

Glossary

Reference year: year for which the annual average value of a given index is set equal to 100. Eurostat requires that the reference year be published no later than three years later (e. g. in January 2013, 2010 being the reference year of the indices).

Base year: year characterised by the age of the weights used to compile the IPI.

Branch: a branch (or branch of activity) groups together homogeneous production units, that is, units that manufacture products (or produce services) belonging to the same item of the classification of economic activities considered, while a sector groups together companies according to their principal activity.

Class: 4-digit level of the French Classification of Activities (NAF). The NAF is fully consistent with the NACE up to class-level.

French Classification of Products (in French, *Classification de produits française*, or CPF): the product classification (associated with the classification of economic activities) in force in France since 1 January 2008 is the French Classification of Products (CPF Rev 2). The CPF is identical to the classification of products at the level of the European Union (EU), known as the Statistical classification of products by activity, abbreviated as CPA. CPF Rev. 2 contains seven levels: 21 sections, 88 divisions, 261 groups, 575 classes, 1,342 categories and 3,142 subcategories. CPF Rev. 2 replaces CPF Rev. 1, which had been in force since 1 January 2003.

Technical coefficient: generic term for productivity coefficients and deflators.

- Productivity coefficient: an elementary series monitored in hours worked is associated with a series of productivity coefficients used to obtain volume indices.
- Deflator: series of producer price indices. An elementary series monitored in invoicing terms is associated with a series of producer prices used to obtain volume indices.

Deflator: in general, an implicit deflator measures price changes in an area of the economy by dividing the magnitude in value terms by the same magnitude in volume terms. Implicit deflators are named after the aggregate used. Deflators of GDP, final consumption expenditure, gross capital formation, exports and imports measure price changes in their respective areas of the economy. They are used to adjust the aggregates of the effects of inflation. The GDP deflator deviates from the consumer price index, depending in particular on changes in import, export and GFCF prices.

Denominator: denominator used to calculate an elementary index. It is equal to the annual average of the numerators for the current campaign dates of the reference year (year for which the annual average of the indices is equal to 100) for most series (except those relating to food and agriculture).

Annual Business Statistics Programme/ESANE: the ESANE system combines administrative data (obtained from annual returns on profits provided by businesses to the revenue authorities and from annual employment data providing information on staff) and survey data collected from a sample of enterprises surveyed using a specific questionnaire for the purpose of producing structural business statistics (Annual Sectoral Survey/ESA).

Monthly Branch Surveys (in French, *Enquêtes mensuelles de branche*, or EMB): these mandatory surveys collect data used to monitor monthly changes in industrial output. INSEE uses these data to calculate the industrial production index, which it publishes each month.

Annual Production Survey (in French, *Enquête annuelle de production*, or EAP): first conducted in 2009, the annual production survey aims to identify and analyse the industrial goods and services sold in value and quantity terms. The survey takes into account sales, installation, fitting and maintenance of industrial products. The survey concerns around 40,000 businesses operating in the industrial sectors of the economy (not including food and agriculture) located in metropolitan France.

Laspeyres index: a Laspeyres index is a fixed-weight, or base-weighted, index with a variable set at its value at the initial date. Thus, prices changes in the index between period 1 and period 2 are calculated as follows:

$Lq_{2/1} = \sum p_1 q_2 / p_1 q_1$. Conversely, with a Paasche index, the variable to be neutralised is fixed at its value at the final date: $Lq_{2/1} = \sum p_2 q_2 / p_2 q_1$.

Chained index: index chaining means constructing a long-term index, for example a long-term volume index, by aggregating the elementary movements of different basic short-term indices. For example, an index between 0 and t can be calculated as follows: $I_{t/0} = I_{1/0} \times I_{2/1} \times \dots \times I_{t/t-1}$, where I may be a Laspeyres index, a Paasche index, etc.

Producer price index (PPI): industrial producer price indices for the French market measure changes in the trading prices (exclusive of VAT) of industrial goods sold on the home market. Industrial producer price indices for external markets reflect changes in the trading prices (converted into euros, i. e. including currency effects), FOB, of French industrial goods sold on foreign markets. The combination of the two indices determines the industrial producer price indices (home and external markets). These indices are calculated from monthly price surveys of some 24,000 products collected from a representative sample of 4,200 businesses as part of the Survey on observation of prices in industry and services.

Classifications (activities, products): classifications of activities and products have primarily been developed to facilitate the organisation of economic and social information. In other words, their purpose is primarily statistical. When using them for administrative management purposes, this original purpose should be kept in mind: the type of units taken into account, the method of determining the main activity, the aggregation methods and the construction principles are closely linked to the statistical data objectives.

The classifications currently in use are for:

1. classifications of activities:

- at the international level, ISIC;
- at the European level, NACE;
- at the French level, NAF.

2. classifications of products:

- at the international level, the CPC;
- at the European level, the CPA;
- at the French level, the CPF.

3. production surveys:

- at the European level, PRODCOM;
- at the French level, PROFRA.

4. external trade:

- at the international level, the HS;
- at the European level, the CN;
- at the French level, the NGP.

Aggregate classification/NA 2008: with the adoption of NAF Rev.2 (the revised French classification of activities in force since 1st January 2008), the composite economic classification (NES) associated with NAF Rev.1 disappeared as such. In practice, this strictly French classification scheme did not allow for international comparisons since it did not fit into the general framework provided by the ISIC and NACE systems

NAF Rev. 2 includes two aggregate “standard” levels: sections and divisions, containing 21 and 88 items respectively. These levels are common to the International Standard Industrial Classification of All Economic Activities (ISIC Rev. 4), the Statistical classification of economic activities in the European Community (NACE Rev. 2) and NAF Rev.2.

However, it was necessary to create additional groupings to meet requirements relating to economic analysis and the publication of composite data. Seven aggregation levels are thus associated with NAF Rev. 2, labelled

“Axx”, where xx represents the number of items within the level. Together they form the aggregate classification (NA):

- A 10: international level, grouping of sections;
- A 17: French level, intermediate between levels A10 and A38.

At the section level (A 21), the manufacturing industry covers 5 items while certain service activities are grouped together.

- A 21: sections, standard level of the NAF Rev.2 system;
- A 38: international level, intermediate between sections and divisions;
- A 64: European level, intermediate between levels A 38 and A 88 (divisions), provisional;
- A 88: divisions, standard level of the NAF Rev.2 system;
- A 129: French intermediate level between divisions (level A 88) and groups.

French Classification of Activities (NAF): the classification of economic activities in force in France since 1 January 2008 is the French Classification of Activities (NAF Rev. 2). NAF has the same structure as the Statistical classification of economic activities in the European Community (NACE Rev. 2) but includes an additional level specific to France: subclasses. NAF Rev. 2 has five levels comprising respectively: 21, 88, 272, 615 and 732 items. NAF Rev. 2 replaced NAF Rev. 1 dating from 2003 (entry into force on 1 January 2003). NAF Rev. 1 has five levels comprising 17, 31, 62, 224 and 712 items respectively. NAF Rev. 1 replaced NAF, in force since 1 January 1993.

Statistical classification of economic activities in the European Community/NACE: the Statistical classification of economic activities in the European Community (NACE) was adopted in 1970 to establish a common statistical classification of economic activities in the European Community designed to ensure comparability between national and Community classifications and, consequently, between national and Community statistics, but is not governed by a European regulation.

Numerator: numerator used to calculate an elementary-series level index (also called an elementary index).

Weighting: aggregation weight of a series (elementary or aggregated) into a higher level series (e.g. weighting of series E2021Z1 in subclass E2021Z).

Base price: amount receivable by the producer from the purchaser for a unit of a good or service produced as output minus any tax payable, and plus any subsidy receivable. It excludes any transport charges invoiced separately by the producer.

PRODCOM (survey): the PRODCOM regulation is a European Union statistical survey on the volume of industrial output sold by product. Output is defined by a list of product headings comprising items or groups of items in the Combined Nomenclature (CN) and linked to other product nomenclatures.

ProdFra (the ProdFra nomenclature): ProdFra is the acronym for “Production Française” (“French Production”). The ProdFra nomenclature is a French classification of products, consistent with both the “French Classification of Products” (CPF) and the Prodcom list. It covers all subcategories of the industrial CPF.

Productivity: in economics, productivity is defined as the ratio, in volume, between production and the resources used to obtain that production. Production means goods and/or services produced. The resources used, also called production factors, mean labour, technical means (installations, machines, tooling, etc.), the capital invested, intermediate consumption (raw materials, power, transport, etc.) as well as factors that are less easy to grasp but nonetheless extremely important, such as the accumulation of know-how.

Production (national accounts): activity carried out under the control and responsibility of an institutional unit that uses inputs of labour, capital, and goods and services to produce outputs of goods or services, and the result of that activity. A purely natural process without any human involvement or direction is not production in an economic sense.

Re-basing: products and industrial production change over time: new products appear on the market while others disappear. Likewise, production processes change. These structural distortions require the content of the products monitored by the industrial production index to be adapted. The process of adapting indices to the industrial system lies at the heart of re-basing.

Elementary series or control series: an elementary series is the finest level of calculation and observation of the indices. It is obtained directly by aggregating the individual production data of businesses. If necessary, an elementary series is deflated or adjusted for the increase in production and is necessarily given in “volume” terms.

Subclass: 5-digit level of the French Classification of Activities (NAF).

Legal unit/Enterprise-legal unit:

A legal unit is a legal entity under public or private law. This legal entity may be:

- a legal entity whose existence is recognised by law independently of the individuals or institutions which may own it or are members of it;
- a human person engaged in an economic activity in his or her own right.

Its existence must be reported to the relevant authorities (court registries, social security, revenue authorities, etc.). The existence of such a unit depends on the choice of the owners or its creators (for organisational, legal or tax reasons). The legal unit is the main unit registered in the SIRENE business register.

This definition of the concept of legal unit should not be confused with the definition of enterprise in the statistical sense, which may include several legal units

Value added: balancing item of the production account. It is calculated as the value of output minus intermediate consumption.