



# INDUSTRIAL PRODUCTION INDEX

BASE YEAR CHANGE

SHORT TERM BUSINESS STATISTICS DEPARTMENT

## 1. Basic Definitions and Concepts

“Industrial Production Index” is calculated in order to measure the positive or negative effects of the developments in the industrial sector of economy and the economic policies implemented in the short term. The industrial production index, which measures the change industrial production in a fast and detailed manner, allows the effects of micro and macro level decisions to be measured.

The geographical scope of the industrial production index is Turkey as a whole and the scope of activity is Mining and Quarrying (B), Manufacturing (C) and Electricity, Gas, Steam and Air Conditioning Production and Distribution (D) sectors of NACE Rev.2. 09-Service activities in support of mining, 35.12-Transmission of electrical energy, 35-13- Distribution of electrical energy, 35-14-Trade in electrical energy, 35-2-Gas production; distribution of gas fuels over the main network and 35.3- Steam and air conditioning supply sectors are not covered.

The industrial production index is produced in accordance with the European Union (EU) Business Statistics Legislation. The main data source is the Monthly Industrial Production Questionnaire. Approximately 6500 enterprises, covering %70 of its sector in terms of value added, are surveyed. The information of other enterprises is obtained from administrative records. Thus, the data of all enterprises in the sector are covered. The production values of the enterprises whose information is not obtained through the industrial production questionnaire are estimated with the turnover information obtained from the Value Added Tax Declaration data of the Revenue Administration. The calculated production values are adjusted for the price effect with the domestic and foreign producer price index and converted into an index.

As classification; Classification of Economic Activities in the European Community (NACE Rev.2), Main Industry Groups Classification (MIG's) and Technology classification are used.

The chained Laspeyres index is used in the index calculation. As weights, the previous year's factor cost value added weights from the Annual Industry and Services Statistics are used up to the two-digit level, and for higher indices, the previous year's value added weights from national accounts data are used. The weights are updated every year. The calculated indices are published at four-digit level (classes), three-digit level (groups), two-digit level (divisions), letter level (sections), MIGs, technology and total industry level.

## 2. Change of Base Year

According to the EU labor statistics legislation; the base year of the indices produced within the scope of short term business statistics is renewed in years ending with 0 and 5. Due to the pandemic that started in 2020, the base year was determined as 2021 by the EU Statistical Office. Accordingly, the base year, which was 2015 in previously published indices, has been updated to 2021.

The industrial production index was recalculated with updated weights and data for 2021 and subsequent years. For the years before 2021, indices have been backcasted with 2015 base year index rates.

## 3. Methodological Change

There is no methodological difference with the previously published industrial production index with 2015 reference year.

#### 4. Revision Length

Industrial production indices for 2021-2023 have been revised. For the years before 2021, indices have been revised backwards with 2015 base year index rates. For the years before 2021, there is no revision effect on the rates of change of the index.

#### 5. Revision Size

Changes in the index values of the two base years compared to the same month of the previous year are presented in the graph below. The difference is due to the change in the data and changes in the activities of enterprises.

**Figure 1.** Effects of the base year change on the annual rates of change of total industrial production index

