

16. INDUSTRY AND ENERGY

A. INDUSTRY

„Industry“ includes a set of enterprises turning out industrial products of a similar economic purpose, which are manufactured from the same or similar kinds of raw and other materials or through the same technological processes. It covers industrial activities of the whole enterprise. Where an enterprise manufactures products falling into several branches (industries), its classification is governed by the nature of the major part of its output. The Branch Classification of Economic Activities - OKEČ (a national application of NACE, also referred to as CZ-NACE) splits the industry into three basic sections, Mining and Quarrying; Manufacturing; and Electricity, Gas and Water Supply, its more detailed breakdown including 17 subsections.

The basic reporting unit of industrial statistics is an enterprise (a legal or natural person in the position of entrepreneur), whose industrial activity prevails over all of its other activities and is classified under economic activity codes 10.10 0 to 41.00 2 of the CZ-NACE in force since 1 December 1993.

Notes on tables

Tables 16-1, 16-2 and 16-8 to 16-11. Key industry indicators

The data listed in Tables 16-1, 16-2 and 16-8 are taken from the processing of **quarterly** statistical questionnaires; they are preliminary data relating to a set of enterprises with 20+ employees. Data in Table 16-1, concerning enterprises employing fewer than 20 persons and not included in the quarterly statistical survey, are estimated. Underlying sources for the estimate were observations on this size group from previous years, information in the Business Register, and developments occurring in related size groups included in the quarterly statistical survey. The proportion of enterprises in the size group 0-19 employees differs, depending on the individual indicators, and can be calculated from the data in the table.

On the other hand, the data in Tables 16-9 to 16-11 are final data taken from the processing of annual statistical questionnaires.

Average registered number of employees encompasses all categories of permanent, temporary and seasonal employees contracted for work by the employer. The **number of workers (employed persons)** includes registered employees of businesses and entrepreneurs.

Manual employees are employees classified to CZ-ISCO-88 major groups 6 to 9.

CZ-NACE-88 major group 1 employees include senior officials and managers. Included in the group are e.g. directors, deputy directors, heads of sections etc. (provided at least one person reports to them).

Wages of employees refer to remuneration for work in cash or kind provided by employers to employees (kept on books of the enterprise).

Average monthly gross wage per employee classified to respective category of employees includes all incomes from employment (direct wages and salaries, personal bonuses, gratuities, shares in economic results, and compensations for wages) charged to be paid to registered employees in compliance with regulations on wages and salaries.

Sales of own goods and services are revenues from sale of own tangible and intangible output to external users.

Sales of goods for resale are revenues from sale of products bought to be sold in an unchanged state.

Outputs, incl. trade margin refer to sales of own goods and services, trade margin (the difference between revenues from the goods sold and costs of goods sold), change in inventories of own production, and capitalization of material, goods, services and fixed assets.

Production consumption – consumed purchases (value of consumed material and energy) and services (external services, costs of representation, and low-value property not considered by the accounting unit to be fixed assets).

Book value added is the difference between outputs, including trade margin, and production consumption.

Revenues are the sum of operating, financial and extraordinary revenues of the unit.

Expenses, total include operating, financial and extraordinary expenses for the reference period, except accrual-based income tax and transfer of the share in the economic result to partners.

Economic result is the difference between total revenues and total expenses for the reference period. It can be positive (profit) or negative (loss).

Profits-to-expenses ratio is the ratio of all profits for a CZ-NACE subsection to total expenses.

Inventories refer to the stock of purchased inventories (material, goods) and intra-enterprise inventories (work in progress, semi-finished products of own production, own goods, animals). Included in inventories can also be consumer durables worth less than CZK 40 000 as laid down by the Income Tax Act.

Gross acquisition of tangible assets refers to total expenses outlaid on the acquisition of fixed assets (by purchase, by own production activity, by acquiring the right to the result of own intellectual activity) together with the total value of fixed assets acquired free of charge, by transfer under relevant legislation or by transfer from personal to business use. Things that are put in use become fixed assets. Putting in use implies the provision of all technical functions required for the use and the meeting of all obligations laid down by laws and regulations such as building, environmental, fire, and occupational safety ones.

Output of a local activity unit also includes output passed to another local activity unit of the same enterprise.

Labour productivity index - since 1 January 2001 it has been calculated as the ratio of industrial sales index to number-of-employees index.

Tables 16-3 to 16-6. **Industrial production index**

The CZSO changed calculation methodology for the industrial production index (IPI) with effect as of January 2006 and produced back-cast time series down to the year 2000 accordingly. The reason for the application of this new alternative methodology of IPI calculation were major changes in the structure of industrial products and industrial services of manufacturing (section D), which did not allow industrial production indices of individual products and of their aggregates to be fully used after 2005.

When calculating the IPI for manufacturing (excl. subsection DF, division 23 – Coke, refined petroleum products and nuclear fuel), we use constant price indices of sales from own industrial activity for two-digit divisions of CZ-NACE. The sub-indices of sales from own industrial activity of enterprises classified by their principal activity to manufacturing on the level of CZ-NACE two-digit divisions are then weighted by weights corresponding to the shares of these divisions in value added produced in industry in total. The change in calculation methodology is a shift from the product method to the enterprise method.

In the cases of section C – Products from mining and quarrying, sub-section DF, and section E – Electrical energy, gas, steam and water, the calculation relies on the weighted arithmetic mean of production indices of selected representatives, using a two-stage weighting system.

The index of industrial production is an indicator of monthly changes in „fixed“ value added. This indicator can be calculated for the total and for individual subsections (alphabetic codes) as well. The fixed value added refers to the approximation of value added, which depends only on changes in the volume of output of selected products classified to the above sections and subsection DF and changes in the composition (by CZ-NACE) of total industrial production, but not on changes in the prices and content of value added in individual industrial products and changes in sales from own industrial activity of individual enterprises and their groupings to two-digit divisions.

The monthly IPI is related to a single basis, i.e. to the average month of the basic year 2000 (average month of 2000 = 100), from which monthly and cumulative year-on-year industrial production indices (IPIs) are derived. Calculated IPIs are aggregated by sections, subsections and divisions and by five Main Industrial Groupings (MIG): energy, intermediate goods, capital goods, consumer durables and consumer non-durables.

The industrial production index is calculated using the results of statistical surveys in reporting units (enterprises) with 20+ employees and principally engaged in industrial activities, irrespective of legal form.

Table 16-7. Selected industry indicators: by territory

The data are taken from the **annual** product questionnaire on industrial production and from other indicators broken down by region filled in by enterprises with 20+ employees and principally engaged in industrial activities.

The sum of the values of production for individual local and kind-of-activity units does correspond to the production of their enterprise due to the different classification of intra-enterprise turnover.

Table 16-12. Production of selected goods

The production of selected goods includes the entire production of a given item of goods or of an aggregate thereof, as defined by respective code. It is an indicator of gross turnover, which also includes the volume of production passed over within the enterprise for further processing or for inclusion in inventories. The contents of the code of an item of goods (aggregate of goods) are specified on the CZ-CPA-based List of selected goods attached to the questionnaire to be filled in.

The data in tables 16-1 and 16-2 and 16-8 to 16-12 are fully comparable with the data published in the statistical yearbooks of previous years. Tables 16-3 to 16-6 contain data where the base and the weighting pattern of 2000 were used for calculating IPI. The CZSO changed calculation methodology for the industrial production index (IPI) with effect as of January 2006 and produced back-cast time series down to the year 2000 accordingly.

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More detailed data are available in the following CZSO publications brought out according to the CZSO Catalogue of Publications 2006 (thematic group 8 – INDUSTRY, CONSTRUCTION, subgroup 80 - Industry):

- “Industry of the Czech Republic” (Czech-English) - monthly, on the 65th calendar day
- “Industry of the Czech Republic – Revised Figures 2005” (Czech-English) - monthly data, June 2006
- „Vybrané finanční ukazatele průmyslu ČR v roce 2005 a v 1. pololetí 2006“ - July, November 2006
- “Manufacture of Selected Industrial Products 2005” (Czech-English) – June 2006
- „Zaměstnanci a využití pracovní doby v průmyslu v roce 2005“ - September 2006
- “Economic Results of the Industry of CR in 2000-2004” (Czech-English) - June 2006
- “Selected Economic Results of Small and Medium-sized Enterprises in the CR in 2000-2004” (Czech-English) – June 2006.

Further data are published on the following web pages of the Czech Statistical Office:

- http://www.czso.cz/eng/redakce.nsf/i/industry_energy_ekon