the full service, even if it outsources part of the process.

It should be noted that the geographical location of the principal and the contractor does not affect their classification. In addition, the classification rules apply only to the outsourced activities. If the principal or the contractor performs other activities, their overall classification is determined by applying the value-added principle to all their activities.

In short, a detailed framework has been established for the classification of economic activities in outsourcing situations. The distinction between principal and contractor is essential in applying the rules correctly and ensuring the comparability of statistics.

3.2 ON-SITE INSTALLATION

Clear rules are provided for classifying "on-site installation" activities. The classification depends on the type of item being installed:

– Installation in buildings: If the installation involves items or equipment necessary for the operation of a building, it is considered a construction activity and is classified in Division 43 "Specialised construction activities". For example: installation of heating, ventilation and air conditioning systems; electrical systems; elevators; etc.
– Installation of industrial machinery and equipment: If the installation is not related to the operation of a building, but involves machinery and other industrial equipment, it is classified in Group 33.2 "Installation of industrial machinery and equipment". For

example: installation of machinery in a factory, production equipment in an industrial plant, etc.

The distinction between these two types of installation is important for the collection and analysis of economic statistics. Information on the installation of building elements is used to monitor activity in the construction sector, while information on the installation of industrial machinery and equipment is used to analyse investment in capital goods and industrial productivity.

It is important to note that “on-site installation” activities may be part of a vertical integration process. For example, a company that manufactures industrial machinery may also be responsible for its installation at the client’s premises. In this case, the company’s main activity will be determined following the “top-down” method based on value added, as previously mentioned.

3.3 REPAIR AND MAINTENANCE

Specific rules are established for the classification of repair and maintenance activities. The classification is based on the type of goods being repaired or maintained. The main categories are detailed below:

– Group 33.1 “Repair and maintenance of metal products, machinery and equipment”: This category covers repair and maintenance activities for a wide range of metal products, machinery and industrial equipment. For example: repair of industrial machinery, construction equipment, tools, etc.

– Section F “Construction”: This section includes the repair of buildings and civil engineering works. For example: repair of building structures, roads, bridges, etc.

– Group 95.1 “Repair and maintenance of computers and communication equipment”: This category focuses on the repair and maintenance of computer and telecommunications equipment. For example: repair of computers, mobile phones, network equipment, etc.

– Group 95.2 “Repair and maintenance of personal and household goods”: This category covers the repair and maintenance of a variety of personal and household goods. For example: repair of appliances, furniture, clothing, watches, etc.

– Group 95.3 “Repair and maintenance of motor vehicles and motorcycles”: This category focuses on the repair and maintenance of motor vehicles, including cars, trucks, and motorcycles.

Additional considerations to keep in mind are that units that perform maintenance and repair of aircraft, locomotives, and ships are classified in the same class as units that manufacture such goods.

It is also important to recall that maintenance and repair activities may be part of a vertical integration process. For example, a company that makes appliances may also offer maintenance and repair services for its products.

Finally, the activities of individual businesspeople who do maintenance and repairs are classified according to the economic activity they carry out, regardless of the activity of the unit they work on.

3.4 WHOLESALE AND RETAIL TRADE: SPECIALISED VS. NON-SPECIALISED

A clear distinction is made between specialised and non-specialised trade, in both wholesale and retail trade. This distinction is based on the range of products marketed, measured by the number of NACE classes in which the goods sold are classified.

If any product sold by a unit represents 50% or more of the unit's value added, it is determined to be specialised trade. A unit is also considered to engage in specialised trade if the products it sells are classified in a maximum of four NACE classes, each representing at least 5% (and less than 50%) of the unit's value added. On the other hand, if the products sold are classified in five or more NACE classes, with the same condition that each class represents at least 5% of the value added, the unit is considered to engage in non-specialised trade.

To determine the specific classification of a trade unit, the "top-down" method is applied, but with an adaptation for wholesale and retail trade:

– Wholesale trade (Division 46): A distinction is first made between wholesale trade intermediaries (group 46.1) and wholesale trade with possession of the goods (groups 46.2 to 46.9). If the unit is classified in the latter category, the distinction between specialised and non-specialised is applied. Finally, the group and class are identified using the "top-down" method.

– Retail trade (Division 47): A distinction is first made between intermediary service activities for retail trade (group 47.9) and direct retail trade (groups 47.1 to 47.8). If the unit is classified in the latter category, the distinction between specialised and non-specialised is applied. Finally, the group and class are identified using the "top-down" method.

As an example, a wholesaler that sells exclusively products from the "Meat and meat products" class would be considered specialised, while a supermarket that sells a wide range of food products, beverages, cleaning products, personal hygiene items, etc., would be considered non-specialised.

It should be noted that the distinction between specialised and non-specialised only applies to the unit's main commercial activity. If it also carries out other activities, its classification is determined based on the total value added of all its activities.

In addition, the NACE-2025 eliminates the distinction that existed in the NACE-2009 between trade in establishments and through other sales channels. All retail trade activities are now classified based on the type of product sold, regardless of the distribution channel.

3.5 FINANCIAL AND INSURANCE ACTIVITIES: HOLDING COMPANIES AND COLLECTIVE INVESTMENT ENTITIES

The classification of holding companies and collective investment entities within the "Financial and insurance activities" sector is addressed. Its classification in the NACE-2025 is as follows:

– Group 64.2 "Activities of holding companies and financial vehicle corporations": This group is divided into two classes:

- Class 64.21 “Holding company activities”: Covers companies whose main objective is to hold shares in the capital of other companies in the group, without exercising active management over these shares.
- Class 64.22 “Activities of financial vehicle corporations”: Includes entities that act as vehicles to organise and channel funds within a business group.

– Group 64.3 “Activities related to trusts, funds and similar financial entities”: This group is also divided into two classes:

- Class 64.31 “Monetary and non-monetary investment fund activities”: Includes funds that invest in financial assets, such as shares, bonds and other money market instruments.
- Class 64.32 “Fiduciary, trust, estate and agency account activities”: These include entities that manage assets on behalf of third parties, such as trusts and agency accounts.

Holding companies and collective investment entities can be described by a lack of real productive activity, as they do not generate income from the sale of products or the provision of services; little or no staff, as they often have only one or two people as legal representatives; and a minimal structure, as in many cases they only have a name and an address and are sometimes called “shell companies” or “special purpose entities”.

The NACE-2025 includes these categories to facilitate the classification of units in statistical business registers, as established by Council Regulation (EEC) No 2186/93. Despite their limited economic activity, their inclusion in the classification is necessary to obtain a complete picture of the business structure. When classifying a unit into these categories, it is important to distinguish them from other financial activities that do generate value added, such as fund management (Class 66.30), head office services (Class 70.10) and business management consulting (Class 70.20). The NACE-2025 provides detailed descriptions of these activities to avoid confusion.

To determine the main activity of a unit that carries out several of the activities mentioned, the value-added principle must be applied. It should be noted that capital gains are not considered value added and therefore should not be taken into account when determining the main activity.

3.6 PUBLIC ADMINISTRATION

Relevant information is provided on the classification of activities related to the Public Administration. It is important to note that the NACE is not based on the institutional sector to which a statistical unit belongs, but on the nature of the economic activity it conducts.

Section P “Public Administration and Defence; “Compulsory Social Security”, which correlates to Section O of the NACE-2009, covers activities typically associated with the Public Administration.

Division 84 “Public Administration and Defence; Mandatory Social Security” includes activities such as: promulgation and judicial interpretation of laws and their regulation, administration of government programmes, legislative activities, tax collection, national defence, public order and security, immigration services, foreign relations, etc.

Although Section P covers activities of the Public Administration, not all units of the public sector are automatically classified in this section. The NACE prioritises the nature of the economic activity over the institutional sector. For example, the activities of a government-run secondary school are classified in Group 85.3 ("Secondary education and non-tertiary post-secondary education"), while public administration of educational programmes is classified in Class 84.12 ("Regulation of health, educational and cultural services and other social services").

Section P is not limited to the activities of government agencies. It also includes the activities of private sector units that perform government functions. For example, a private company that operates a social security service on behalf of the government would be classified in section P.

3.7 HOUSEHOLD ACTIVITIES

A specific section is dedicated to economic activities conducted by households. It is important to note that the NACE not only classifies the activities of companies, but also the activities of production of goods and services for own use done by households themselves.

Section U of the NACE-2025, which correlates to Section T of the NACE-2009, "Activities of households as employers of domestic personnel and as producers of goods and services for own use" is subdivided into two main divisions:

– Division 97 "Activities of households as employers of domestic personnel": This division only includes activities of households as employers of domestic personnel. The output of this activity is considered production in the European System of Accounts (ESA). It is included in the NACE because of its relevance for certain statistics, such as employment surveys. It is important to note that the activities performed by domestic staff are not classified in this category. They are classified in the categories corresponding to the activity itself. For example, child daycare is classified in Class 88.91, Washing and cleaning of apparel in Class 96.10, etc.

– Division 98 "Undifferentiated goods- and services-producing activities of private households for own use": This division covers the household production of goods and services for own use. Its inclusion in the NACE is justified by its importance for certain surveys, such as the labour force survey or the time-use survey. The classification of these activities presents challenges due to the difficulty of quantifying the value added, as opposed to market activities. These activities often combine elements of agriculture, construction, textile manufacturing, repairs and other services. It is important to note that this division is not so relevant for EU business statistics, but it is for surveys on household activities.

The application of the NACE classification rules to production activities for own use is complex. The main difficulty lies in the quantification of the value added, which is the key concept for determining the main activity of a statistical unit.

Some examples of household activities for own use would be: agriculture, such as growing vegetables in a family garden for one's own consumption; construction, such as carrying out repairs or improvements to one's own home; textile manufacturing, such as the making of clothing for personal or family use; repairs, such as the repair of household appliances or furniture; services, such as childcare or care for the elderly within the home.

IV Explanatory notes

1 Detailed description of the content and scope of each section, division, group and class

The explanatory notes within the NACE and NACE classifications provide a detailed description of the content and scope of each hierarchical level: section, division, group and class. The main objective of these notes is to ensure there is a harmonised application of the classification at an international level, thus guaranteeing the comparability of statistical information between different countries.

The explanatory notes, together with the correlation tables and references to other classifications such as the CPA or the NC, serve as tools for the correct assignment of the economic activity code. These notes list:

– General description of the section: The general characteristics of the activities included in each section are described.

– Definition of the division: There is a precise definition of each division within a given section.

– Group characteristics: The particularities of the activities that make up a group are specified.

– Class delimitation: It is clearly established which activities are included and which are excluded from each class.

Explanatory notes are essential for:

– Understanding the structure: They allow users to understand the logic and criteria used to build the classification.

– Correct application: They facilitate the precise assignment of the economic activity code to the statistical units, avoiding classification errors.

– International comparability: They ensure the coherent application of the classification in different countries, allowing for the statistical comparison at an international level.

The explanatory notes of the NACE-2025 can be found on the INE (National Statistics Institute) website. The references for the NACE Rev. 2.1 can be found on the Eurostat website.

V Correlation with other classifications

1 Correlation tables between the NACE-2025 and the NACE-2009 and the NACE Rev. 2.1

Correlation tables, which can be found on the INE website, are fundamental tools for comparing compiled and presented statistics data using different classifications, such as the NACE-2025, the NACE-2009 and the NACE Rev. 2.1. Such a need arises when there is a change in the classification over time or when there are different underlying frameworks that hinder a close relationship between classifications. The correlation tables between different versions of the same classification give a detailed description of the changes that have occurred in the revision process.

The following types of correlation can exist between classifications:

- 1 to 1 correlations: Where a given class in one classification correlates exactly with a given class in another classification.
- n to 1 correlations: Where two or more classes in one classification correlates with one given class in another classification.
- 1 to m correlations: Where a given class in one classification divides into two or more classes in another classification.
- n to m correlations: Where two or more classes in one classification correlates with two or more classes in another classification.

VI Query tools

1 Online platforms to access NACE-2025 information: INE, Eurostat

Information on the classifications of economic activities mentioned in this document (NACE-2025, NACE Rev. 2.1., NACE-2009) can be accessed through various resources:

– The INE website is a source of updated information on the NACE, including: its structure at different levels (section, division, group, class), explanatory notes, a methodological introduction, correlations with other classifications, etc. There is also a coding aid tool called CodIA, which allows you to code a description of an economic activity by entering free text. To access information on classifications on the INE website, the following URL is provided:

  https://www.ine.es/dyngs/INEbase/es/categoria.htm?c=Estadistica_P&cid=1254735976614

– Eurostat (European Statistical Office) has developed ShowVoc, a semantic web platform that can display detailed structures of statistical classifications at the European level (including NACE, but not NACE). ShowVoc provides information on various aspects of the classifications, including: general description, structure (codes and titles), explanatory notes, correlation tables, links to legal acts and methodological documents… The information is available in all official EU languages, whenever possible. It can be accessed at: https://showvoc.op.europa.eu/#/home

  General information on the classifications used in the production of European statistics (not including NACE classification at the national level) can be found at: https://ec.europa.eu/eurostat/web/metadata/classifications

– There are other online platform available for information about other economic activity classifications, in particular those of the United Nations NAICS (North America), Mexico and Japan.

Annex I

1 Glossary of Terms

Below you find definitions of the key concepts used in this document in order to facilitate the understanding of the content, especially for those unfamiliar with the specific terminology.

- **Economic activity:** Action carried out by an institutional unit for the purpose of producing goods and services for the market or for its own use.
- **Main activity:** Economic activity that most contributed to the gross value added of a statistical unit.
- **Secondary activity:** Any other activity, different from the principal and support activities, which generates products that can be delivered to third parties.
- **Support activity:** An activity that is only carried out to support principal or secondary activities of a statistical unit, generating products intended for the exclusive use of that same unit.
- **ISIC:** International Standard Industrial Classification of all economic activities. This is the international standard for the classification of all economic activity.
- **Class:** The most detailed category in the NACE-2025. It represent a specific and well-defined economic activity.
- **NACE-2025:** National Classification of Economic Activities 2025. Spanish adaptation of the NACE Rev. 2.1.
- **CNED-F:** National Classification of Education (version for statistical purposes).
- **Contractor:** Unit that carries out specific tasks, such as parts of the production process, or even the whole process, under contract with a principal. It is also called a sub-contractor.
- **CPA:** European Product Classification. It classifies products (goods and services) into categories with common characteristics. It is based on the CPC and is directly linked to the NACE.
- **CPC:** Central Product Classification (International)
- **Division:** Subdivision of the sections of the NACE-2025 into more specific economic activity groups.
- **GESCLA:** Computer tool available on the INE website that can query the correlations between the main national and international classifications.
- **Group:** Intermediate level of classification of the NACE-2025 that subdivides divisions into more homogeneous groups of economic activities.
- **Horizontal integration:** Situation in which a statistical unit simultaneously carries out different economic activities using the same factors of production.
- **Vertical integration:** Situation in which a statistical unit carries out different stages of a same production process.
- **Top-down method:** Method to determine the principal activity of a statistical unit, consisting in analysing the activities the unit does from the most aggregated (section) to the most detailed level (class) and selecting the class which best describes its main activity.
- **NACE Rev. 2.1:** Statistical nomenclature of economic activities of the European Union, Revision 2.1.

- **n.e.c.:** not elsewhere classified.
- **Principal:** Unit that hires another unit (contractor) under contract to do specific tasks.
- **Gross production:** Value of the goods and services produced by a statistical unit during a specific period of time. It is used as a surrogate of value added in certain cases.
- **HS:** Harmonised Commodity Description and Coding System. International system of nomenclature for the classification of goods in international trade.
- **Section:** Most aggregated level in the NACE-2025 classification. It represents large groupings of economic activities with common general characteristics.
- **ShowVoc:** Semantic web platform developed by Eurostat which can display the detailed structure of statistical classifications and their correlation tables.
- **Sub-contracting:** Contractual agreement by which a unit (principal) commissions another unit (contractor) with the realisation of specific tasks.
- **Value added surrogate:** Indicator used to determine the main activity of a statistical unit when there is no information on its value added.
- **Statistical unit:** Entity about which statistics information in compiled. In the context of the NACE-2025, it could be a company, establishment or an institutional unit.
- **Gross value added:** Difference between gross production and intermediate consumption. It is the fundamental concept used to classify a unit according to its economic activity.

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