

Changes to PRODCOM (PRODUcts of the European COMMunity) and the PRODCOM Reports Annual (PRA) Series of Reports

The Nomenclature des Activités Economiques dans la Communauté Européenne (NACE) is the industrial classification system of the European Union (EU). Operation 2007 is a major revision of this classification system. Consultations on this revision started in 2002 and involved numerous stakeholders:

- the National Statistics Institutes of all EU Member States
- the European Commission
- In the UK, a range of government departments, the Bank of England the devolved administrations, business and trade associations and other interested bodies
- European Business and Trade associations

Operation 2007 means that there are changes to the PRODCOM estimates and series of reports. These changes affect the estimates produced for the 2008 PRODCOM survey onwards.

Why is there a need for changes?

There was a comprehensive NACE revision in 1992. The last NACE revision in 2003 was not a full-scale revision. A more comprehensive revision in 2007 is necessary because, over a period of time, new products and new industries emerge and shifts of emphasis occur in existing industries.

Why does the UK PRODCOM output need to change?

The PRODCOM regulation requires all EU Member States to produce value and volume estimates for a list of products manufactured on their territory. These products are specified in the PRODCOM list, and all Member States use this product list. The estimates of production are required, under the regulation, to be submitted to Eurostat (The Statistical Office of the European Commission).

The PRODCOM list of products is partially defined by the NACE classification, and the associated Classification of Product by Activity (CPA). All product heading numbers (referred to as PRODCOM Commodity Codes (PCCs)) have therefore changed as a result of the changes to NACE. Additionally, the PCCs are linked to the Combined Nomenclature (CN) which is the European Union system for classifying products used in the measurement of the flows of imports and exports of commodities of EU Member States. Due to the revisions of the PRODCOM list and the renumbering of PCCs, the UK has had to change so that it is collecting what is required under regulation and in correspondence with the PRODCOM list.

Why has the presentation format changed?

For 2008 onwards, PRODCOM reports are no longer available in PDF format.

As a result of the PRODCOM quinquennial review in 2007 (<http://www.statistics.gov.uk/downloads/reviews/QuinquennialReview.pdf>) and user consultation, there was a user preference towards using an Excel format to present the PRODCOM estimates because the data are then able to be manipulated. Estimates for 2008 have been provided in this format.

The Excel format has meant that the previously published derived variables, namely; Total Exports, Total Imports, UK Net Supply and £ per Unit of Volume are no longer available. These can now be derived by the user.

In addition to the change of format, the estimates will now be published for all industry sectors at the same time, as opposed to the previous method of phased releases. This means that users can access a complete provisional set of estimates in the July following the previous year's survey. These estimates shall be marked as provisional in the July release and then updated at a later stage to incorporate revisions as a result of obtaining further information.

Why can I no longer see a time series?

Due to the extensive revision of the classification system, matching industry sectors and the products within them is no longer possible.

Will a new time series be established?

No. For future years, a provisional set of data for a one year period will be made available, which will then be replaced by a final version at a later stage. It will be up to the user to draw comparisons between years.

Will the change affect industry sectors?

Yes. The revision is extensive and not all revised industry classifications match. This means that the industry sectors that are published now align exactly to the NACE classification. Previously, the UK has published PRODCOM estimates under its own Standard Industrial Classification (SIC) in some instances, which matches NACE classification to the first four digits, but has a lower level fifth digit unique to the UK.

Details of changes to the UK SIC for 2007 due to Operation 2007, and previous classification changes, can be found at

<http://www.statistics.gov.uk/statbase/Product.asp?vlnk=14012>

Will the change affect products in the industry?

The extensive revision means that some products have shifted between industries, such as the 'Repair and Installation' industry, which now contains products previously allocated to manufacturing industries. The numerous changes will affect products in some, but not all, industries.

The PRODCOM list has reduced in terms of the number of products it collects. The majority of the reduction is due to simplification of the list and product categories being merged.

In addition, the majority of the products that were collected for UK purposes only has reduced considerably after consultation with Trade Associations and The Department for Business, Enterprise and Regulatory Reform (BERR).

Where can I see what has changed?

ONS has produced a correlation table to show how SIC 2003 relates to SIC 2007. This is available on the ONS website at

http://www.statistics.gov.uk/methods_quality/sic/downloads/SIC2003SIC2007_correlation.xls

A look-up table giving the old and new product commodity codes as created by Eurostat is available on the Eurostat RAMON website. The majority of the codes have been replaced on a one-for-one basis. Some old (2007) codes have been merged, some have been expanded.

http://ec.europa.eu/eurostat/ramon/reasons/index.cfm?TargetUrl=LST_REL&StrLanguageCode=EN&IntCurrentPage=4

From this link, select EITHER "PRODCOM 2007- PRODCOM 2008" OR "PRODCOM 2008 – PRODCOM 2007", depending on whether your start code is for 2007 or 2008.

Are there methodological changes?

No. The estimation methodology remains unchanged. However, the sample was reallocated and stratification now reflects NACE Rev 2.

More details of the PRODCOM methodology can be found at

http://www.statistics.gov.uk/about/data/methodology/quality/downloads/Prodc om_SQR.pdf

All the businesses on the Inter Departmental Business Register (IDBR), which is the sampling frame for the PRODCOM survey, have been reclassified to SIC 2007 as a result of the NACE revision. This was a large undertaking and it means that it may take time, due to the allocation of certain products to new SICs, for certain single businesses activity to be classified accurately. Additionally, due to the extensive revision, the number of businesses and their respective employment count has changed the structural nature of industries significantly. For the 2008 survey, while the coding of businesses activities on the IDBR settles, there may be additional uncertainty in the quality and precision of estimates.