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**IMPLEMENTATION OF NACE REV. 2 IN THE FRENCH BUSINESS REGISTER**

Invited paper submitted by INSEE France\*

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## Synopsis

### 1. France's particular context

There is in France a unique business register. Use of its identification number is by decree of 1997 mandatory in relations between businesses and administrative bodies (Tax administration, Social security, etc.)

INSEE, the French NSI is by decree of 1973 in charge of this administrative register, called SIRENE. First registrations (i. e. creations) and updates are transmitted to INSEE on a daily basis through so called CFE's (Centers for Business Procedures) managed by Chambers of Commerce, of Agriculture, of Handicraft, etc. According to its status and/or industry, each business is allocated to one CFE which is able to process its declarations and re-send data to INSEE and to each relevant administrative body. The unique identification number, managed by INSEE, is also used in legal registers.

According to the 1973 above-mentioned decree INSEE defines the industry code(s) of each business, which are parts of the administrative BR, at the moment of its first registration and when it informs the CFE of a change of its industry, on the basis of the declaration of the owner. The coding is made at the 3-digit+1-letter level of the French Industry Classification (NAF), which is the national equivalent of the 4-digit level of NACE Rev. 1.1, the three first digits being identical. As far as possible industries are automatically coded using a self-learning system called SYCORE.

As SIRENE is managed by INSEE, the administrative BR is the core of the statistical BR. Units and variables are added to administrative units and variables for that purpose.

Like in every NSI the BR is used for launching surveys. Conversely, information received from statistical surveys is used for improving the BR : the amendment of business industry code(s) by INSEE according to information gathered through statistical surveys is provided for by law. It should on the other hand be noted that industry codes in SIRENE, as well as any other information in the administrative BR, are not legally binding for businesses.

#### Consequences for the implementation of NACE Rev. 2 :

On 1<sup>st</sup> January 2008, INSEE should be able to send to each business its main industry code according to the new national industry classification (probably a 5-digit code, where the first four are the NACE rev. 2 code of the business and the fifth refers to a further split of the NACE class when needed)

On 1<sup>st</sup> January 2008 - at the latest - the SYCORE system should be able to process business declarations in order to allocate its industry code(s) according to the new classification.

### 2. Implementation of NACE Rev. 2 in the BR

NACE Rev. 2 will be implemented through several ways, according to the situation of businesses.

#### 2.1 Results of the 2006 Annual Enterprise Survey

France's main tool for enforcing the SBS Regulation is a so-called annual enterprise survey (EAE). This survey is the main source for updating industry codes in the BR.

It is planned to modify the EAE launched in year 2007 on the results of year 2006 by adding questions according an 'intermediate classification', the purpose of which being to analyse the

business activity in order to obtain the new coding of its industries and determine the new coding of its main industry.

Results of the EAE on year 2006 are expected to be available before the end of 2007 and to provide the BR with the coding of industries according to the new NAF (i. e. the national equivalent of NACE Rev. 2). This way of implementing NACE Rev. 2 concerns the biggest enterprises (e. g. above 20 employees or a turnover of 5 million Euro in sections C-E of NACE Rev. 1.1) as well as smaller businesses surveyed on 2006 within the frame of a rotating survey frame.

## 2.2 Coding the flow of new registrations and industry updates in 2007

The availability on January 1<sup>st</sup>, 2008 of a new version of the automated coding system SYCORE is mandatory (see 1 above). Technically, a new version of SYCORE is obtained by building files in order to “teach” the system to automatically derive an industry code according to the new classification from a description as written in the declaration of the owner.

The availability of the new version of SYCORE is in fact planned for the beginning of 2007. It is so hoped to code the 2007 flow of new registrations and industry updates at the earliest.

## 2.3 Coding the industry of other businesses

Businesses not covered by annual enterprise surveys in 2007 on the results of 2006 nor concerned by the flow of 2007 will be coded either :

- by deriving the NACE Rev. 2 code from the NACE Rev. 1.1 code when classes are identical or nearly identical
- by launching “administrative” surveys (i. e. surveys not covered by the statistical law) called “register improvement surveys” (EAR). Surveys of this kind, which may be conducted by mail, phone, various means of investigation like catalogues or web sites, are usual for improving the quality of the BR ; however, their number increases dramatically, within a carefully planned scheme, when a change of classification occurs. This was the case, on a smaller scale, in year 2002 for replacing NACE Rev. 1 by NACE Rev. 1.1.

Non answering businesses will have their industry coded according to the most frequently encountered new code for a given old one.

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From September 1<sup>st</sup>, 2005, the work on a detailed planning of above mentioned operations - mainly preparation of a new version of the SYCORE system and the nature of 2007 EAR's - will begin.

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