

**OFFICE OF MANAGEMENT AND BUDGET**

**Economic Classification Policy Committee: Standard Industrial Classification  
Replacement--The North American Industry Classification System Proposed  
Industry Classification Structure**

**AGENCY:** Office of Management and Budget, Executive Office of the President.

**ACTION:** Notice of solicitation of comments for North American Industry Classification System industries.

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**SUMMARY:** Under Title 44 U.S.C. 3504, the Office of Management and Budget (OMB) is seeking public comment on a series of notices documenting the development of the new North American Industry Classification System (NAICS), the industry classification system being proposed to replace the current Standard Industrial Classification (SIC) system. All Federal agencies that collect establishment-based data are expected to utilize the new system.

This notice, the fifth related to preparation of NAICS and the third in a series seeking comment on proposed industry structures, presents the proposed industry structure for the NAICS subsectors listed in the Supplementary Information section below. This notice also presents alternatives for the NAICS coding system.

OMB is seeking comments on the usefulness and advisability of the proposed new NAICS subsectors submitted by the Economic Classification Policy Committee (ECPC),

an interagency committee established by OMB, and on the NAICS coding system.

The next **Federal Register** notice will present the entire structure of NAICS and seek comment on that structure and other industry sectors and subsector proposals. NAICS is being developed in cooperation with Statistics Canada and Mexico's Instituto Nacional de Estadística, Geografía e Informática (INEGI). The new NAICS system provides common industry definitions for Canada, Mexico, and the United States to facilitate economic analyses that cover the economies of the three North American countries. The three country collaboration on an industry classification system for North America was announced for public comment in the **Federal Register**, July 26, 1994, pp. 38092-38096.

The July 26, 1994 **Federal Register** notice includes the concepts for the new system, as developed by Statistics Canada, Mexico's INEGI, and the ECPC. It also includes a copy of the joint statement of the three countries' statistical agencies regarding the development of NAICS. That agreement includes the following principles:

(1) NAICS will be erected on a production-oriented, or supply-based, conceptual framework. This means that producing units that use identical or similar production processes will be grouped together in NAICS.

(2) The system will give special attention to developing production-oriented classifications for (a) new and emerging industries, (b) service industries in general, and (c) industries engaged in the production of advanced technologies.

(3) Time series continuity will be maintained to the extent possible. However, changes in the economy and proposals from data users must be considered. In addition, adjustments will be required for sectors where the United States, Canada, and Mexico

presently have incompatible industry classification definitions in order to produce a common industry system for all three North American countries.

(4) The system will strive for compatibility with the 2-digit level of the International Standard Industrial Classification of All Economic Activities (ISIC, Rev. 3) of the United Nations.

ECPC Report No. 3, Summary of Public Responses to the Proposed New North American Industry Classification System, provides a summary of public comments received in response to the July 26, 1994, **Federal Register** notice.

A notice was published in the **Federal Register**, July 26, 1995, pp.38436-38452, requesting comment on proposed industry structures for petroleum and coal product manufacturing, chemical manufacturing, and rubber and plastic manufacturing; for broadcasting and telecommunications; and for food services and drinking places and accommodations. A **Federal Register** notice was published on February 6, 1996, pp.4524-4578, requesting comment on proposed industry structures for crop production, animal production, forestry and logging, fishing, hunting, and trapping, and support activities for agriculture and forestry; textile mills, textile product mills, apparel manufacturing, and leather and allied product manufacturing; food manufacturing and beverage and tobacco product manufacturing; fabricated metal product manufacturing; machinery manufacturing; electrical equipment, appliance, and component manufacturing; and transportation equipment manufacturing.

**DATES:** To ensure consideration and response to all comments on the proposals set forth in this notice, comments must be in writing and should be submitted as soon as

possible, but no later than July 29, 1996. This proposed industry system would become effective in the U.S. on January 1, 1997.

**ADDRESSES:** Correspondence about the industry proposals of the NAICS structure announced in this **Federal Register** notice should be sent to: Carole A. Ambler, Coordinator, Economic Classification Policy Committee, Bureau of the Census, U.S. Department of Commerce, Room 2633-3, Washington, DC 20233, telephone number: (301) 457-2668, FAX number: (301) 457-1343.

Correspondence about the NAICS numbering system should be sent to: Jack E. Triplett, Chairman, Economic Classification Policy Committee, Bureau of Economic Analysis (BE-42), U.S. Department of Commerce, Washington, DC 20230, telephone number: (202) 606-9615, FAX number: (202) 606-5311. Copies of all ECPC issues papers, previous **Federal Register** notices, and ECPC reports are available from the same address.

**ELECTRONIC AVAILABILITY AND COMMENTS:** This document is available on the Internet from the Census Bureau via WWW browser, ftp, and E-mail.

To obtain this document via WWW browser, connect to “<http://www.census.gov>” then select “Economy,” then select “Economy-Wide Programs,” then select “NAICS Documents.”

To obtain this document via ftp, login to <ftp.census.gov> as anonymous, and retrieve the file “prop01.txt” from the “/pub/epcd/naics” directory. (That directory also contains previous NAICS **Federal Register** Notices and related documents.)

To obtain this document via Internet E-mail, send a message to

majordomo@census.gov with the body text as follows: "get gatekeeper prop01.txt". The document will be delivered as a message attachment.

Comments may be sent via Internet E-mail to the Census Bureau at naics@census.gov (do not include any capital letters in the address). Comments received at this address by the dates specified above will be included as part of the official record.

**FOR FURTHER INFORMATION CONTACT:** Carole A. Ambler, Coordinator, Economic Classification Policy Committee, Bureau of the Census, U.S. Department of Commerce, Room 2633-3, Washington, DC 20233, telephone number: (301) 457-2668, FAX number: (301) 457-1343.

## **SUPPLEMENTARY INFORMATION:**

### **Structure of Notice**

There are 20 parts to this notice. PART I includes the proposals for health and social assistance; PART II includes educational services; PART III includes computer and electronic product manufacturing; PART IV includes furniture manufacturing; PART V includes printing and related support activities; PART VI includes professional, scientific, and technical services; PART VII includes performing arts, spectator sports and related industries, museums, historical sites and similar institutions, and recreation, amusement, and gambling; PART VIII includes information; PART IX includes wood product manufacturing, except furniture; Part X includes rental and leasing; Part XI includes

repair and maintenance; Part XII includes management and support; Part XIII includes transportation; Part XIV includes retail and wholesale trade; Part XV includes mining; Part XVI includes paper manufacturing; Part XVII includes nonmetallic mineral manufacturing; Part XVIII includes primary metal manufacturing; Part XIX includes miscellaneous manufacturing; and Part XX includes postal service and couriers.

Each of the 20 parts of the notice is organized into two sections. The first section includes a copy of the proposed agreement signed by the ECPC, Statistics Canada, and INEGI; the structure of NAICS; and an explanation of the structure. For a number of reasons, NAICS industries do not always provide as much industry detail as has been present in the U.S. SIC. Each country may add additional detailed industries, below the industry level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a NAICS industry in order to ensure full comparability among the three countries. The proposed United States NAICS system would include U.S. national industries. These represent important industries in the U.S. that cannot be recognized in the statistical systems of either Canada or Mexico because of size restrictions, confidentiality or other reasons. The second section of each part includes the U.S. detailed industries within NAICS and two comparison tables showing the differences between the 1987 SIC and the 1997 NAICS with United States detail.

The NAICS numbering system is still under development; therefore the hierarchical structure is displayed in this document with X's representing the following:

X            Industry Sector.

XX          Industry Subsector.

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XXX Industry Group.

XXXX Industry.

XXXXX U.S. National Industry.

The terms “Industry Sector” and “Industry Subsector” are changes from the terms “Division” and “Major Group” used in the 1987 SIC manual.

### **NAICS Coding System: Issue for Comment**

The ECPC is requesting public comment on two alternatives for a NAICS coding system -- a 5-character alphanumeric system and a 6-character, all numeric system. In the initial stages of its review, the ECPC was informed that the computer systems of some U.S. statistical agencies could not accommodate six characters, which ruled out consideration of a 6-character system. Further investigation has indicated, however, that 6-character fields are possible and may offer certain advantages.

### **Background**

NAICS is organized in a hierarchical structure, much like the existing U.S. SIC. The 1987 SIC employed a 4-digit coding system, in which the first two digits designate what in NAICS is known as a "subsector," the third digit designates the industry group, and the fourth digit designates the industry. For example, in the 1987 SIC, the two digits 26 designate the manufacture of "Paper and Allied Products," within which the digits 262

designate an industry group titled "Paper Mills," which contains one 4-digit industry, SIC 2621, also titled "Paper Mills."

The NAICS coding system must be expanded beyond the four digits used in the SIC for two reasons. First, the NAICS agreements among the ECPC, INEGI, and Statistics Canada permit each country to designate detailed industries, below the level of a NAICS industry, to meet national needs. The United States will have such national industry detail in many places in the new classification, and this national detail can only be accommodated by expanding the coding system to at least five characters. This national industry detail has been shown schematically in previous Federal Register notices.

Second, it is desirable that the first character or characters in a coding system designate the sector (the term "industry sector" is replacing the term "division" used in the 1987 SIC). A modern economy is too complex to be described adequately if the first character of the coding system restricts the number of sectors to nine or ten. The ECPC, INEGI, and Statistics Canada are proposing that NAICS have 18 industry sectors. Accordingly, either the first character of the coding system must be a letter, rather than a number, or two digits must be used to designate the sector in NAICS.

The foregoing considerations lead to two options for the coding system in NAICS:

(1) A 5-character, alphanumeric coding system, in which the first character (a letter) designates the NAICS sector, and the second, third, fourth, and fifth numerical characters designate, respectively, the subsector, industry group, NAICS industry, and U.S. national industry (if any).

(2) A 6-character, all numeric coding system, in which the first two digits designate



the NAICS sector, and the third, fourth, fifth, and sixth digits designate, respectively, the subsector, industry group, NAICS industry, and U.S. national industry (if any).

To illustrate the differences between the two coding systems, the following table shows a portion of the proposed NAICS structure, with U.S. national detail, for two manufacturing subsectors, and for one non-manufacturing subsector. In the example, hypothetical 5-character and 6-character coding systems are displayed for illustration (the actual positions of these subsectors in the classification system, and hence the actual codes to be assigned to them, will be determined later).

Illustrative Portion of the NAICS Structure,  
Showing Hypothetical Alternative Coding Systems

	5-character Alphanumeric System	6-character All Numeric System
Manufacturing	E,F,G	21,22,23
Food Manufacturing	E1	211
Animal Food Manufacturing	E11	2111
Animal Food Manufacturing	E111	21111
Dog and Cat Food Manufacturing	E1111	211111
Other Animal Food Manufacturing	E1112	211112
Grain and Oilseed Milling	E12	2112
Flour Milling and Malt Manufacturing	E121	21121
Flour Milling	E1211	211211
Rice Milling	E1212	211212
Malt Manufacturing	E1213	211213
Starch and Vegetable Fats and Oils Manufacturing	E122	21122
Soybean Processing	E1221	211221
Wet Corn Milling	E1222	211222
Other Oilseed Processing	E1223	211223
Edible Fats and Oils Manufacturing	E1224	211224
Breakfast Cereal Manufacturing	E123	21123
Sugar and Confectionery Product Manufacturing	E13	2113
(Classification continues)	...	...
Textile Mills	E2	212

Fibre, Yarn, and Thread Mills	E21	2121
Fiber, Yarn, and Thread Mills	E211	21211
Yarn Spinning Mills	E2111	212111
Yarn Texturing, Throwing, and Twisting Mills	E2112	212112
Thread Mills	E2113	212113
Fabric Mills	E22	2122
Broadwoven Fabric Mills	E221	21221
Narrow Fabric Mills and Schiffli Machine Embroideries	E222	21222
Narrow Fabric Mills	E2221	212221
Schiffli Machine Embroideries	E2222	212222
Nonwoven Fabric Mills	E223	21223
Knit Fabric Mills	E224	21224
Weft Knit Fabric Mills	E2241	212241
Other Knit Fabric and Lace Mills	E2242	212242
(Classification continues)	...	...
Computer and Electronic Product Manufacturing	F1	221
Computer and Peripheral Equipment Manufacturing	F11	2211
Computer and Peripheral Equipment Manufacturing	F111	22111
Electronic Computer Manufacturing	F1111	221111
Computer Storage Device Manufacturing	F1112	221112
Computer Terminal Manufacturing	F1113	221113
Other Computer Peripheral Equipment Manufacturing	F1114	221114
Communication Equipment Manufacturing	F12	2212
Telephone Apparatus Manufacturing	F121	22121
Broadcast and Studio Equipment for Radio, TV, and		
Cable Manufacturing	F122	22122
Other Communication Equipment Manufacturing	F123	22123
Audio and Video Equipment Manufacturing	F13	2213
(Classification continues)	...	...

Information	J	71
Publishing	J1	711
Newspaper, Periodical, Book and Database Publishing	J11	7111
Newspaper Publishing	J111	71111
Periodical Publishing	J112	71112
Book Publishing	J113	71113
Database Publishing	J114	71114
Other Publishing	J115	71115
Greeting Card Publishing	J1151	711151
All Other Publishing	J1152	711152
(Classification continues)	...	...

### **Advantages and Disadvantages of the Two Options**

#### 6-Character All Numeric System

##### Advantages:

- An all numeric code can be key-punched more efficiently, i.e., more quickly and accurately. First, a 6-character all numeric code can be keyed faster than a 5-character alphanumeric one. Second, an all numeric code can more readily be verified by the computer system with a check-digit. Third, an all numeric code is less subject to misinterpretation since numerals are more distinct than certain letters (e.g., E & F, M & N, or U & V) even if letters such as I, O, and S are omitted because of their similarity to certain numerals. These productivity advantages reduce the cost of key-

punching, compared with a 5-character alphanumeric system. This is the primary advantage of a 6-character, all numeric system to Government agencies.

- Using an all numeric system allows more flexibility for future expansion of NAICS industry sectors. Under a 5-character alphanumeric system, NAICS would use 22 letters of the alphabet (18 NAICS industry sectors, plus four extra letters for industry sectors, such as Manufacturing, that contain more than ten subsectors). Eliminating the three or four letters that are similar to numerals leaves essentially no room for expansion of the number of NAICS industry sectors under the 5-character alphanumeric proposal, whereas the 6-character all numeric system would permit future expansion of NAICS industry sectors.
- Most other industry classification systems used throughout the world are all numeric, though most of them are 4- or 5-digit systems.

#### Disadvantages:

- Some of the numerical codes used in the 1987 SIC would be reused for NAICS, but

they would describe different levels of aggregation of different industries compared to their use in the 1987 SIC. Even though at any given number of digits, the codes will designate different levels in the two classification systems, reusing codes could lead to some initial confusion about the meaning of a given code. For example, using the hypothetical codes shown above, NAICS code 2111 could represent the industry group for Animal Food Manufacturing, which contains one NAICS industry and two U.S. national industries, while the 1987 SIC code 2111 represents the 4-digit industry for the manufacture of cigarettes.

- Because expanding a field can be expensive for existing database systems, some users may prefer a 5-character field to one that requires 6-characters, especially since, of the 99 available initial two-digits in a 6-character system, NAICS will only use 22 of them (18 NAICS sectors, plus four extra initial digit pairs for industry sectors, such as Manufacturing, that contain more than ten subsectors).

## 5-Character Alphanumeric System

Advantages:

- Only 5-character fields must be carried in government and nongovernment data bases thereby potentially lessening database-related transition costs to the new system.  
However, since the field would need to be changed from a numeric to an alphanumeric one, the extent of potential savings is not clear.
- A 5-character system beginning with a letter provides for unique codes as compared to the 1987 SIC. This will help minimize initial confusion between the new and old systems.

Disadvantages:

- A 5-character alphanumeric system is expected to impose substantially higher data entry costs on the U.S. statistical agencies responsible for industry coding. Key-punching of 5-character alphanumeric industry codes takes longer and is less accurate than a 6-character all numeric system for the reasons discussed above under advantages of the 6-character system.
- Using a 5-character alphanumeric system permits essentially no flexibility for future expansion of NAICS industry sectors. Under a 5-character alphanumeric system, NAICS would use 22 letters of the alphabet (18 NAICS industry sectors, plus four more letters for industry sectors, such as Manufacturing, that contain more than ten

subsectors). Eliminating the three or four letters that are similar to numerals leaves essentially no room for expansion of the number of NAICS industry sectors under the 5-character alphanumeric proposal, whereas the 6-character all numeric system would permit future expansion of NAICS industry sectors.

### **Disadvantages of Both Systems**

- With either coding system, multiple initial characters must be used for large sectors, such as manufacturing, transportation, and wholesale and retail trade. Manufacturing, for example, has 21 subsectors in NAICS, so that the 5-character alphanumeric system will require three letters to designate manufacturing and the 6-character all numeric system will require three sets of 2-digit codes. This is an inconvenience in working with the system because tabulating manufacturing will require entering three letters or three 2-digit codes, rather than just one. However, this characteristic is also present in the 1987 SIC system (where initial digits 2 and 3 designate manufacturing).
- In public comments to the ECPC, some users have requested a more "user friendly" coding system than the present 4-digit SIC. Neither of the two systems is an improvement in this respect.



**ECPC Proposal: Request for Comment**

The ECPC is proposing the adoption of the 6-character, all numeric coding system for NAICS. The principal reasons for this proposal are the additional key-punching costs to Government agencies if an alphanumeric system were to be adopted as well as the flexibility for future expansion that a 6-character system permits. Other advantages and disadvantages of one coding system over the other seem less compelling because they are more or less offsetting. Of the other countries that are partners in NAICS, Statistics Canada has indicated a strong preference for an all numeric system, and INEGI (which now uses a 6-character numeric system for its industry classification system) has indicated that either system would be acceptable. The ECPC requests comments on its proposal to adopt the 6-digit coding system.

**Time Series Summary**

The standard approach to preserving time series continuity after classification revisions is to create linkages where the series break. This is accomplished by producing the data series using both the old and new classifications for a given period of transition. With the dual classifications of data, the full impact of the revision can be assessed. Data producers then may measure the reallocation of the data at aggregate industry levels and develop a concordance between the new and old series for that given point in time. The concordance creates a crosswalk between the old and new classification systems. This

link between the 1987 U.S. SIC and NAICS (with U.S. national detail) will be developed by the statistical agencies in the U.S.

### **Outreach Activities**

OMB and the Economic Classification Policy Committee (ECPC) are seeking comments on the proposed NAICS structure for the industries described in this notice. In carrying out its mandate to ensure maximum public participation in the process of constructing NAICS, the ECPC has already discussed many of these industry proposals with industry and user groups and will continue to do so. In addition, the ECPC is replying, on a flow basis as soon as the work is completed for industry subsectors, to respondents to previous **Federal Register** notices. Thus, this **Federal Register** notice supplements other ECPC public outreach activities in the development of NAICS.

**Part I--Proposed New Industry Structure for Ambulatory Health Care Services, Hospitals, Nursing and Residential Care Facilities, and Social Assistance**

*Section A--NAICS Structure*

North American Industry Classification System

(NAICS)

Agreement Number 11

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following industries:

Ambulatory Health Care Services

Hospitals

Nursing and Residential Care Facilities

Social Assistance

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries.

This NAICS structure was presented and provisionally accepted at the NAICS Committee

meeting held on September 27, 1995 - September 29, 1995 in Mexico City, Mexico.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	9/29/95
Mexico	/S/ Enrique Ordaz	9/29/95
United States	/S/ Jack E. Triplett	9/29/95

XX	Ambulatory Health Care Services
XXX	Offices of Physicians
XXXX	Offices of Physicians
XXX	Offices of Dentists
XXXX	Offices of Dentists
XXX	Offices of Other Health Practitioners
XXXX	Offices of Chiropractors
XXXX	Offices of Optometrists
XXXX	Offices of Mental Health Practitioners, except Physicians
XXXX	Offices of Physical, Occupational, and Speech Therapists and Audiologists
XXXX	Offices of All Other Health Practitioners
XXX	Outpatient Care Facilities
XXXX	Family Planning Centers
XXXX	Outpatient Mental Health Facilities
XXXX	Other Outpatient Care Facilities
XXX	Medical and Diagnostic Laboratories
XXXX	Medical and Diagnostic Laboratories
XXX	Home Health Care Services
XXXX	Home Health Care Services
XXX	Miscellaneous Ambulatory Health Care Services
XXXX	Ambulance Services

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XXXX	Other Miscellaneous Ambulatory Health Care Services
XX	Hospitals
XXX	General Medical and Surgical Hospitals
XXXX	General Medical and Surgical Hospitals
XXX	Psychiatric and Substance Abuse Hospitals
XXXX	Psychiatric and Substance Abuse Hospitals
XXX	Specialty Hospitals, Except Psychiatric and Substance Abuse Hospitals
XXXX	Specialty Hospitals, Except Psychiatric and Substance Abuse Hospitals
XX	Nursing and Residential Care Facilities
XXX	Nursing Care Facilities
XXXX	Nursing Care Facilities
XXX	Mental Health, Mental Retardation, and Substance Abuse Facilities
XXXX	Mental Retardation Facilities
XXXX	Mental Health and Substance Abuse Facilities
XXX	Community Care Facilities for the Elderly
XXXX	Community Care Facilities for the Elderly
XXX	Other Residential Care Facilities
XXXX	Other Residential Care Facilities
XX	Social Assistance
XXX	Individual and Family Services
XXXX	Child and Youth Services

XXXX	Services for the Elderly and Persons with Disabilities
XXXX	Other Individual and Family Services
XXX	Community Food, Shelter, and Emergency and Relief Services
XXXX	Community Food Services
XXXX	Community Housing Services
XXXX	Emergency and Other Relief Services
XXX	Job Training and Vocational Rehabilitation Services
XXXX	Job Training and Vocational Rehabilitation Services
XXX	Child Day-care Services
XXXX	Child Day-care Services

## **Attachment 2--North American Industry Classification System**

Draft Classification for:

Ambulatory Health Care Services

Hospitals

Nursing and Residential Care Facilities

Social Assistance

Representatives of the statistical agencies of Canada, Mexico and the United States agree to a draft classification for these industries.

The draft classification constitutes the sector Health and Social Assistance. The sector is subdivided into 4 subsectors, 18 industry groups, and 30 industries.

### *A General Outline*

The health and social services industries provide health care and social assistance for individuals. Because it is sometimes difficult to distinguish between the boundaries of health care and social assistance, these industries are grouped together in a new Health and Social Assistance sector. The industries are arranged in order from those providing the most intensive type of health care to those providing minimal health care with social assistance to those providing only social assistance to individuals.

Industries in the Ambulatory Health Care Services subsector provide health care services directly or indirectly to ambulatory patients and do not usually provide inpatient overnight services. Health practitioners in this subsector provide outpatient services, with the facilities and equipment not usually being the most significant part of the production process.

The Hospitals subsector includes establishments that provide medical, diagnostic, and treatment services that include physician, nursing and other health services to inpatients and the specialized accommodation services required by inpatients. Hospitals also may provide outpatient services as a secondary activity. Establishments in the Hospitals subsector provide inpatient health services, many of which can only be provided using the specialized facilities and equipment that form a significant and integral part of the



production process.

The Nursing and Residential Care Facilities subsector includes establishments that provide residential care combined with either nursing, supervisory or other types of care as required by the residents. In this subsector, the facilities are a significant part of the production process and the care provided is a mix of health and social services with the health services being largely some level of nursing services.

The Social Assistance subsector includes establishments that provide a wide variety of assistance services directly to their clients. These services do not include residential or accommodation services except on a short stay basis.

#### *Limitations and Constraints of the Classification*

The draft classification avoids the problem of the delineation of the boundary between health and social services by incorporating both into a continuum.

General Medical and Surgical Hospitals is a very large industry group. NAICS developers considered subdividing this NAICS industry; however, research indicated a wide range of services are typically provided at general medical and surgical hospitals. Some hospitals provide specific advanced medical procedures such as organ transplants that require skilled specialists and special equipment for the operating and recovery phases of the procedures. Other hospitals may offer the same or different advanced medical procedures with their corresponding technologies, along with the less specialized services and less sophisticated technologies that are offered by virtually all hospitals. The

mix of services and technologies among hospitals varies significantly along this continuum, but no clear basis for differentiating among general and surgical hospitals based on their mix of services or technological threshold was found.

### *Relationship to ISIC*

All of the 30 industries included in these subsectors are contained within Division 85, Health and Social Work, in the current International Standard Industrial Classification of All Economic Activities (ISIC, Revision 3) of the United Nations. ISIC Division 85, however, includes veterinary services; in NAICS, veterinary services are in the Professional, Scientific, and Technical Services subsector.

### *Some Changes to the National Classifications*

Changes to the Canadian SIC include splitting CSIC 8621, Homes for Personal and Nursing Care, into Nursing Care Facilities and Community Care Facilities for the Elderly, and expanding CSIC 8646, Meal Services (Non-Commercial), to include a broader range of food services in the new industry Community Food Services. Community Housing Services and Emergency and Other Relief Services are essentially new industries for Canada. Air ambulance services move out of CSIC 4513, Non-Scheduled Air Transport, Specialty Industry, to Ambulance Services. CSIC 8689, Other Health Laboratories, moves out of this sector. CSIC 8693, Health Care Research Agencies, moves out of this

sector.

For Mexico, the new Health and Social services sector represents the grouping of medical and social assistance classified in CMAP groups 9231, Medical, Dental, and Veterinary Services (Private Sector); 9232, Medical, Dental, and Veterinary Services (Public Sector); 9241, Social Security Services (Private Sector); and 9242, Social Security Services (Public Sector). Veterinary services are no longer included in this sector. A distinction is made between the public and private sector in CMAP for both health and social services. Because this distinction is not maintained in NAICS, it will be made by Mexico at the national industry level.

For the United States, there is a major change to 1987 SIC's 8011, Offices and Clinics of Doctors of Medicine, and 8031, Offices and Clinics of Doctors of Osteopathy. NAICS industry Offices of Physicians now includes both doctors of medicine and doctors of osteopathy. The 1987 distinction between the two types of doctors has been eliminated to recognize the convergence of the two types of medical service. The training and the specialties in which the doctors of medicine and doctors of osteopathy are engaged in many cases are the same and it is more and more common for the two types of doctors to practice together. The U.S. will define a separate national industry for physicians who practice mental health specialties. In addition to this change to 1987 SIC's 8011 and 8031, HMO medical centers and ambulatory surgical and free-standing emergency centers have been moved to NAICS industry Other Outpatient Care Facilities. The U.S. will recognize separate industries for these activities in its national detail. Another major change is the transfer of ambulance services from 1987 SIC's 4119, Local

Passenger Transportation, Not Elsewhere Classified, and 4522, Air Transportation, Nonscheduled, into Ambulatory Health Care Services. The medical services included in the Ambulance Services industry are judged to be of greater significance than the vehicle used and the significance of the medical service dwarfs the transportation service also provided. Dental Laboratories, 1987 SIC 8072, are moved from the medical subsector to the Miscellaneous Manufacturing subsector, because making dentures, crowns, bridgework and artificial teeth is similar to other manufacturing processes classified there.

### *Achievements of Objectives*

The classification meets the objectives for the North American Industry Classification System (NAICS). It is comprised of industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept. In the main, the hierarchical structure of the classification also follows the production concept.

The classification achieves comparability for the three participating countries. All countries agree on the definitions of the industries.

Other objectives of the NAICS project have also been met. New industries that recognize current health and social service establishments have been established. New and emerging service industries have been created, especially in the area of social assistance.

The industries are economically significant. Some NAICS industries are much larger than others, but this was necessary to ensure comparability among the countries or

because it was not possible to further subdivide large industries.

Finally, disruptions to time series, while they exist, have been minimized to the extent possible. Most of the changes to time series reflect the changing structure of health care across the three countries. For the U.S., additional changes have been made to the national detail to reflect these changes.

*Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the four NAICS industry subsectors presented in *Part I, Section A-- Attachment 1*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the four NAICS industry subsectors covered in Part I of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry; R-revised industry; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS and U.S. description		Status code	1987 SIC code	1987 SIC description
XX	Ambulatory Health Care Services			
XXX	Offices of Physicians			
XXXX	Offices of Physicians			
XXXXX	Offices of Physicians except Mental Health Specialists	N	*8011	Offices and Clinics of Doctors of Medicine (except mental health specialists)
			*8031	Offices and Clinics of Doctors of Osteopathy (except mental health specialists)
XXXXX	Offices of Physicians, Mental Health Specialists	N	*8011	Offices and Clinics of Doctors of Medicine (mental health specialists)
			*8031	Offices and Clinics of Doctors of Osteopathy (mental health specialists)
XXX	Offices of Dentists			
XXXX	Offices of Dentists	E	8021	Offices and Clinics of Dentists
XXX	Offices of Other Health Practitioners			
XXXX	Offices of Chiropractors	E	8041	Offices and Clinics of Chiropractors
XXXX	Offices of Optometrists	E	8042	Offices and Clinics of Optometrists
XXXX	Offices of Mental Health Practitioners, except Physicians	N	*8049	Offices and Clinics of Health Practitioners, NEC (mental health practitioners except physicians)
XXXX	Offices of Physical, Occupational, and Speech Therapists and Audiologists	N	*8049	Offices and Clinics of Health Practitioners, NEC (physical, occupational, speech therapists, and audiologists)

XXXX	Offices of All Other Health Practitioners				
XXXXXX	Offices of Podiatrists	E	8043	Offices and Clinics of Podiatrists	
XXXXXX	Miscellaneous Health Practitioners	N	*8049	Offices and Clinics of Health Practitioners, NEC (except mental health practitioners, physical, occupational, speech therapists, and audiologists)	
XXX	Outpatient Care Facilities				
XXXX	Family Planning Centers	N	*8093	Speciality Outpatient Facilities, NEC (family planning centers)	
			*8099	Health and Allied Services, NEC (childbirth preparation)	
XXXX	Outpatient Mental Health Facilities	N	*8093	Specialty Outpatient Facilities, NEC (mental health facilities)	
XXXX	Other Outpatient Care Facilities				
XXXXXX	HMO Medical Centers	N	*8011	Offices and Clinics of Doctors of Medicine (HMO Medical Centers)	
XXXXXX	Kidney Dialysis Centers	E	8092	Kidney Dialysis Centers	
XXXXXX	Ambulatory Surgical and Freestanding Emergency Centers	N	*8011	Offices and Clinics of Doctors of Medicine (surgical and emergency centers)	
XXXXXX	All Other Outpatient Care Facilities	N	*8093	Specialty Outpatient Facilities, NEC (except family planning and mental health centers)	
XXX	Medical and Diagnostic Laboratories				
XXXX	Medical and Diagnostic Laboratories				
XXXXXX	Medical Laboratories	R	*8071	Medical Laboratories (except diagnostic imaging centers)	
XXXXXX	Diagnostic Imaging Centers	N	*8071	Medical Laboratories (diagnostic imaging centers)	
XXX	Home Health Care Services				
XXXX	Home Health Care Services				
XXXXXX	Home Health Agencies	N	*8082	Home Health Care Services (home health agencies)	
XXXXXX	Other Home Health Care Services	N	*8082	Home Health Care Services (except home health agencies)	
XXX	Miscellaneous Ambulatory Health Care Services				
XXXX	Ambulance Services	N	*4119	Local Passenger Transportation, NEC (land ambulance)	
			*4522	Air Transportation, Nonscheduled (air ambulance)	
XXXX	Other Miscellaneous Health Care Services				
XXXXXX	Blood and Organ Banks	N	*8099	Health and Allied Services, NEC (blood and organ banks)	
XXXXXX	All Other Miscellaneous Health Care Services	N	*8099	Health and Allied Services, NEC (except blood and organ banks)	
XX	Hospitals				
XXX	General Medical and Surgical Hospitals				

8062	R	General Medical and Surgical Hospitals	XXXXX
*8069	R	Psychiatric and Substance Abuse Hospitals	XXXXX
8063	R	Psychiatric and Substance Abuse Hospitals	XXXXX
*8069	R	Specialty Hospitals, except Psychiatric and Substance Abuse Hospitals	XXXXX
*8069	R	Specialty Hospitals, except Psychiatric and Substance Abuse Hospitals	XXXXX
*8069	R	Specialty Hospitals, Except Psychiatric (except childrens' and substance abuse hospitals)	XXXXX
*8051	N	Nursing and Residential Care Facilities Nursing Care Facilities Nursing Care Facilities	XX XXX XXXXX
*8052	N	Intermediate Care Facilities (except continuing care retirement communities)	XXXXX
*8059	N	Nursing and Personal Care Facilities, NEC (except continuing care retirement communities and mental retardation facilities)	XXXXX
*8052	N	Mental Health, Mental Retardation, and Substance Abuse Facilities	XXXXX
*8052	N	Mental Retardation Facilities	XXXXX
*8361	N	Mental Health and Substance Abuse Facilities	XXXXX
*8051	N	Community Care Facilities for the Elderly Community Care Retirement Communities	XXX XXXXX XXXXXX
*8052	N	Intermediate Care Facilities (continuing care retirement communities)	XXXXX
*8059	N	Nursing and Personal Care Facilities, NEC (continuing care retirement communities)	XXXXX
*8361	N	Residential Care (homes for the elderly) Other Residential Care Facilities	XXXXX XXX



Residential Care (except mental health and substance abuse facilities, homes for the elderly)	*8361	N	Other Residential Care Facilities	XXXX
Individual and Family Social Services (child and youth services)	*8322	N	Individual and Family Services Child and Youth Services	XXXX
Individual and Family Social Services (services for the elderly)	*8322	N	Services for the Elderly and Persons with Disabilities	XXXX
Individual and Family Social Services (except services for and disabled)	*8322	N	Other Individual and Family Services	XXXX
children, youth, elderly, disabled; food, housing, emergency and relief)				
Individual and Family Social Services (food services)	*8322	N	Community Food, Shelter, and Emergency Relief Services Community Food Services	XXXX
Individual and Family Social Services (temporary shelter)	*8322	N	Community Housing Services Temporary Shelter	XXXX
Individual and Family Social Services (housing services except temporary shelter)	*8322	N	Other Community Housing Services	XXXX
Individual and Family Social Services (emergency and relief services)	*8322	N	Emergency and Other Relief Services	XXXX
Job Training and Vocational Rehabilitation Services	8331	E	Job Training and Vocational Rehabilitation Services Child Day Care Services	XXXX
Child Day Care Services	8351	E	Child Day-care Services	XXXX

TABLE 2

The abbreviation "pt" mean "part of"; @ means a time series break has been created that is greater than 3% of the 1992 revenues for the 1987 SIC industry.

1987 SIC code	1987 SIC description	1997 U.S. description
4119@	Local Passenger Transportation, NEC	Ambulance Services (pt.)
4522@	Air Transportation, Nonscheduled	Ambulance Services (pt.)
8011@	Offices and Clinics of Doctors of Medicine	Ambulatory Surgical and Freestanding Emergency Centers
	Clinics of Physicians, Surgical and Emergency Centers	HMO Medical Centers
	HMO Medical Centers	Offices of Physicians, Mental Health Specialists (pt.)
	Other Offices of Physicians	Offices of Physicians, Except Mental Health Specialists (pt.)
8021	Offices and Clinics of Dentists	Offices of Dentists
8031@	Offices and Clinics of Doctors of Osteopathy	Offices of Physicians, Except Mental Health Specialists (pt.)
	Offices of Doctors of Osteopathy, Except Mental Health	Offices of Chiropractors
8041	Offices and Clinics of Chiropractors	Offices of Optometrists
8042	Offices and Clinics of Optometrists	Offices of Podiatrists
8043	Offices and Clinics of Podiatrists	Offices of Podiatrists
8049	Offices and Clinics of Health Practitioners, Not Elsewhere Classified	Offices of Mental Health Practitioners, Except Physicians
	Mental Health Practitioners, Except Physicians	Offices of Physical, Occupational, and Speech Therapists and Audiologists
	Offices of Physical, Occupational, and Speech Therapists and	
	Audiologists	
8051@	Other Offices of Health Practitioners	Miscellaneous Health Practitioners
	Skilled Nursing Care Facilities	Continuing Care Retirement Communities (pt.)
	Continuing Care Retirement Communities	Nursing Care Facilities (pt.)
8052@	All Other Skilled Nursing Care Facilities	Continuing Care Retirement Communities (pt.)
	Intermediate Care Facilities	
	Continuing Care Retirement Communities	
	Mental Retardation Facilities	
	Other Intermediate Care Facilities	
8059@	Nursing and Personal Care Facilities, Not Elsewhere Classified	Nursing Care Facilities (pt.)

	Continuing Care Retirement Communities	Continuing Care Retirement Communities (pt.)
	Other Nursing and Personal Care Facilities	Nursing Care Facilities (pt.)
8062@	General Medical and Surgical Hospitals	General Medical and Surgical Hospitals (pt.)
8063@	Psychiatric Hospitals	Psychiatric and Substance Abuse Hospitals (pt.)
8069@	Specialty Hospitals, Except Psychiatric	
	Children's Hospitals	General Medical and Surgical Hospitals (pt.)
	Psychiatric and Substance Abuse Hospitals	Psychiatric and Substance Abuse Hospitals (pt.)
	Other Specialty Hospitals	Specialty Hospitals, Except Psychiatric and Substance Abuse Hospitals
8071	Medical Laboratories	
	Diagnostic Imaging Centers	Diagnostic Imaging Centers
	Medical Laboratories, Except Diagnostic Imaging Centers	Medical Laboratories
8072	Dental Laboratories	Dental Laboratories (Included in Miscellaneous Manufacturing subsector)
8082	Home Health Care Services	
	Home Health Agencies	Home Health Agencies
	Home Health Care Services, Except Home Health Agencies	Other Home Health Care Services
8092	Kidney Dialysis Centers	Kidney Dialysis Centers
8093	Specialty Outpatient Facilities, Not Elsewhere Classified	
	Family Planning Centers	Family Planning Centers
	Outpatient Mental Health Facilities	Outpatient Mental Health Facilities
	Other Specialty Outpatient Facilities	All Other Outpatient Care Facilities
8099	Health and Allied Services, Not Elsewhere Classified	
	Blood and Organ Banks	Blood and Organ Banks
	Medical artists	Graphic Design Services (pt.) (Included in Professional, Scientific, and
		Technical Services subsector)
	Medical Photography	Commercial Photography (pt.) (Included in Professional, Scientific, and
		Technical Services subsector)
	Other Health and Allied Services	All Other Miscellaneous Health Care Services
8322	Individual and Family Social Services	
	Child and Youth Services	Child and Youth Services
	Community Food Services	Community Food Services
	Community Housing Services, Except Temporary Shelters	Other Community Housing Services
	Emergency and Other Relief Services	Emergency and Other Relief Services
	Services for the Elderly and Persons with Disabilities	Services for the Elderly and Persons with Disabilities
	Temporary Shelter	Temporary Shelter
	Other Individual and Family Services	Other Individual and Family Services
8331	Job Training and Vocational Rehabilitation Services	Job Training and Vocational Rehabilitation Services
8351	Child Day-care Services	Child Day Care Services
<del>8361</del>	<del>Residential Care</del>	

Homes for the Elderly  
Mental Health and Substance Abuse Facilities  
Other Residential Care

Homes for the Elderly  
Mental Health and Substance Abuse Facilities  
Other Residential Care Facilities

*Description of Changes to the U.S. System*

1. Ambulatory Health Care Services – Sixteen new NAICS or national industries were added to the 1997 industry structure for this subsector to better describe the growing and changing U.S. Ambulatory Health Care Services industries. A number of these new industries were created from 1987 Not Elsewhere Classified (NEC) industries. The new industries are:

Offices of Physicians, except Mental Health Specialists from part of 1987 SIC code 8011, Offices and Clinics of Doctors of Medicine, and part of 1987 SIC code 8031, Offices and Clinics of Doctors of Osteopathy. In most cases, these two types of physicians provide the same services.

Offices of Physicians, Mental Health Specialists from Part of 1987 SIC code 8011, Offices and Clinics of Doctors of Medicine, and part of 1987 SIC code 8031, Offices and Clinics of Doctors of Osteopathy. Mental health is separated from other physicians because the production process they use most differs from that used by other physicians.

Offices of Mental Health Practitioners, Except Physicians from part of 1987 SIC 8049, Offices of Health Practitioners, NEC. This new industry was created because it had a unique production process.

Offices of Physical, Occupational, and Speech Therapists and Audiologists from part of 1987 SIC 8049, Offices of Health Practitioners, NEC. This new industry was created because it had a unique production process.

Miscellaneous Health Practitioners from part of 1987 SIC 8049, Offices and Clinics

of Health Practitioners, NEC. This is one of two new residual categories from the current NEC category. It includes only offices of practitioners.

Family Planning Centers from part of 1987 SIC 8093, Specialty Outpatient Clinics, NEC, and part of 1987 SIC 8099, Health and Allied Services, NEC. This new industry was created because it had a unique production process.

Outpatient Mental Health Facilities from part of 1987 SIC 8093, Specialty Outpatient Clinics, NEC. This new industry was created because it had a unique production process.

HMO Medical Centers from part of 1987 SIC 8011, Offices and Clinics of Doctors of Medicine. The range of services provided in these centers are generally greater than in physician offices.

Ambulatory Surgical and Freestanding Emergency Centers from part of 1987 SIC 8011, Offices and Clinics of Doctors of Medicine. This new industry was created because it had a unique production process .

All Other Outpatient Care Facilities from part of 1987 SIC 8049, Offices and Clinics of Health Practitioners, NEC. This is the second residual category from the current NEC. It contains only outpatient care facilities.

Diagnostic Imaging Centers from part of 1987 SIC 8071, Medical Laboratories. This new industry was created because it had a unique production process .

Home Health Agencies from part of 1987 SIC 8082, Home Health Care Services. This industry provides skilled nursing, physical and other therapy, and other services provided in the home.

Other Home Health Care Services from part of 1987 SIC 8082, Home Health Care Services. This residual of the current industry includes, for example, home inhalation, infusion, and perfusion therapy.

Ambulance Services from parts of 1987 SIC 4119, Local Passenger Transportation, Not Elsewhere Classified, and 1987 SIC 4522, Air Transportation, Nonscheduled. The medical service provided by ambulance personnel is more important than the transportation.

Blood and Organ Banks from part of 1987 SIC 8099, Health and Allied Services, NEC. The new industry was created because it had a unique production process.

All Other Miscellaneous Health Care Services from part of 1987 SIC 8099, Health and Allied Services, NEC. This is the new residual category for the current 8099.

2. Hospitals – There are no new industries, but some content changes were made to achieve comparability among the three countries. These are:

Children’s hospitals were moved from 1987 SIC 8069, Specialty Hospitals, except Psychiatric, to General Medical and Surgical Hospitals. These hospitals provide the wide variety of services found in general hospitals.

Alcohol and drug abuse hospitals were moved from 1987 SIC 8069, Speciality Hospitals, except Psychiatric, to form part of Psychiatric and Substance Abuse Hospitals to recognize the growing number of these hospitals.

3. Nursing and Residential Care Facilities – The three industries in 1987 SIC Industry Group 805, Nursing and Personal Care Facilities, and 1987 SIC 8361, Residential Care, have been redistributed into five NAICS industries and two additional National industries

to better describe this growing activity and to eliminate the distinction made in 1987 based on the Medicare/Medicaid programs. The new industries are:

Nursing Care Facilities from parts of 1987 SIC 8051, Skilled Nursing Care Facilities; 1987 SIC 8052, Intermediate Care Facilities; and 1987 SIC 8059, Nursing and Personal Care Facilities, NEC. These industries were combined because many establishments provide care for persons needing varying levels of health care.

Mental Retardation Facilities from part of 1987 SIC 8052, Intermediate Care Facilities. This new industry was created because it had a production process not found in nursing homes.

Mental Health and Substance Abuse Facilities from part of 1987 SIC 8361, Residential Care. This new industry was created because it had a unique production process.

Continuing Care Retirement Communities from parts of 1987 SIC 8051, Skilled Nursing Care Facilities; 1987 SIC 8052, Intermediate Care Facilities; and 1987 SIC 8059, Nursing and Personal Care Facilities, NEC. This new industry was created to handle the growing number of establishments having facilities for various levels of care at one facility, including nursing care, housekeeping, meal service, and other services to assist elderly persons in daily living.

Homes for the Elderly from part of SIC 1987 8361, Residential Care. This new industry was created to provide data on establishments known as retirement homes or assisted living facilities, where medical care is incidental.

Other Residential Care Facilities from part of 1987 SIC 8361, Residential Care. This



is a new residual category from the current 8361, Residential Care.

4. Social Assistance – 1989 SIC 8322, Individual and Family Social Services, has been split into seven new industries in two industry groups. These new industries reflect the growing and changing character of social assistance industries. Additional industries for social assistance were requested by several organizations interested in activities of not for profit organizations. These new industries were created to fill that need and because the new industries had different production processes.

The industries included in the industry group Individual and Family Services are:

Child and Youth Services,

Services for the Elderly and Persons with Disabilities,

Other Individual and Family Services

The industries under the new industry group Community Food, Shelter, and Emergency Relief Services are:

Community Food Services

Temporary Shelter (U.S. national industry)

Other Community Housing Services (U.S. national industry)

Emergency and Other Relief Services

## **Part II--Proposed New Industry Structure for Educational Services**

### *Section A--NAICS Structure*

## North American Industry Classification System

(NAICS)

## Agreement Number 12

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following subsector:

Educational Services

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries.

This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on September 27, 1995 - September 29, 1995 in Mexico City, Mexico.

Accepted

Signature

Date

Canada

/S/ Jacob Ryten

9/29/95

Mexico /S/ Enrique Ordaz 9/29/95

United States /S/ Jack E. Triplett 9/29/95

## ATTACHMENT 1--NAICS STRUCTURE

XX	Educational Services
XXX	Elementary and Secondary Schools
XXXX	Elementary and Secondary Schools
XXX	Junior Colleges
XXXX	Junior Colleges
XXX	Colleges, Universities, and Professional Schools
XXXX	Colleges, Universities, and Professional Schools
XXX	Business, Computer and Management Training Schools
XXXX	Business and Secretarial Schools
XXXX	Computer Training Schools
XXXX	Professional and Management Development Training Schools
XXX	Technical and Trade Schools
XXXX	Technical and Trade Schools
XXX	Miscellaneous Schools and Instruction
XXXX	Fine Arts Schools
XXXX	Athletic Instruction
XXXX	Language Schools

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XXXX Other Miscellaneous Schools and Instruction

XXX Educational Support Services

XXXX Educational Support Services

## **Attachment 2--North American Industry Classification System**

Draft Classification for:

Educational Services

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industry classification for these industries.

This draft classification applies to the subsector Educational Services. This subsector is subdivided into 7 industry groups and 12 industries.

### *A General Outline*

Educational services industries provide instruction and training in a wide variety of subjects. The industry groups within this subsector (Elementary and Secondary Schools; Junior Colleges; Colleges, Universities, and Professional Schools; Business, Computer and Management Training Schools; Technical and Trade Schools; Miscellaneous Schools and Instruction; and Educational Support Services) are based on the level of educational services provided, and therefore on the level and types of training that are required of the

instructors and teachers.

The Elementary and Secondary Schools industry group includes establishments that furnish courses that comprise each country's basic preparatory education. Included are parochial schools and military academies furnishing basic preparatory academic courses and secondary schools that furnish both academic and technical courses.

Junior Colleges furnish academic or academic and technical courses and grant associate or equivalent academic degrees, diplomas, or certificates that are below the college or university level. This grouping includes community colleges that offer associate degrees. The requirement for admission to an associate or equivalent degree program is at least a high school diploma or equivalent general academic training. Schools having junior college grades in conjunction with secondary grades are classified in Elementary and Secondary Schools.

Colleges, Universities, and Professional Schools furnish academic courses and grant academic degrees at the baccalaureate or postgraduate level. The requirement for admission is at least a high school diploma or equivalent general academic training.

Business, Computer and Management Training Schools include establishments that provide training in business, secretarial, computer, and related fields. This industry group contains three industries. Business and Secretarial Schools offer courses in office procedures and secretarial and stenographic skills and may offer courses in basic computer skills, word processing, spreadsheet, and desktop publishing. In addition, they offer such classes as office machine operation, reception, communications, and other skills designed for individuals pursuing a clerical or secretarial career or a career in court

reporting. Colleges of business within universities are excluded. The Computer Training Schools industry reflects the increasing demand for on-site and specialized computer training. Establishments included in this industry conduct training on all phases of computer activities including computer programming, software packages, computerized business systems, computer electronics technology, computer operations, and local area network management. Establishments that design custom computer systems and then provide training in the use of these custom systems are excluded; these establishments are included in the Professional, Scientific and Technical Services subsector. Professional and Management Development Training Schools include establishments that offer an array of short duration courses and seminars for career development. These establishments may customize or modify their courses to meet the special needs of customers. The courses typically focus on executive management and professional development and may be provided directly to individuals or through employers' training programs. The courses may be offered on-site or off-site.

Technical and Trade Schools provide training in a wide variety of technical subjects and trades. Because the nature of technical training varies so widely among the three countries, only one NAICS 4-digit industry is defined within this industry group. Each country may provide national industry detail below the NAICS industry level to reflect technical and trade schools found within each country.

The Miscellaneous Schools and Instruction industry group includes 4-digit industries for Fine Arts Schools, Athletic Instruction, and Language Schools. Fine Arts Schools include art schools, drama schools, music schools, professional dance schools, other

dance schools and studios. However, schools that offer high school diplomas or academic degrees are placed in the other appropriate industry groups, even if they specialize in fine arts. Athletic Instruction includes establishments that provide training in athletic activities such as baseball, basketball, golf, martial arts, and skiing. Language Schools are establishments that teach foreign languages. They are designed to offer language instruction ranging from conversational skills for personal enrichment to intensive training courses for career or educational opportunities. Skills taught by these establishments may include speaking, reading, and writing in another language.

Educational Support Services include educational consultants, educational test development and evaluation services, educational testing services, student exchange programs, educational curriculum development, and other non-instructional services that support educational processes or systems. Establishments primarily engaged in providing job training for the unemployed, underemployed, persons with disabilities, and persons who have a job market disadvantage because of a lack of education, job skills, or experience are classified in the Health and Social Assistance sector.

### *Limitations and Constraints of the Classification*

Defining educational services industries that are economically significant and homogeneous was often difficult due to lack of data. Some industries that were considered when establishing NAICS industries for educational services are either too small or not specialized in all three countries, for example correspondence schools. It is

not possible to use the proposed system to identify specific fields of study because many establishments offer a wide range of courses. Further, it is not possible to differentiate career-oriented training from training taken for personal development as many types of establishments provide both kinds of training.

The way activities are defined in establishments differs in the three countries, preventing the establishment of additional NAICS industries. For example, in Mexico there are separate establishments that provide special educational instruction for elementary and secondary school students with learning disabilities while in the United States and Canada, special educational instruction is generally provided by schools serving all students. Also in the United States, establishments providing trade apprenticeship training are separately identifiable, whereas in the other countries this type of training generally occurs “on the job.”

Changes were required in each country’s national classification to reach international comparability. The production principle was applied whenever these changes were required.

### *Relationship to ISIC*

Most 4-digit NAICS industries in this sector are contained within Division 80, Education, of the current International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) of the United Nations. Therefore, data tabulated using NAICS also can be tabulated according to ISIC with the following exceptions: (1)



Informal education activities below kindergarten (or preschool in Mexico) are often combined with day-care, and are classified with the Child Day-care industry in the NAICS subsector for Social Assistance and (2) NAICS classifies athletic instruction in Educational Services , but ISIC classifies it in 924, Sporting and Other Recreational Activities. There are five 4-digit industries covering educational services in ISIC while NAICS is more detailed, providing for twelve industries. The NAICS industries for Junior Colleges and Colleges, Universities, and Professional Schools are directly comparable to ISIC industry, 8030, Higher Education. In ISIC, Elementary and Secondary Schools are separate industries, while in NAICS they are combined, because in the U.S. data on schools are usually collected from school systems that operate both levels.

#### *Some Changes to National Classification*

In Canada CSIC 8521, Post-Secondary Non-University Education, has been split into Junior Colleges, Business and Secretarial Schools, Computer Training, Technical and Trade Schools, and Fine Arts Schools. Aviation Schools have been moved out of CSIC 4513, Non-Scheduled Air Transport Specialty Industry, to this subsector because they primarily provide instruction, even though aircraft may be required in some portions of the instruction process. Sports instruction has been moved out of CSIC 96, Amusement and Recreational Service Industries, and becomes NAICS industry, Athletic Instruction. CSIC 8599, Other Educational Services, has been split into Language Schools, Other Miscellaneous Instruction and Educational Support Services. Two industries have been

moved from Educational Service Industries. These are CSIC 8541, Library Services, to the new Information sector, and CSIC 8551 Museums and Archives, to the new Museums, Historical Sites and Similar Institutions subsector. Both will be published separately.

The Mexican CMAP groups 9211, Education Services (Private), and CMAP 9212, Education Services (Public), are combined in the NAICS Educational Services subsector. The NAICS Educational Services subsector does not distinguish between establishments in the private and public sectors. Mexico will make this distinction in its national detail. The only activities that came from another CMAP subsector are athletic instruction and educational support services.

For the United States, cosmetology and barber schools moved into Educational Services from 1987 SIC's 7231, Beauty Shops, and 7241, Barber Shops. Dance schools move into Educational Services from 1987 SIC 7911, Dance Studios, Schools, and Halls. A dancing school is not closely related to a ballroom, though both may have dance floors. Athletic instruction moves from 1987 SIC 7999, Amusement and Recreation Services, Not Elsewhere Classified, to Educational Services. Libraries, 1987 SIC 8231, have been moved from Educational Services to the new Information sector, to be published separately.

### *Achievement of Objectives*

The classification meets the objectives for the North American Industry Classification

System (NAICS). It is comprised of industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept. In the main, the hierarchical structure of the classification also follows the production concept.

The classification achieves comparability for the three participating countries. All countries agree on the detailed definitions of the industries. However, each country will use terminology that reflects its own educational system.

Other objectives of the NAICS project have also been met. New industries have been added to reflect trends in adult education and professional training.

The industries are highly specialized and economically significant. This enhances the classification's suitability for sampling and other aspects of survey operations. Finally, disruptions to time series, while they exist, have been minimized and generally result from subdividing existing "not elsewhere classified" industries. The major changes are well-defined and can be taken into account in linking time series.

#### *Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the NAICS industry subsector presented in *Part II, Section A-- Attachment 1*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be

aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the NAICS industry subsector covered in Part II of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry R-revised industry; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS and U.S. description		Status	1987 SIC	1987 SIC description
		code	code	
XX	Educational Services			
XXX	Elementary and Secondary Schools			
XXXX	Elementary and Secondary Schools	E	8211	Elementary and Secondary Schools
XXX	Junior Colleges			
XXXX	Junior Colleges	E	8222	Junior Colleges and Technical Institutes
XXX	Colleges, Universities, and Professional Schools			
XXXX	Colleges, Universities, and Professional Schools	E	8221	Colleges, Universities, and Professional Schools
XXX	Business, Computer, and Management Training Schools			
XXXX	Business and Secretarial Schools	E	8244	Business and Secretarial Schools
XXXX	Computer Training Schools	E	8243	Data Processing Schools
XXXX	Professional and Management Development Training Schools	N	*8299	Schools and Educational Services, Not Elsewhere Classified (professional and management development training)
XXX	Technical and Trade Schools			

XXXX	Technical and Trade Schools			
XXXXXX	Cosmetology and Barber Schools	N	*7231	Beauty Shops (beauty and cosmetology schools)
			*7241	Barber Shops (barber colleges)
XXXXXX	Vocational and Technical Schools	N	*8249	Vocational Schools, Not Elsewhere Classified (vo-tech schools, except high schools)
XXXXXX	Aviation and Flight Training	N	*8249	Vocational Schools, Not Elsewhere Classified (aviation schools, excluding flying instruction)
			*8299	Schools and Educational Services, Not Elsewhere Classified (flying instruction)
XXXXXX	Apprenticeship Training	N	*8249	Vocational Schools, Not Elsewhere Classified (vocational apprenticeship training)
XXXXXX	Other Technical and Trade Schools	N	*8249	Vocational Schools, Not Elsewhere Classified (except vo-tech schools, aviation and flight training, apprenticeship training, and driving schools)
XXX	Miscellaneous Schools and Instruction			
XXXX	Fine Arts Schools	N	*8299	Schools and Educational Services, Not Elsewhere Classified (art, drama, and music schools)
			*7911	Dance Studios, Schools, and Halls (dance instructors, and professional and other dance schools)

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XXXX	Athletic Instruction	N	*7999	Amusement and Recreation Services, Not Elsewhere Classified (baseball, basketball, bowling, gymnastic, judo, karate, parachute, scuba and skin diving, skating, ski, swimming, tennis, and other sports instruction; and sports instructional schools and camps)
XXXX	Language Schools	N	*8299	Schools and Educational Services, Not Elsewhere Classified (language schools)
XXXX	Other Miscellaneous Schools and Instruction			
XXXXX	Exam Preparation and Tutoring	N	*8299	Schools and Educational Services, Not Elsewhere Classified (exam preparation and tutoring)
XXXXX	Automobile Driving Schools	N	*8249	Vocational Schools, Not Elsewhere Classified (truck driving schools)
			*8299	Schools and Educational Services, Not Elsewhere Classified (automobile driving instruction)
XXXXX	All Other Miscellaneous Schools and Instruction	N	*8299	Schools and Educational Services, Not Elsewhere Classified (except professional and management training, aviation and flight training, fine arts schools, language schools, exam preparation and tutoring, automobile driving schools, and educational support services)
XXX	Educational Support Services			

XXXX	Educational Support Services	N	*8299	Schools and Educational Services Not Elsewhere Classified (except instruction)
			*8748	Business Consulting Services, Not Elsewhere Classified (educational test development and evaluation services, educational testing services, and educational consultants)



TABLE 2

The abbreviation “pt” means “part of” @ means time series break has been created that is greater than 3% of the 1992 revenues for the 1987 SIC industry.

1987 SIC code	1987 SIC description	1997 U.S. description
7231@	Beauty Shops	
	Beauty Shops	Beauty Shops (Included in Consumer Services subsector)
	Beauty and Cosmetology Schools	Cosmetology and Barber Schools (pt.)
7241	Barber Shops	
	Barber Shops	Barber Shops (Included in Consumer Services subsector)
	Barber Colleges	Cosmetology and Barber Schools (pt.)
7911@	Dance Studios, Schools, and Halls	
	Dance Studios and Halls	Miscellaneous Operators of Sports and Recreation Facilities (Included in Recreation, Amusement, and Gambling subsector)
	Dance Schools	Fine Arts Schools (pt.)
7999	Amusement and Recreation Services, Not Elsewhere	Athletic Instruction
	Classified	
8211	Elementary and Secondary Schools	Elementary and Secondary Schools
8221	Colleges, Universities, and Professional Schools	Colleges, Universities, and Professional Schools
8222	Junior Colleges and Technical Schools	Junior Colleges
8231	Libraries	Libraries and Archives (Included in Information subsector)

8243	Data Processing Schools	Computer Training Schools
8244	Business and Secretarial Schools	Business and Secretarial Schools
8249@	Vocational Schools, Not Elsewhere Classified	
	Trade Schools	Apprenticeship Training
	Truck Drivers Schools	Automobile Driving Schools (pt.)
	Aviation Schools	Aviation and Flight Training (pt.)
	Vocational Schools	Vocational and Technical Schools
	Other Technical and Trade Schools	Other Technical and Trade Schools
8299@	Schools and Educational Services, Not Elsewhere Classified	
	Flying Instruction	Aviation and Flight Training (pt.)
	Automobile Driving Instruction	Automobile Driving Schools (pt.)
	Curriculum Development, Educational	Educational Support Services (pt.)
	Exam Preparation and Tutoring	Exam Preparation and Tutoring
	Art Schools	Fine Arts Schools (pt.)
	Language Schools	Language Schools
	Personal Development Schools	Professional and Management Development Training (pt.)
	All Other Schools and Educational Services, Not Elsewhere Classified	All Other Miscellaneous Instruction
8748@	Business Consulting Services, Not Elsewhere Classified	Educational Support Services (pt.)

*Description of Changes to the U.S. System*

Educational Services - Thirteen new industries are added to the 1997 industry structure for this industry subsector. Most of these new industries have been formed by breaking apart old Not Elsewhere Classified (NEC) industries in the 1987 U.S. SIC. New industries are as follows:

Professional and Management Development Training Schools from part of 1987 SIC 8299, Schools and Educational Services, NEC. This new industry was created because it had a unique production function.

Cosmetology and Barber Schools from part of 1987 SIC 7231, Beauty Shops, and 1987 SIC 7241, Barber Shops. This was moved to this sector because the primary activity is education, even though these schools give hair cuts.

Vocational and Technical Schools from part of 1987 SIC 8249, Vocational Schools, NEC. This new industry was created because it had a unique production function.

Aviation and Flight Training from parts of 1987 SIC 8249, Vocational Schools NEC, and 1987 Industry Code 8299, Schools and Educational Services, NEC. This new industry was created because it had a unique production function.

Apprenticeship Training from part of 1987 SIC 8249, Vocational Schools, NEC. This new industry was created because it had a unique production function.

Other Technical and Trade Schools from part of 1987 SIC 8249, Vocational Schools, NEC. This is the residual five digit category for the four digit industry Technical and Trade Schools.

Fine Arts Schools from parts of 1987 SIC 8299, Schools and Educational Services, NEC, and 1987 SIC 7911, Dance Studios, Schools, and Halls. This new industry was created because it had a unique production function.

Athletic Instruction from part of 1987 SIC 7999, Amusement and Recreation Services, NEC. This was moved to this sector because the primary activity is education, rather than entertainment.

Language Schools from part of 1987 SIC 8299, Schools and Educational Services, NEC. This new industry was created because it had a unique production function.

Exam Preparation and Tutoring from part of 1987 SIC 8299, Schools and Educational Services, NEC. This new industry was created because it had a unique production function.

Automobile Driving Schools from parts of 1987 SIC 8249, Vocational Schools, NEC, and SIC 8299, Schools and Educational Services, NEC. This new industry was created because it had a unique production function.

All Other Miscellaneous Schools and Instruction from part of 1987 SIC 8299, Schools and Educational Services, NEC. This is the residual category for the subsector.

Educational Support Services from parts of 1987 SIC 8299, Schools and Educational Services, NEC, and 1987 SIC 8748, Business Consulting Services, NEC. This new industry differs from the others in that it provides support to educational industries, rather than providing instruction.

A major change to the 1987 Major Group, Educational Services, is the movement of 1987 SIC 8231, Libraries, to the new Information sector.

The number of Educational Services industries increased from 8 to 18. For time series linkage, six of the eight 1987 industries are comparable within three percent of the 1997 industries.

### **Part III--Proposed New Industry Structure for Computer and Electronic Product Manufacturing**

#### *Section A--NAICS Structure*

North American Industry Classification System

(NAICS)

Agreement Number 13

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following subsector:

Computer and Electronic Product Manufacturing

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is

made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on September 27, 1995 - September 29, 1995 in Mexico City, Mexico.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	9/29/95
Mexico	/S/ Enrique Ordaz	9/29/95
United States	/S/ Jack E. Triplett	9/29/95

#### ATTACHMENT 1--NAICS STRUCTURE

XX	Computer and Electronic Product Manufacturing
XXX	Computer and Peripheral Equipment Manufacturing
XXXX	Computer and Peripheral Equipment Manufacturing
XXX	Communications Equipment Manufacturing
XXXX	Telephone Apparatus Manufacturing
XXXX	Broadcast and Studio Equipment for Radio, TV, and Cable Manufacturing
XXXX	Other Communications Equipment Manufacturing

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XXX	Audio and Video Equipment Manufacturing
XXXX	Audio and Video Equipment Manufacturing
XXX	Semiconductor and Electronic Component Manufacturing
XXXX	Semiconductor and Electronic Component Manufacturing
XXX	Navigational, Measuring, Medical and Control Instrument Manufacturing
XXXX	Navigational, Measuring, Medical and Control Instrument Manufacturing
XXX	Manufacturing and Reproduction of Magnetic and Optical Media
XXXX	Manufacturing and Reproduction of Magnetic and Optical Media (Includes the manufacturing of blank audio and video tapes, diskettes and CD-ROMs, and reproduction of software, audio, video, and multimedia products)

## **Attachment 2--North American Industry Classification System**

Draft Classification for:

Computer and Electronic Product Manufacturing

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industrial classification for these industries.

The draft classification provides for the subsector, Computer and Electronic Product

Manufacturing. This subsector is further subdivided into six industry groups and eight industries. The subsector will be part of the Manufacturing sector of the classification.

### *A General Outline*

The Computer and Electronic Product Manufacturing industries produce computers, computer peripherals, communications equipment, and similar electronic products, together with components for such products. The treatment of this subsector in NAICS differs substantially from past national classifications in all three countries, and also from other international classifications.

First, in NAICS the computer and electronic product manufacturing industries have been elevated to a separate subsector that brings together in the classification the manufacture of electronic products and their components. In previous national classification systems, and in the International Standard Industrial Classification of All Economic Activities (ISIC, Revision 3) of the United Nations, these industries are placed in machinery industries or with electrical equipment. Computer and electronic product manufacturing industries have been elevated in the hierarchy of NAICS because of the economic importance they have attained, because their rapid growth suggests that they will become even more important in the economies of all three North American countries in the future, and because their manufacturing processes are fundamentally different from the manufacturing processes of other machinery and electrical components with which they have been grouped in the past, and are grouped in ISIC.



Computers, communications equipment, and other electronic devices can of course be regarded as types of machines, which has been the view embodied in past classification systems. However, in NAICS the application of mechanical principles defines the Machinery subsector, because it describes the production processes (gear cutting and so forth) that must be used to manufacture machinery that functions on mechanical principles. Mechanical principles are not significant in the operation of computers and other electronic devices, and the production of computers, communications equipment and other electronic devices is not characterized by the processes that are used in the Machinery subsector.

Instead, the design and use of integrated circuits and the application of highly specialized miniaturization technologies are common elements in the production technologies of the Computer and Electronic Product Manufacturing subsector. The production processes are in a constant state of technological development, such that heavy research and development expenditures are necessary to cope with rapid obsolescence of tangible and intangible assets. The manufacture of these products is grouped together because similar production processes are used.

A second substantive difference between NAICS and most other classification systems involves the grouping itself. In NAICS, the manufacture of integrated circuits and related electronic components is placed in the same subsector as the manufacturing of computers, communications equipment and other end products for which these components are an essential part of the end-product technology. Moreover, NAICS combines in the same subsector end products that have different uses--for example,

computers, communications equipment, and audio equipment--but have similar and converging technologies.

Convergence of technology motivates the NAICS groupings. Digitalization of sound recording, for example, causes both the medium (the "compact disk") and the equipment to resemble the technologies for recording, storing, transmitting and manipulating data. Communications technology and equipment have been converging with computer technology. Machines already exist that can send fax messages, copy electronically, and print documents. Transmission technology may take the form of a dedicated, separately-housed machine (end product), or the same technology may be incorporated into a board mounted inside a computer (in which case it is technically an electronic component); thus, the component/end product distinction no longer justifies separating electronic components in a separate part of the classification system from electronic end products. Combining in the same subsector the production of equipment designed for different end uses, and also combining in the same subsector the components with the end-use equipment, is justified by rapid convergence in the production technologies and by the expected continued convergence of technology.

When technologically related components are in the same sector, it makes it easier to adjust the classification for future changes, without needing to redefine its basic structure. The creation of the Computer and Electronic Product Manufacturing subsector will assist in delineating new and emerging industries because the activities that will serve as the probable sources of new industries--such as computer manufacturing and communications equipment manufacturing, or computers and audio equipment--are

brought together. As new activities emerge, they are less likely therefore to cross the subsector boundaries of the classification.

In addition, the three countries put a priority in NAICS on the delineation of industries engaged in the production of advanced technologies. The creation of this subsector is a response to that priority. It groups activities that are constantly developing and applying new scientific and engineering knowledge.

Though the three countries' statistical agencies agree that the growth of computer and electronic components in all three countries is likely to be significant in the future, and that accordingly it merits treatment as a subsector in NAICS, many differences currently exist in the degrees of specialization and differentiation in the three countries. The United States has more diversification and more specialization in these high technology sectors than does either Canada or Mexico. For this reason, it was necessary to specify NAICS 4-digit industries in this sector at a relatively broad level of detail. By setting up a forward-looking classification, it will be easier to subdivide NAICS 4-digit industries in the future, as the sector expands in all three countries, without requiring major shifts in the classification system. This is especially important in view of the fact that the technologies that are common across all of the industries in this subsector may converge in the future as well as differentiate.

The Computer and Electronic Product Manufacturing subsector is subdivided into six industry groups. Computer and Peripheral Equipment Manufacturing comprises the production of computers and associated products such as storage devices and monitors. Communication Equipment Manufacturing includes the manufacture of telephone

apparatus and radio and television studio and broadcast equipment. Audio and Video Equipment Manufacturing covers household and commercial radios, televisions, video equipment and similar articles. Semiconductor and Electronic Component Manufacturing includes the manufacture of a broad range of components used as parts in this subsector. The loading of circuit boards is classified here. Navigational, Measuring, Medical and Control Instrument Manufacturing includes the manufacture of such products as radar and sonar equipment and industrial process control equipment.

The sixth industry group, Manufacturing and Reproduction of Magnetic and Optical Media, includes the production of media such as video tapes and CD-ROMs, and the mass duplication of these media. It should be noted that the manufacture of packaged software is placed in this sector; however, the publishing of software, and its distribution electronically, is placed in the new NAICS Information sector, to be published separately, while traditional custom applications of software to client specification are in the Professional, Scientific and Technical Services subsector. These changes were made to represent better the different ways that software is produced and distributed. Sources within the industry and without have noted that the attempt, in past classification systems, to locate all software in a single portion of the classification system (the Services sector, or the Manufacturing sector) obliterates useful distinctions in software production and distribution, and tends, whatever the decision, to become rapidly obsolete as the nature and use of software changes. The NAICS structure is intended to facilitate the production of data on such changes, rather than obliterating them.

Consideration was given to subdividing this industry. Two possibilities were

considered. Establishments could be distinguished based on the type of media, for example, CD-ROMs and diskettes or on the type of application, for example software and entertainment. This was not done for two reasons. First, the production process is often the same for a particular medium regardless of the application. For example, a blank CD-ROM can be used for recording music or for recording software. The format used for recording music CD-ROMs is also commonly used in multimedia software applications. Secondly, some establishments combine the production of the possible subdivisions. Establishments exist that produce both diskettes and CD-ROMs. These technological and establishment organization issues precluded a subdivision of the industry for NAICS. It is also the case that any subdivisions would be very small in Canada and Mexico.

#### *Limitations and Constraints of the Classification*

In the Computer and Electronic Product Manufacturing subsector, most activities that were identified in one country exist in the others. However, as noted above, often an activity is not economically significant to the same degree in all countries. For example, a broad NAICS Computer and Peripheral Equipment Manufacturing industry was created because in Canada and Mexico establishments that primarily manufacture computers also produce peripherals to a significant degree. In Canada, a computer manufacturing industry would have a specialization ratio of only 70%. In addition, there is evidence that the lines between computer and peripheral equipment manufacturing are becoming less precise even in the U.S. The U.S. specialization ratio for computer manufacturing

declined from 87% to 82% between 1987 and 1992. As another example, a relatively broad NAICS industry was created for Semiconductor and Electronic Component Manufacturing, partly because any possible subdivisions are small or confidential in Canada and Mexico.

Each country may publish additional national industries that comprise subdivisions of NAICS industries, to present data for activities that are nationally significant. Though these national industries are also constrained by the desire to preserve time series comparability within each country's statistics, so far as possible, the three countries are committed to increased international comparability of industrial statistics in these high technology sectors, as development in the three economies makes it feasible.

Bringing electronic components and end products together in the classification has inevitably produced some anomalies at the boundary of the sector. For example, most of the traditional instrument industries have been located in this subsector because electronic measuring devices and instruments have rapidly displaced mechanical and electrical types that served similar functions. It was, however, not practical to split off all of the traditional forms of instruments, partly for the sake of preserving time series, partly because the establishments themselves have shifted from the old to the new technology, and partly because the rapid eclipse of some traditional instrument types may mean that an industry or industries for mechanical instrument manufacturing (in Miscellaneous Manufacturing) would soon become obsolete, even if it were established in NAICS. As a consequence, however, some activities that are neither electronic nor "high tech" (watch springs, for example) appear anomalously in this subsector.

For those users requiring detailed commodity information, each country will publish information on the products of these industries. Efforts are also underway to harmonize the commodity classifications to allow for greater comparability of these statistics.

### *Relationship to ISIC*

The Computer and Electronic Product Manufacturing subsector does not closely match any existing Division of the current International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) of the United Nations. Computers and peripherals are classified in ISIC Division 30, Manufacture of Office, Accounting and Computing Machinery. Communications equipment, audio and video equipment and most electronic components are in ISIC Division 32, Manufacture of Radio, Television and Communication Equipment and Apparatus. Navigational, measuring and controlling equipment are included in ISIC Division 33, Manufacture of Medical, Precision and Optical Instruments, Watches and Clocks. Other activities in this subsector are classified in three additional ISIC Divisions.

However, of the eight NAICS 4-digit industries in this subsector, six of them are each contained entirely within a single ISIC Division. The other two NAICS industries cross two ISIC Divisions: Semiconductor and Electronic Component Manufacturing is largely included in ISIC Division 32, but includes the manufacture of electronic coils, transformers, connectors and switches that are classified in ISIC Division 31, Manufacture of Electrical Machinery and Apparatus, NEC. Manufacturing and

Reproduction of Magnetic and Optical Media is split between ISIC Division 24, Manufacture of Chemicals and Chemical Products (the manufacture of media) and ISIC Division 22, Publishing, Printing and Reproduction of Recorded Media (mass duplication); in North America, these activities take place in the same establishments, so they are combined in NAICS.

Most of ISIC Division 32 is included in this subsector. However, the other ISIC Divisions (31, 24 and 22) linked to the Computer and Electronic Component Manufacturing subsector all have significant activities that are classified elsewhere in NAICS.

#### *Some Changes to the National Classifications*

For all countries, the creation of the Computer and Electronic Product Manufacturing subsector represents a significant change to the structure of the current national classifications.

For Canada, the subsector is largely the sum of three industry groups in Electrical and Electronic Products Industries (CSIC 334, 335 and 336) and instruments now in Other Manufacturing Industries (part of 391). The amount of detail of this NAICS subsector is less than that contained in the Canadian classification.

For Mexico, the Computer and Electronic Product Manufacturing subsector has coverage similar to the Mexican classification's Manufacture and Assembly of Electronic Radio, Television, Communications and Medical Equipment (CMAP 3832),



combined with the computers and peripherals activities from Manufacture and Assembly of Office Calculating and Data Processing Machines (3823). The amount of detail of this NAICS subsector is similar to that of these areas of the Mexican classification.

For the United States, this subsector includes activities from three major groups. Computers and peripherals are now in Computer and Office Equipment, 1987 Industry Group 357; instruments are now a large part of 1987 SIC Major Group 38, Measuring, Analyzing, and Controlling Instruments; Photographic, Medical and Optical Goods; Watches and Clocks; and the remaining NAICS activities in this subsector are largely classified in 1987 Major Group 36, Electronic and Other Electric Equipment (especially 365, 366 and 367). NAICS provides much less industry detail than the 1987 U.S. SIC. However, the U.S. national industries will provide similar detail below the NAICS industry level.

### *Achievement of Objectives*

The classification meets the objectives for the North American Industry Classification System (NAICS). It includes industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept. The hierarchical structure of the classification also follows the production concept. For example, computer peripherals and electronic components are both used in the manufacture of computers; however, components are separated from peripherals in the hierarchy because the production process used in the manufacture of peripherals is more like that of

computers, with assembly of parts being important, while the manufacture of electronic components is driven by miniaturization techniques.

The industries have high specialization ratios, and they are economically significant. Some are much larger than others, but this was necessitated by the considerations discussed above under *Limitations and Constraints of the Classification*. The classification is still suitable for sampling, data-publishing and other aspects of survey operations. Finally, while disruptions to time series exist, they are mostly at the level of the aggregation structure. The statistical agencies can develop statistical "links" to enable the re-tabulation of time series on the new NAICS classification structure.

The classification achieves comparability for the three participating countries. Based on existing data, all three countries expect to be able to publish data regularly at the industry (4-digit) level of the structure. All countries agree on the detailed definitions of the industries.

#### *Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the NAICS industry subsector presented in *Part III, Section A-- Attachment I*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be

aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the NAICS subsector covered in Part III of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry; R-revised industry; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS & U.S. description		Status code	1987 SIC code	1987 SIC description
XX	Computer and Electronic Product Manufacturing			
XXX	Computer and Peripheral Equipment Manufacturing			
XXXX	Computer and Peripheral Equipment Manufacturing			
XXXXX	Electronic Computer Manufacturing	E	3571	Electronic Computers
XXXXX	Computer Storage Device Manufacturing	E	3572	Computer Storage Devices
XXXXX	Computer Terminal Manufacturing	E	3575	Computer Terminals
XXXXX	Other Computer Peripheral Equipment Manufacturing	R	3577	Computer Peripheral Equipment, NEC
			*3578	Calculating and Accounting Machines, Except Electronic Computers (point of sale terminals and fund transfer devices)
			*3699	Electrical Machinery Equipment and Supplies, NEC (bar code scanners)
XXX	Communication Equipment Manufacturing			
XXXX	Telephone Apparatus Manufacturing	R	*3661	Telephone and Telegraph Apparatus (except telephone transformers and external PC consumer modems)

XXXX	Broadcast and Studio Equipment for Radio, TV, and Cable Manufacturing	R	3663	Radio and Television Broadcasting and Communication Equipment
			*3679	Electronic Components, NEC (communication equipment)
XXXX	Other Communication Equipment Manufacturing	E	3669	Communications Equipment, NEC
XXX	Audio and Video Equipment Manufacturing			
XXXX	Audio and Video Equipment Manufacturing	E	3651	Household Audio and Video Equipment
XXX	Semiconductor and Electronic Component Manufacturing			
XXXX	Semiconductor and Electronic Component Manufacturing			
XXXXXX	Electron Tube Manufacturing	E	3671	Electron Tubes
XXXXXX	Printed Circuit Board Manufacturing	E	3672	Printed Circuit Boards
XXXXXX	Semiconductor and Related Device Manufacturing	E	3674	Semiconductors and Related Devices
XXXXXX	Electronic Capacitor Manufacturing	E	3675	Electronic Capacitors
XXXXXX	Electronic Resistor Manufacturing	E	3676	Electronic Resistors
XXXXXX	Electronic Coil, Transformer, and Other Inductor Manufacturing	R	*3661	Telephone and Telegraph Apparatus (telephone transformers)
			3677	Electronic Coils, Transformers, and Other Inductors
			*3825	Instruments for Measuring and Testing of Electricity and Electrical Signals (portable instrument transformers)
XXXXXX	Electronic Connector Manufacturing	E	3678	Electronic Connectors
XXXXXX	Other Electronic Component Manufacturing	R	*3661	Telephone and Telegraph Apparatus (external PC consumer modems)
			*3679	Electronic Components, NEC (other electronic components including loaded printed circuit boards)

XXX	Navigational, Measuring, Medical, and Control Instrument Manufacturing				
XXXX	Navigational, Measuring, Medical, and Control Instrument Manufacturing				
XXXXX	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing	E	3812	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical Systems and Instruments	
XXXXX	Automatic Control for Regulating Residential and Commercial Environment and Appliance Manufacturing	E	3822	Automatic Controls for Regulating Residential and Commercial Environments and Appliances	
XXXXX	Industrial Instrument for Measurement, Display, and Control of Process Variables, and Related Products	E	3823	Industrial Instruments for Measurement, Display, and Control of Process Variables; and Related Products	
XXXXX	Totalizing Fluid Meter and Counting Device Manufacturing	E	3824	Totalizing Fluid Meters and Counting Devices	
XXXXX	Instruments for Measuring and Testing of Electricity and Electrical Signal Manufacturing	R	*3825	Instruments for Measuring and Testing of Electricity and Electrical Signals (except portable instrument transformers)	
XXXXX	Analytical Instrument Manufacturing	E	3826	Laboratory Analytical Instruments	
XXXXX	Other Measuring and Controlling Device Manufacturing	R	*3829	Measuring and Controlling Devices, NEC (except medical thermometers)	
XXXXX	Watch, Clock, and Part Manufacturing	R	*3495 *3579	Wire Springs (clock and watch springs) Office Machines, NEC (time clocks and other time recording devices)	
			3873	Watches, Clocks, Clockwork Operated Devices, and Parts	
XXXXX	X-Ray Apparatus and Tubes and Related Irradiation Apparatus	E	3844	X-Ray Apparatus and Tubes and Related Irradiation Apparatus	

XXXXXX	Electromedical and Electrotherapeutic Apparatus	R	*3842	Orthopedic, Prosthetic, and Surgical Appliances and Supplies (electronic hearing aids)
			3845	Electromedical and Electrotherapeutic Apparatus
XXX	Manufacturing and Reproduction of Magnetic and Optical Media			
XXXXX	Manufacturing and Reproduction of Magnetic and Optical Media			
XXXXXX	Reproduction of Software	R	*7372	Prepackaged Software (reproduction of software)
XXXXXX	Prerecorded Compact Disk, Except Software, Tape, and Record Manufacturing	N	*3652	Phonograph Records and Prerecorded Audio Tapes and Disks (reproduction of all other media except video)
			*7819	Services Allied to Motion Picture Production (Reproduction of video)
XXXXXX	Magnetic and Optical Recording Media Manufacturing	E	3695	Magnetic and Optical Recording Media

TABLE 2

The abbreviation "pt" means "part of", @ means time series break has been created that is greater than 3% of the 1992 value of shipments for the 1987 SIC industry. The abbreviation NEC is used for Not Elsewhere Classified.

1987 SIC code	1987 SIC description	1997 U.S. description
3495	Wire Springs Clock and Watch Springs Wire Springs, Except Clock and Watch Springs	Watch, Clock and Part Manufacturing (pt) Wire Spring Manufacturing (Included in Fabricated Metal Product Manufacturing subsector)
3571	Electronic Computers	Electronic Computer Manufacturing
3572	Computer Storage Devices	Computer Storage Device Manufacturing
3575	Computer Terminals	Computer Terminal Manufacturing
3577	Computer Peripheral Equipment, NEC	Other Computer Peripheral Equipment Manufacturing (pt)
3578@	Calculating and Accounting Machines, Except Electronic Computers Point of Sales Terminals and Fund Transfer Devices Calculating and Accounting Machines, Except Point of Sales Terminals and Fund Transfer Devices	Other Computer Peripheral Equipment Manufacturing (pt) Office Machinery Manufacturing (pt) (Included in Machinery Manufacturing subsector)
3579@	Office Machines, NEC Pencil Sharpeners and Staplers  Timeclocks and Other Time Recording Devices Other	Lead Pencils, Crayons and Artists' Supplies (pt) ( Included in Miscellaneous Manufacturing subsector) Watch, Clock, and Part Manufacturing (pt) Office Machinery Manufacturing (pt) (Included in Machinery Manufacturing subsector)
3651	Household Audio and Video Equipment	Audio and Video Equipment Manufacturing
3652@	Phonograph Records and Prerecorded Audio Tapes and Disks	



	Record Publishing	(Included in Information subsector)
	Reproduction of All Other Media Except Video	Prerecorded Compact Disk, Tape and Record Manufacturing (pt)
	External PC Consumer Modems	Other Electronic Component Manufacturing (pt)
	Telephone Transformers	Electronic Coil, Transformer, and Other Inductor Manufacturing (pt)
		(Included in Electrical Equipment, Appliance and Component Manufacturing subsector)
	Telephone and Telegraph Apparatus, Except Telephone Transformers and Consumer External Modems	Telephone Apparatus Manufacturing
3663	Radio and Television Broadcasting and Communication Equipment	Broadcast and Studio Equipment for Radio, TV, and Cable (pt) Manufacturing
3669	Communications Equipment, NEC	Other Communication Equipment Manufacturing
3671	Electron Tubes	Electron Tube Manufacturing
3672	Printed Circuit Boards	Printed Circuit Board Manufacturing
3674	Semiconductors and Related Devices	Semiconductor and Related Device Manufacturing
3675	Electronic Capacitors	Electronic Capacitor Manufacturing
3676	Electronic Resistors	Electronic Resistor Manufacturing
3677	Electronic Coils, Transformers, and Other Inductors	Electronic Coil, Transformer, and Other Inductor Manufacturing (pt)
3678	Electronic Connectors	Electronic Connector Manufacturing
3679	Electronic Components, NEC	
	Communication Equipment	Broadcast and Studio Equipment for Radio, TV and Cable Manufacturing (pt)
	Electronic Control Modular Chips for Motor Vehicles	Electrical Equipment for Internal Combustion Engine Manufacturing (pt)
		(Included in Transportation Equipment Manufacturing subsector)
	Other Electronic Components Including Loaded PC Boards	Other Electronic Component Manufacturing (pt)
3695	Magnetic and Optical Recording Media	Magnetic and Optical Recording Media Manufacturing
3699@	Electrical Machinery, Equipment, and Supplies, NEC	
	Bar Code Scanners	Other Computer Peripheral Equipment Manufacturing (pt)
	Christmas Tree Lighting Sets and Electric Insect Lamps	Other Lighting Equipment Manufacturing (pt) (To Be Included in Electrical Equipment, Appliance and Component Manufacturing subsector)

	Electric Outboard Motor;	Other Engine Manufacturing (pt) (Included in Machinery Manufacturing subsector)
	Lasers	Classified according to function
	Other Electrical Machinery, Equipment, and Supplies	Other Electrical Industrial Apparatus Manufacturing (pt) (Included in Electrical Equipment, Appliance, and Component Manufacturing subsector)
3812	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical Systems and Instruments	Search, Detection, Navigation, Guidance, Aeronautical, and Nautical System and Instrument Manufacturing
3822	Automatic Controls for Regulating Residential and Commercial Environment and Appliances	Automatic Control for Regulating Residential and Commercial Environment and Appliance Manufacturing
3823	Industrial Instruments for Measurement, Display, and Control of Process Variables; and Related Products	Industrial Instrument for Measurement, Display, and Control of Process Variables; and Related Product Manufacturing
3824	Totalizing Fluid Meters and Counting Devices	Totalizing Fluid Meter and Counting Device Manufacturing
3825	Instruments for Measuring and Testing of Electricity and Electrical Signals Portable Instrument Transformers Except Portable Instrument Transformers	Electronic Coil, Transformer, and Other Inductor Manufacturing (pt) Instruments for Measuring and Testing of Electricity and Electrical Signal Manufacturing
3826	Laboratory Analytical Instruments	Analytical Instrument Manufacturing
3829	Measuring and Controlling Devices, NEC Medical Thermometers	Surgical Appliance and Supply Manufacturing (pt) (Included in Miscellaneous Manufacturing Subsector)
	Except Medical Thermometers	Other Measuring and Controlling Device Manufacturing
3842@	Orthopedic, Prosthetic, and Surgical Appliances and Supplies Electronic Hearing Aids Other	Electromedical and Electrotherapeutic Apparatus (pt.) Surgical Appliance and Supply Manufacturing (pt.) (To be Included in Miscellaneous Manufacturing subsector)
3844	X-Ray Apparatus and Tubes and Related Irradiation Apparatus	X-Ray Apparatus and Tubes and Related Irradiation Apparatus
3845	Electromedical and Electrotherapeutic Apparatus	Electromedical and Electrotherapeutic Apparatus (pt.)
3873	Watches, Clocks, Clockwork Operated Devices and Parts	Watch, Clock, and Part Manufacturing (pt)
7372@	Prepackaged Software Reproduction of Software Other	Reproduction of Software (Included in Information subsector)

7819@

Services Allied to Motion Picture Production

Reproduction of Video

Other

Prerecorded Compact Disk, Tape and Record Manufacturing (pt)  
(Included in Services subsector)

*Description of Changes to the U.S. System*

A number of the changes listed in this section were made for reasons of international comparability. Where one or more of the three North American countries had different definitions of an industry classification, adjustments to the definitions in one or more countries were required. In constructing NAICS, the three countries agreed to move, where change was required to attain international comparability, in the direction of the country or countries whose existing classification definitions most closely corresponded to the production-oriented concept adopted for NAICS. Cases where the U.S. changed are listed below; other cases where Canada Mexico moved toward the U.S. classification are not, of course, listed in this section.

This is a new subsector for 1997. Computer and Electronic Product Manufacturing is composed of industries from 1987 Major Group 35, Industrial Commercial Machinery and Computer Equipment; 1987 Major Group 36, Electronic and Other Electrical Equipment and Components, Except Computer Equipment; and 1987 Major Group 38, Measuring, Analyzing and Controlling Instruments; Photographic, Medical and Optical Goods; Watches and Clocks.

The following four complete industries were transferred into this subsector from 1987 Major Group 35, Industrial Commercial Machinery and Computer Equipment:

SIC 3571, Electronic Computers

SIC 3572, Computer Storage Devices

SIC 3575, Computer Terminals

SIC 3577, Computer Peripheral Equipment, NEC

The following twelve complete industries were transferred into this subsector from 1987 Major Group 36, Electronic and Other Electrical Equipment and Components, Except Computer Equipment:

SIC 3651, Household Audio and Video Equipment

SIC 3661, Telephone and Telegraph Apparatus

SIC 3663, Radio and Television Broadcasting and Communication Equipment

SIC 3669, Communications Equipment, NEC

SIC 3671, Electron Tubes

SIC 3672, Printed Circuit Boards

SIC 3674, Semiconductors and Related Devices

SIC 3675, Electronic Capacitors

SIC 3676, Electronic Resistors

SIC 3677, Electronic Coils, Transformers, and Other Inductors

SIC 3678, Electronic Connectors

SIC 3695, Magnetic and Optical Recording Media

Eight complete industries were transferred into this subsector from 1987 Major Group 38, Measuring, Analyzing and Controlling Instruments; Photographic, Medical and Optical Goods; Watches and Clocks. Those industries are:

SIC 3812, Search, Detection, Navigation, Guidance, Aeronautical, and Nautical Systems and Instruments

SIC 3822, Automatic Controls for Regulating Residential and Commercial

## Environments and Appliances

SIC 3823, Industrial Instruments for Measurement, Display, and Control of Process Variables; and Related Products

SIC 3824, Totalizing Fluid Meters and Counting Devices

SIC 3826, Laboratory Analytical Instruments

SIC 3844, X-Ray Apparatus and Tubes and Related Irradiation Apparatus

SIC 3845, Electromedical and Electrotherapeutic Apparatus

SIC 3873, Watches, Clocks, Clockwork Operated Devices, and Parts

These 34 complete industries were transferred into this new subsector for one or more of the following reasons: (1) the changes were in response to public requests; (2) the changes were supported by similar processes; and (3) the changes produced international comparability.

One industry, SIC 3825, Instruments for Measuring and Testing of Electricity and Electrical Signals, moved in its entirety to this subsector, but was split; portable instrument transformers to NAICS industry, Electronic Coil, Transformer, and Other Inductor Manufacturing, and the rest going to NAICS industry, Instruments for Measuring and Testing of Electricity and Electrical Signal Manufacturing.

Two new industries were formed from very similar activities that were formerly partly included in manufacturing and partly in services.

Prerecorded Compact Disk, Except Software, Tape, and Record Manufacturing was formed from part of 1987 SIC 3652, Phonograph Records and Prerecorded Audio Tapes and Disks, and from part of 1987 SIC 7819, Services Allied to Motion Picture Production.

Reproduction of Software was created from part of 1987 SIC 7372, Prepackaged Software. The ECPC recognizes that some establishments combine the production of prepackaged software and the production of other prerecorded compact disks, tapes, and records and that the production process is often the same. Therefore, it may be necessary to combine these activities into one industry. The ECPC requests specific comments on this proposal. (The publishing portions of these three 1987 SIC industries have been moved to the new NAICS Information sector.) These changes are made in response to an industry proposal, to improve international comparability, and to recognize that the production of prepackaged software is a manufacturing, not a services, activity.

Eleven activities were transferred into 1997 Computer and Electronic Product Manufacturing.

Point of sales terminals and fund transfer devices were transferred from 1987 SIC 3578, Calculating and Accounting Machines, Except Electronic Computers, into Other Computer Peripheral Equipment Manufacturing, in response to a proposal from the industry and to create a better production-oriented industry.

Time clocks and other time recording devices were transferred from 1987 SIC 3579, Office Machines, NEC, into Watch, Clock and Part Manufacturing. This improves international comparability and is supported by similarity in production processes.

Phonograph records and prerecorded audio tapes and disks, except record publishing, were transferred from 1987 SIC 3652, Phonograph Records and Prerecorded Audio Tapes and Disks, into Prerecorded Compact Disk, Tape, and Record Manufacturing. This improves international comparability and is supported by similarity in production

processes.

Telephone and telegraph apparatus, except telephone transformers and consumer external PC modems, were transferred from 1987 SIC 3661, Telephone and Telegraph Apparatus, into Telephone Apparatus Manufacturing. This improves international comparability and is supported by similarity in production processes.

The communication equipment formerly in 1987 SIC 3679, Electronic Components, NEC, was transferred into Broadcast and Studio Equipment Manufacturing for Radio, TV, and Cable. This improves international comparability and is supported by similarity in production processes.

Other electronic components, including loaded printed circuit boards, were transferred from 1987 SIC 3679, Electronic Components, NEC, into Other Electronic Component Manufacturing. This improves international comparability and is supported by similarity in production processes.

Other measuring and controlling devices, except medical thermometers, were transferred from 1987 SIC 3829, Measuring and Controlling Devices, NEC, into Other Measuring and Controlling Device Manufacturing. This improves international comparability and is supported by similarity in production processes.

Bar code scanners were transferred from 1987 SIC 3699, Electrical Machinery, Equipment and Supplies, NEC, into Other Computer Peripheral Equipment Manufacturing. This improves international comparability and is supported by similarity in production processes.

Reproduction of software was transferred from 1987 SIC 7372, Prepackaged



Software, into Reproduction of Software. This improves international comparability and is supported by similarity in production processes.

Reproduction of video was transferred from 1987 SIC 7819, Services Allied to Motion Picture Production, into Magnetic and Optical Media Manufacturing. This improves international comparability and is supported by similarity in production processes.

Clock and watch springs were transferred from 1987 SIC 3495, Wire Springs, into Watch, Clock, and Part Manufacturing. This improves international comparability with Mexico, Canada, and the ISIC.

There are 29 industries in this new subsector. For time series linkage 19 of the 29 1997 industries are comparable within three percent of the old 1987 industries.

#### **Part IV--Proposed New Industry Structure for Furniture Manufacturing**

##### *Section A--NAICS Structure*

North American Industry Classification System

(NAICS)

Agreement Number 14

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following subsector:

Furniture Manufacturing

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on September 27, 1995 - September 29, 1995 in Mexico City, Mexico.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	9/29/95
Mexico	/S/ Enrique Ordaz	9/29/95
United States	/S/ Jack E. Triplett	9/29/95

ATTACHMENT 1--NAICS STRUCTURE

XX Furniture Manufacturing

91

XXX	Furniture Manufacturing
XXXX	Mattress Manufacturing
XXXX	Blind and Shade Manufacturing
XXXX	Wood Furniture Manufacturing
XXXX	Metal Furniture Manufacturing
XXXX	Other Furniture Manufacturing

## **Attachment 2--North American Industry Classification System**

Draft Classification for:

Furniture Manufacturing

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industrial classification for these industries.

The draft classification applies to the subsector, Furniture Manufacturing. This subsector contains one industry group and five industries. The subsector will be part of the Manufacturing sector of the classification.

### *A General Outline*

Furniture Manufacturing includes establishments that produce articles such as chairs, beds, mattresses, dressers, tables and desks for human comfort, convenience and utility.

Processes used in the manufacture of furniture include the cutting, bending, molding, laminating and assembly of such materials as wood, metal, glass, plastics, and rattan. In addition, design and fashion trends play an important part in the production of furniture. The production process for furniture is not solely bending metal, cutting and shaping wood, or extruding and molding plastic. The integrated design of the article for esthetic qualities, and to carry out its function efficiently, is also a major part of the process of manufacturing furniture, though design services are also sometimes purchased by furniture manufacturers from industrial designers.

Furniture manufacturing establishments tend to specialize in making articles primarily from one material, such as wood or metal, because the production processes required to make a wooden table, for example, are quite different from the production processes for metal tables. However, it is unusual to make furniture exclusively from a single input. A wooden table might have metal brackets and a wooden chair a fabric or plastic seat.

Some of the processes used in furniture manufacturing are similar to processes that are used in other segments of manufacturing. For example, cutting and assembly occurs in the production of wood trusses that are classified in the Wood Product Manufacturing, Except Furniture subsector. However, the multiple processes that distinguish wood furniture manufacturing from wood product manufacturing warrant inclusion of wooden furniture manufacturing in the Furniture Manufacturing subsector. Metal furniture manufacturing uses techniques that are also employed in the manufacturing of roll formed products in the Fabricated Metal Product Manufacturing sector. The molding process for plastic furniture is similar to the molding of other plastic products. However, plastic

furniture producing establishments tend to specialize in furniture.

Though the production processes, products, and industry practices in furniture manufacturing are relatively mature ones, the existing classification structures in the three North American countries differed so extensively that substantial restructuring in all three countries was required in order to achieve international comparability. Even so, international comparability could be achieved only at a relatively high level of aggregation (for example, wood furniture manufacturing). Barriers to further expansion in NAICS detail are discussed in the following section, and additional information may be provided by countries in discussions of their own national industries.

#### *Limitations and Constraints of the Classification*

In the Furniture Manufacturing industries, most activities that were identified in one country exist in the others. However, often an activity is not economically significant to the same degree in all countries. For example, wood office furniture manufacturing in Canada is too small to publish, and wood store furniture manufacturing is too small to publish in both Canada and Mexico.

It is not always possible to separately identify production process industries for end use categories. For example, United States manufacturers tend to specialize in household furniture or office furniture because differences in uses require differences in production. However, in Mexico household and office furniture are often produced in the same establishment, and some blurring of the household/office distinction is apparent even in

the U.S.

For these reasons, only broad categories for wood and metal furniture and furniture made from other materials were created for NAICS. Each country will publish additional categories that comprise subdivisions of NAICS industries to present data for activities that are nationally significant.

For those users requiring detailed commodity information, each country will publish information on the products of these industries. Efforts are also underway to harmonize the commodity classifications to allow for greater comparability of these statistics.

#### *Relationship to ISIC*

Most 4-digit NAICS industries in this subsector are contained within Class 3610, Manufacture of Furniture, of the current International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) of the United Nations. A notable exception is the manufacture of blinds and shades that ISIC classifies into different ISIC divisions by type of input material. In North America, production of blinds and shades of multiple materials occurs in a single establishment, so it is neither possible nor desirable to separate them by type of material in the classification system. For this reason, both Mexico and the United States currently classify all blind and shade manufacturing in a single industry. Other differences between NAICS and ISIC include the classification of wood and metal partitions and serving carts, which are placed in the respective wood or metal products divisions of ISIC. In NAICS, these manufacturing activities are placed in

Furniture Manufacturing since the manufacturing processes are essentially identical to those used for furniture.

In spite of these differences, this NAICS subsector is substantially the same as ISIC Class 3610, because most of the production in this subsector occurs in the industries that are compatible with this ISIC class.

### *Some Changes to the National Classifications*

For Canada, the NAICS Furniture Manufacturing subsector restructures the existing classification from an end use classification to a production process and input form, i.e., into wood, metal, and other furniture industries. In the case of wood furniture, the Canadian classification was structured both by input raw material (wood) and by end use, i.e., wooden household and upholstered household furniture. For furniture of metal and other materials, Canadian industries were restructured to the NAICS pattern. Other Canadian changes include the movement of wooden kitchen cabinets and bathroom vanities from the Wood Industries major group to this subsector, and the grouping of all kinds of shades, blinds and window hardware into a single NAICS industry.

For Mexico, the significant change is one of concept. Formerly, Mexico had no separately identified furniture subsector. Thus, this subsector will be entirely new. Changes at the industry level are relatively small, as the current structure in Mexico classifies wood furniture in the wood product manufacturing industries, metal furniture in the fabricated metal manufacturing industries, etc.

For the United States, changes parallel those in Canada. The existing U.S. structure classifies furniture by both inputs and end use in some detail. Like Canada, the U.S. structure has considerable detail for wood furniture, but unlike Canada, the U.S. also has substantial detail for metal furniture. A considerable amount of internal restructuring was required to achieve the NAICS design. However, the U.S. will retain substantial national industry detail below the level of the NAICS Furniture Manufacturing industries, e.g., wood household furniture is distinguished from wood office furniture at the 5-digit national detail level.

Another important change for the United States is the inclusion of custom furniture in this sector. The manufacture of custom furniture was formerly classified in the retail sector. The change was made to agree with the Canadian and Mexican classification of the activity because the Canadian and Mexican treatment meets the production-oriented criterion for NAICS. Other changes include the movement of wood kitchen cabinets and wooden chair frames from the 1987 SIC Lumber and Wood Products, Except Furniture major group because the production processes are essentially identical to those for furniture.

### *Achievement of Objectives*

The classification meets the objectives for the North American Industry Classification System (NAICS). It includes industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept. In the main, the



hierarchical structure of the classification also follows the production concept.

The classification achieves comparability for the three participating countries. Based on existing data, all three countries expect to be able to publish data regularly at the industry (4-digit) level of the structure. All countries agree on the detailed definitions of the industries.

Other objectives of the NAICS project are not as relevant in this area of the classification as in others. These objectives are the delineation of new and emerging industries, service industries and industries engaged in the production of advanced technologies. The industrial sector in question is relatively mature, generally produces goods and has employed relatively stable technology. Therefore, the emphasis is on the objectives listed above.

The industries have high specialization ratios, and they are economically significant. The detail (4-digit) level and structures of the classification are balanced in size. This enhances the classification's suitability for sampling and other aspects of survey operations. Finally, though disruptions to time series exist, the major changes are well identified and can be taken into account in linking time series.

#### *Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the NAICS industry subsector presented in *Part IV, Section A-- Attachment 1*, contain less detail than is currently in the U.S. SIC system, and less detail

than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the NAICS industry subsector covered in Part IV of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry; R-revised industry; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS and U.S. description		Status	1987 SIC	1987 SIC description
		Code	Code	
XX	Furniture Manufacturing			
XXX	Furniture Manufacturing			
XXXX	Mattress Manufacturing	E	2515	Mattresses and Bedsprings
XXXX	Blind and Shade Manufacturing	E	2591	Drapery Hardware and Blinds and Shades
XXXX	Wood Furniture Manufacturing			
XXXXX	Wood Household Furniture Manufacturing, Except Upholstered	R	*2426	Hardwood Dimension and Flooring Mills (wooden chair frames and chair seats)
			*2499	Wood Products, NEC (wood laundry hampers)
			2511	Wood Household Furniture, Except Upholstered
			2517	Wood TV and, Radio Cabinets
			*5712	Furniture Stores (custom made furniture except cabinets)
XXXXX	Wood Kitchen Cabinet Manufacturing	R	2434	Wood Kitchen Cabinets
			*5712	Furniture Stores (custom wood cabinets)
XXXXX	Upholstered Wood Household Furniture Manufacturing	E	2512	Wood Household Furniture, Upholstered

XXXXXX	Wood Office and Public Building Furniture Manufacturing	R	*2426	Hardwood Dimension and Flooring Mills (office chair frames and chair seats)
			*2521	Wood Office Furniture
			*2531	Public Building and Related Furniture (wood furniture for public buildings)
			*2599	Furniture and Fixtures, NEC (wood industrial work benches and stools, and other wood furniture such as ship furniture)
			*3952	Lead Pencils, Crayons, and Artists' Materials (wood drafting tables and boards)
XXXXXX	Wood Office and Store Fixture, Partition, Shelving, and Locker Manufacturing	R	*2541	Wood Office and Store Fixtures, Partitions, Shelving, and Lockers (except custom architectural woodwork, millwork, and fixtures)
XXXXXX	Custom Architectural Woodwork, Millwork, and Fixtures	N	*2541	Wood Office and Store Fixtures, Partitions, Shelving, and Lockers (architectural woodwork, millwork, and fixtures)
XXXXX	Metal Furniture Manufacturing			
XXXXXX	Metal Household Furniture Manufacturing	R	2514	Metal Household Furniture
			*3499	Fabricated Metal Products, NEC (metal household frames and furniture parts)
XXXXXX	Metal Office and Public Building Furniture Manufacturing	R	*2522	Office Furniture, Except Wood (metal office furniture)
			*2531	Public Building and Related Furniture (metal furniture for public buildings)
			*2599	Furniture and Fixtures, NEC (metal industrial work benches and stools, and other metal furniture such as ship furniture)

			*3499	Fabricated Metal Products, NEC (metal frames and furniture parts)
			*3952	Lead Pencils, Crayons, and Artists' Materials (metal drafting tables and boards)
			*3999	Manufacturing Industries, NEC (barber and beauty chairs)
XXXXXX	Metal Office and Store Fixture, Partition, Shelving and Locker Manufacturing	R	*2542	Office and Store Fixtures, Partitions, Shelving and Lockers, Except Wood (metal office and store fixtures, partitions, shelving, and lockers)
XXXX	Other Furniture Manufacturing	R	*2499	Wood Products, NEC (laundry hampers made from rattan, reed or willow)
			2519	Household Furniture, NEC
			*2522	Office Furniture, Except Wood (office furniture not made of wood or metal)
			*2531	Public Building and Related Furniture (other furniture not made of wood or metal for public buildings)
			*2542	Office and Store Fixtures, Partitions, Shelving and Lockers, Except Wood (office and store fixtures, partitions, shelving, and lockers not made of metal)
			*2599	Furniture and Fixtures, NEC (other furniture or fixtures)

TABLE 2

The abbreviation "pt" means "part of", @ means time series break has been created that is greater than 3% of the 1992 value of shipments for the 1987 SIC industry. The abbreviation NEC is used for Not Elsewhere Classified.

1987 SIC code	1987 SIC description	1997 U.S. description
2426	Hardwood Dimension and Flooring Mills	
	Hardwood Flooring	Millwork Manufacturing, Including Flooring (pt) (Included in the Wood Product Manufacturing, Except Furniture subsector)
	Stock and Turnings	Other Wood Product Manufacturing (pt) (Included in the Wood Product Manufacturing, Except Furniture subsector)
	Office Chair Frames and Chair Seats	Wood Office and Public Building Furniture Manufacturing (pt)
	Chair Frames for Nonupholstered Furniture (Household)	Wood Household Furniture Manufacturing, Except Upholstered (pt)
	Chair Frames for Upholstered Furniture (Household)	Upholstered Wood Household Furniture Manufacturing (pt)
	Hardwood Dimension Except Flooring	Hardwood Dimension Mills (Included in the Wood Product Manufacturing, Except Furniture subsector)
2434	Wood Kitchen Cabinets	Wood Kitchen Cabinet Manufacturing (pt)
2499	Wood Products, NEC	
	Wood Tubs and Vats, Jewelry and Cigar Boxes	Other Wood Container Manufacturing (pt) (Included in the Wood Product Manufacturing, Except Furniture subsector)

	Wood Laundry Hampers	Wood Household Furniture Manufacturing, Except Upholstered (pt)
	Laundry Hampers Made from Rattan, Reed or Willow	Other Furniture Manufacturing (pt)
2511@	Wood Household Furniture, Except Upholstered	Wood Household Furniture Manufacturing, Except Upholstered (pt)
2512	Wood Household Furniture, Upholstered	Upholstered Wood Household Furniture Manufacturing
2514	Metal Household Furniture	Metal Household Furniture Manufacturing (pt)
2515	Mattresses and Bedsprings	Mattress Manufacturing
2517@	Wood TV and, Radio Cabinets	Wood Household Furniture Manufacturing, Except Upholstered (pt)
2519@	Household Furniture, NEC	Other Furniture Manufacturing (pt)
2521	Wood Office Furniture	Wood Office and Public Building Furniture Manufacturing (pt)
2522@	Office Furniture, Except Wood	
	Metal Office Furniture	Metal Office Furniture Manufacturing (pt)
	Office Furniture Not Made of Wood or Metal	Other Furniture Manufacturing (pt)
2531@	Public Building and Related Furniture	
	Blackboards	All Other Miscellaneous Manufacturing (pt) (To Be Included in Miscellaneous Manufacturing subsector)
	Seats for Motor Vehicles	Motor Vehicle Fabric Accessory and Seat Manufacturing (pt) (Included in Transportation Equipment Manufacturing subsector)
	Metal Furniture for Public Building	Metal Office and Public Building Furniture Manufacturing (pt)
	Wood Furniture for Public Building	Wood Office and Public Building Furniture Manufacturing (pt)
	Other Furniture Not Made of Wood or Metal for Public Buildings	Other Furniture Manufacturing (pt)
2541@	Wood Office and Store Fixtures, Partitions, Shelving, and Lockers	

	Except Architectural Woodwork, Millwork and Fixtures	Wood Office and Store Fixture, Partition, Shelving and Locker Manufacturing (pt.)
	Custom Architectural Woodwork, Millwork and Fixtures	Custom Architectural Woodwork, Millwork, and Fixtures
2542@	Partitions and Fixtures, Except Wood	
	Metal Office and Store Fixtures, Partitions, Shelving, and Lockers	Metal Office and Store Fixture, Partition, Shelving and Locker Manufacturing (pt)
	Office and Store Fixtures, Partitions, Shelving, and Lockers Not Made of Metal	Other Furniture Manufacturing (pt)
2591	Drapery Hardware and Blinds and Shades	Blind and Shade Manufacturing
2599@	Furniture and Fixtures, NEC	
	Hospital Beds	Orthopedic, Prosthetic and Surgical Appliance and Supply Manufacturing (pt) (To Be Included in Miscellaneous Manufacturing subsector)
	Metal Industrial Work Benches and Stools, and Other Metal Furniture Such As Ship Furniture	Metal Office and Public Building Furniture Manufacturing (pt)
	Wood Industrial Work Benches and Stools, and Other Wood Furniture Such As Ship Furniture	Wood Office and Public Building Furniture Manufacturing (pt)
	Other Furniture and Fixtures	Other Furniture Manufacturing (pt)
3499	Fabricated Metal Products, NEC	
	Metal Frames and Furniture Parts, Household	Metal Household Furniture Manufacturing (pt)
	Metal Frames and Furniture Parts, Office	Metal Office and Public Building Furniture Manufacturing (pt)



	Powder Metallurgy	Metal Stamping and Powder Metallurgy Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)
	Metal Boxes	Metal Shipping Container, Barrel, Drum, Keg, Pail, Bin, Box, etc. Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)
	Safe and Vault Locks	Hardware Manufacturing, Including Locks (pt) (Included in Fabricated Metal Product Manufacturing subsector)
	Metal Aerosol Valves	Other Valve and Pipe Fitting Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)
	Other Metal Products	All Other Miscellaneous Fabricated Metal Product Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)
3952@	Lead Pencils, Crayons, and Artist's Materials	
	Metal Drafting Tables and Boards	Metal Office and Public Building Furniture Manufacturing (pt)
	Wood Drafting Tables and Boards	Wood Office and Public Building Furniture Manufacturing (pt)
	Drawing and India Ink	Printing Ink Manufacturing (pt) (Included in Chemical Manufacturing subsector)
	Other	Lead Pencil and Art Goods Manufacturing (pt) (To be included in Miscellaneous Manufacturing subsector)
3999	Manufacturing Industries, NEC	
	Beauty and Barber Chairs	Metal Office and Public Building Furniture Manufacturing (pt)
	Burnt Wood Articles	Other Wood Product Manufacturing (pt) (Included in Wood Product Manufacturing, Except Furniture subsector)

Fur Bleaching, Currying, Scraping, Tanning and Dyeing	Leather and Hide Tanning and Finishing Manufacturing (pt) (Included in Leather and Allied Product Manufacturing subsector)
Lamp Shades of Paper and Textile	Other Lighting Equipment Manufacturing (pt) (Included in Electrical Equipment, Appliance and Component Manufacturing subsector)
Matches	Other Miscellaneous Chemical Product Manufacturing (pt) (Included in Chemical Manufacturing subsector)
Metal Products, Such As Combs, Hair Curlers, Etc.	All Other Fabricated Metal Product Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)
Plastics Products, Such As Combs, Hair Curlers, Etc.	All Other Plastic Product Manufacturing (pt) (Included in Rubber and Plastic Product Manufacturing subsector)
Flexographic Printing Eyeglass Frames for the Trade	Commercial Flexographic Printing (pt) (Included in Printing and Related Support Activities subsector)
Gravure Printing Eyeglass Frames for the Trade	Commercial Gravure Printing (pt) (Included in Printing and Related Support Activities subsector)
Lithographic Printing Eyeglass Frames for the Trade	Commercial Lithographic Printing (pt) (Included in Printing and Related Support Activities subsector)
Screen Printing Eyeglass Frames for the Trade	Commercial Screen Printing (pt) (Included in Printing and Related Support Activities subsector)
Other Printing Eyeglass Frames for the Trade	Other Commercial Printing (pt) ( Included in Printing and Related Support Activities subsector)

Tape Measures

Hand and Edge Tool Manufacturing (pt) (Included in Fabricated Metal  
Product Manufacturing subsector)

Other

All Other Miscellaneous Manufacturing (pt) (To Be Included in  
Miscellaneous Manufacturing subsector)

5712

Furniture Stores

Custom Made Furniture, Except Cabinets

Wood Household Furniture Manufacturing, Except Upholstered (pt)

Custom Wood Cabinets

Wood Kitchen Cabinet Manufacturing (pt)

Other Than Custom Made Furniture

To Be Included in the Retail sector

*Description of Changes to the U.S. System*

A number of the changes listed in this section were made for reasons of international comparability. Where one or more of the three North American countries had different definitions of an industry classification, adjustments to the definitions in one or more countries were required. In constructing NAICS, the three countries agreed to move, where change was required to attain international comparability, in the direction of the country or countries whose existing classification definitions most closely corresponded to the production-oriented concept adopted for NAICS. Cases where the U.S. changed are listed below; other cases where Canada or Mexico moved toward the U.S. classification are not, of course, listed in this section.

Three activities were transferred out of 1987 SIC Furniture major group.

Motor vehicle seats were transferred from part of 1987 SIC 2531, Public Building and Related Furniture, into Motor Vehicle Fabric Accessory and Seat Manufacturing in the 1997 NAICS subsector for Transportation Equipment Manufacturing. This change was made for international comparability and because there is very little production similarity between the manufacture of automobile seats and the production of church pews and like products that are in 1987 SIC 2531.

Hospital beds were transferred from part of 1987 SIC 2599, Furniture and Fixtures, NEC, into Orthopedic, Prosthetic, and Surgical Appliance and Supply Manufacturing in the 1997 NAICS subsector for Miscellaneous Manufacturing. This change was necessary to align the U.S. classification to that of Canada and Mexico.

Blackboards were transferred from part of 1987 SIC 2531, Public Building and Related Furniture, into All Other Miscellaneous Manufacturing in the 1997 NAICS subsector for Miscellaneous Manufacturing. This change was necessary to align the U.S. classification system with that of Mexico.

Eight activities were transferred into the 1997 NAICS Furniture Manufacturing subsector. Three of the eight were transformed from 1987 SIC NEC industries.

Wooden chair frames and seats were transferred from part of 1987 SIC 2426, Hardwood Dimension and Flooring Mills, and classified in this subsector. This change was necessary to align the U.S. classification with that of Mexico and Canada, and because the production processes are similar.

Wood laundry hampers were transferred from part of 1987 SIC 2499, Wood Products, NEC, and placed by component material in their respective NAICS industries. This change was necessary to align the U.S. classification with that of Canada.

Custom wood household furniture was transferred from part of 1987 Retail Industry SIC 5712, Furniture Stores, into Wood Household Furniture. This change was necessary to align the U.S. classification with that of Mexico and Canada, and because the production process is essentially that of furniture manufacturing and the retailing activity is subsidiary.

Wood kitchen cabinets were transferred from 1987 SIC Major Group 24, Lumber and Wood Products, Except Furniture. This change reflects production processes that are essentially identical with those for furniture. The change also facilitated and increased the international comparability with Canada and Mexico.

Custom wood kitchen cabinets were transferred from part of 1987 Retail SIC 5712, Furniture Stores, into Wood Kitchen Cabinet Manufacturing, for international comparability, as noted above.

Drafting tables and boards were transferred from 1987 SIC 3952, Lead Pencils, Crayons, and Artists' Materials, and classified in the Furniture Manufacturing subsector. This change was necessary to align the U.S. classification with that of Canada and Mexico, and because the production process is similar to other furniture manufacturing.

Metal frames and furniture parts were transferred from 1987 SIC 3499, Fabricated Metal Products, NEC, and classified in the Furniture Manufacturing subsector. This change was necessary to align the U.S. classification with that of Canada.

Barber and beauty chairs were transferred from 1987 SIC 3999, Manufacturing Industries, NEC, into Metal Office Furniture Manufacturing. This change was necessary to reflect the common production processes and similarities between beauty and barber shop chair manufacturers and other furniture manufacturers.

A new industry was created for Custom Architectural Woodwork, Millwork, and Fixtures from part of SIC 2541, Wood Office and Store Fixtures, Partitions, Shelving and Lockers.

Also several activities were transferred within the Furniture Manufacturing subsector.

In addition, 1987 SIC 2517, Wood TV and Radio Cabinets, was combined with Wood Household Furniture Manufacturing because production in 1987 SIC 2517 has declined in the U.S. and the production processes are similar in both industries.

The number of Furniture Manufacturing industries declined from 13 in 1987 to 12 in 1997. For time series linkage, seven of the 13 1987 industries are comparable within three percent of the 1997 industries.

**Part V--Proposed New Industry Structure for Printing and Related Support Activities.**

*Section A--NAICS Structure*

North American Industry Classification System

(NAICS)

Agreement Number 15

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following subsector:

Printing and Related Support Activities

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is

made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on September 27, 1995 - September 29, 1995 in Mexico City, Mexico.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	9/29/95
Mexico	/S/ Enrique Ordaz	9/29/95
United States	/S/ Jack E. Triplett	9/29/95

#### ATTACHMENT 1--NAICS STRUCTURE

XX	Printing and Related Support Activities
XXX	Printing and Related Support Activities
XXXX	Printing
XXXX	Support Activities for Printing

#### **Attachment 2--North American Industry Classification System**



Draft Classification for:

Printing and Related Support Activities

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industrial classification for these industries.

The draft classification applies to the subsector, Printing and Related Support Activities. The subsector is subdivided into a single industry group and two industries. The subsector will be part of the Manufacturing sector of the classification.

*A General Outline*

Printing and Related Support Activities industries print products such as newspapers, books, periodicals, business forms, greeting cards, and other material. Support activities, such as bookbinding, plate making, and data imaging are also included in this subsector. These activities are an integral part of the printing industry, and a product (a printing plate, a bound book, or a computer disk or file) that is an integral part of the printing industry is almost always provided by these operations.

Processes used in printing include a variety of methods used to transfer an image from a plate, screen, or computer file to some medium, such as paper, plastic, metal, textile articles or wood. The most prominent of these methods is to transfer the image from a plate or screen to the medium (lithographic, gravure, screen and flexographic printing). A rapidly growing new technology uses a computer file to “drive” the printing mechanism

directly to create the image (non-impact printing). A number of important boundary issues involving printing and other sectors are noted in the *Some Changes to National Classifications* section.

In contrast to many other classification systems that locate publishing of printed materials in manufacturing, NAICS locates the publishing of printed products in a separate subsector, Publishing, which is part of the new NAICS Information sector, to be published separately. Though printing and publishing are often carried out by the same enterprise (a newspaper, for example), it is less and less the case that these distinct activities are carried out in the same establishment. More information on this change is contained in the text to the proposed NAICS Information sector.

#### *Limitations and Constraints of the Classification*

Most of the printing activities that take place in one country exist in the others. It is not possible in all countries to identify separately production process industries or specialized end use production categories. For example, in Canada and the United States, unique production establishments exist for the printing of books and business forms, and these processes can be recognized in the U.S. classification. In Mexico, however, book or business forms printers also print other types of products. Similarly, printing in Canada and the United States occurs largely in establishments that use a single printing process, such as lithographic or screen printing; in Mexico, diverse types of printing equipment are used in the same establishment.

For these reasons, only broad categories for printing (of all types) and support activities for printing were created for NAICS. Each country will publish additional categories that comprise subdivisions of NAICS industries, to present data for activities that are nationally significant.

For those users requiring detailed commodity information, each country will publish information on the products of these industries. Efforts are also underway to harmonize the commodity classifications to allow for greater comparability of these statistics.

#### *Relationship to ISIC*

Both 4-digit industries in this subsector are contained within Division 22, Publishing Printing, and Reproduction of Recorded Media, of the current Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) of the United Nations. However, two activities that are included in the NAICS Printing and Related Support Activities subsector are classified elsewhere in ISIC. Printing on textile articles is included in ISIC 1729, Manufacture of Other Textiles, NEC. Lithographic and gravure commercial printing of labels and tags is included in ISIC 2109, Manufacture of Other Articles of Paper and Paperboard.

#### *Some Changes to the National Classifications*

For all three countries, publishing, including integrated publishing and printing

establishments, has been moved out of the Printing and Related Support Activities subsector into the new NAICS Information sector.

For Canada, a major change to the Printing and Related Support Activities subsector is to move printing on purchased fabric articles (mostly "T" shirts) from the Clothing Industries major group to this subsector. The production process involved here is printing, and not the manufacture of clothing. Another change is the redefinition of certain types of printing, sometimes referred to as "quick printing." This printing is done in relatively small, often "store front" establishments; these establishments use small printers, and usually bundle printing with other services, such as mailing, fax and similar types of activities. Because printing is only one of a number of services performed in the same establishment, "quick printers" have been located in the NAICS Management, Employment, Administrative and Support Services subsector. This redefinition must be carefully constructed to ensure that commercial printing is not misclassified in the Management, Employment, Administrative and Support Services subsector.

For Mexico, changes to this subsector are minor.

For the United States, changes parallel those made for Canada. Printing on purchased fabric articles and the redefinition of quick printing were made for the United States, as they were in Canada. Printing on signs and advertising specialties was also moved here from its current U.S. classification in Miscellaneous Manufacturing in order to attain comparability with Canada and Mexico, and because the production process is primarily printing. A similar change, made for the identical reasons, involves printing on tags and labels.

*Achievement of Objectives*

The classification meets the objectives for the North American Industry Classification System (NAICS). It includes industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept. In the main, the hierarchical structure of the classification also follows the production concept.

Other objectives of the NAICS project are not as relevant in this area of the classification as in others. These objectives are the delineation of new and emerging industries, service industries and industries engaged in the production of advanced technologies. The industrial sector in question is relatively mature, generally produces goods and has employed relatively stable technology. An evolving new technology in the printing industry involves the creation of a computer file that directly drives printing equipment. Thus, no printing plate is needed. This technology, however, does not yet account for a significant share of production in any of the three countries, and therefore has not been separated in the classification.

The industries have high specialization ratios, and they are economically significant. While disruptions to time series exist, they have been minimized. The statistical agencies can develop statistical "links," to enable the re-tabulation of time series on the new NAICS classification structure.

The classification achieves comparability for the three participating countries. Based on existing data, all three countries expect to be able to publish data regularly at the

industry (4-digit) level of the structure. All countries agree on the detailed definitions of the industries.

*Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the NAICS industry subsector presented in *Part V, Section A-- Attachment 1*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the NAICS industry subsector covered in Part V of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; L-null industry for the U.S.; N-new industry R-revised industry;; and \* means "part of". The abbreviations NEC is used for Not Elsewhere Classified.

1997 NAICS and U.S. description	Status code	1987 SIC code	1987 SIC description
XX Printing and Related Support Activities			
XXX Printing and Related Support Activities			
XXXX Printing			
XXXXX Book Printing	E	2732	Book Printing
XXXXX Commercial Lithographic Printing	R	*2752	Commercial Printing, Lithographic (Except Quick Printing)
		*2771	Greeting Cards (lithographic printing of greeting cards)
		*2782	Blankbooks, Loose-leaf Binders and Devices (lithographic printing of checkbooks)
		*3993	Signs and Advertising Specialties (lithographic printing of advertising specialties)
		*3999	Manufacturing Industries, NEC (lithographic printing of eyeglass frames for the trade)
XXXXX Commercial Gravure Printing	R	2754	Commercial Printing, Gravure
		*2771	Greeting Cards (gravure printing of greeting cards)
		*2782	Blankbooks, Loose-leaf Binders and Devices (gravure printing of checkbooks)

				*3993	Signs and Advertising Specialties (gravure printing of advertising specialties)
				*3999	Manufacturing Industries, NEC (gravure printing of eyeglass frames for the trade)
XXXXXX	Commercial Screen Printing	N		*2759	Commercial Printing, NEC (screen printing)
				*2771	Greeting Cards (screen printing of greeting cards)
				*2782	Blankbooks, Loose-leaf Binders and Devices (screen printing of checkbooks)
				*3993	Signs and Advertising Specialties (screen printing of advertising specialties)
				*3999	Manufacturing Industries, NEC (screen printing of eyeglass frames for the trade)
XXXXXX	Commercial Flexographic Printing	N		*2759	Commercial Printing, NEC (flexographic printing)
				*2771	Greeting Cards (flexographic printing of greeting cards)
				*2782	Blankbooks, Loose-leaf Binders and Devices (flexographic printing of checkbooks)
				*3993	Signs and Advertising Specialties (flexographic printing of advertising specialties)
				*3999	Manufacturing Industries, NEC (flexographic printing of eyeglass frames for the trade)
XXXXXX	Other Commercial Printing	R		*2759	Commercial Printing, NEC (other commercial printing)
				*2771	Greeting Cards (other printing of greeting cards)
				*2782	Blankbooks, Loose-leaf Binders and Devices (other printing of checkbooks)
				*3993	Signs and Advertising Specialties (other printing of advertising specialties for the trade)
				*3999	Manufacturing Industries, NEC (other printing of eyeglass frames for the trade)
XXXXXX	Manifold Business Form Printing	E		2761	Manifold Business Forms



XXXXXX	Bankbook, Loose-leaf Binder and Device	R	*2782	Blankbooks, Loose-leaf Binders and Devices (except checkbooks)
XXXXXX	Manufacturing Printing on Apparel	N	*2396	Automotive Trimmings, Apparel Findings, and Related Products
XXXXX	Support Activities for Printing			(Printing and Embossing on Fabric Articles)
XXXXXX	Tradebinding and Related Work	E	2789	Bookbinding and Related Work
XXXXXX	Prepress Services	R	2791 2796	Typesetting Platemaking and Related Services

TABLE 2

The abbreviation “pt” means “part of”. @ means time series break has been created that is greater than 3% of the 1992 revenues for the 1987 SIC industry.

1987 SIC code	1987 SIC description	1997 U.S. description
2711	Newspapers: Publishing, or Publishing and Printing	Included in new Information sector
2721	Periodicals: Publishing, or Publishing and Printing	Included in new Information sector
2731	Books: Publishing, or Publishing and Printing	Included in new Information sector
2732	Book Printing	Book Printing
2741	Miscellaneous Publishing	Included in new Information sector
2752	Commercial Printing, Lithographic	Commercial Lithographic Printing (pt)
	Commercial Printing, Lithographic (Except Quick Printing)	Commercial Lithographic Printing (pt)
	Quick Printing	Included in Other Services sector
2754	Commercial Printing, Gravure	Commercial Gravure Printing (pt)
2759@	Commercial Printing, NEC	
	Screen Printing	Commercial Screen Printing (pt)
	Flexographic Printing	Commercial Flexographic Printing (pt)
	Other Commercial Printing	Other Commercial Printing (pt)
2761	Manifold Business Forms	Manifold Business Form Printing (pt)
2771@	Greeting Cards	
	Lithographic Printing of Greeting Cards	Commercial Lithographic Printing (pt)
	Gravure Printing of Greeting Cards	Commercial Gravure Printing (pt)
	Flexographic Printing of Greeting Cards	Commercial Flexographic Printing (pt)
	Screen Printing of Greeting Cards	Commercial Screen Printing (pt)
	Other Printing of Greeting Cards	Other Commercial Printing (pt)

2782@	Publishing Greeting Cards Blankbooks, Loose-leaf Binders and Devices Lithographic Printing of Checkbooks Gravure Printing of Checkbooks Flexographic Printing of Checkbooks Screen Printing of Checkbooks Other Printing of Checkbooks Blankbooks, Loose-leaf Binders and Devices	Included in new Information sector  Commercial Lithographic Printing (pt) Commercial Gravure Printing (pt) Commercial Flexographic Printing (pt) Commercial Screen Printing (pt) Other Commercial Printing (pt) Blankbook, Loose-leaf Binder and Device
2789 2791@ 2796@ 3993@	Bookbinding and Related Work Typesetting Platemaking and Related Services Signs and Advertising Specialties Lithographic Printing of Advertising Specialties Gravure Printing of Advertising Specialties Flexographic Printing of Advertising Specialties Screen Printing of Advertising Specialties Other Printing of Advertising Specialties Electric Signs	Manufacturing Tradebinding and Related Work Prepress Services (pt) Prepress Services (pt)  Commercial Lithographic Printing (pt) Commercial Gravure Printing (pt) Commercial Flexographic Printing (pt) Commercial Screen Printing (pt) Other Commercial Printing (pt) Electric Signs (Included in Electrical Equipment,
	Non-Electric Wood Signs	Appliance, and Component Manufacturing subsector) Other Wood Product Manufacturing (pt) (Included in
	Non-Electric Metal Signs	Wood Product Manufacturing, Except Furniture  subsector) All Other Fabricated Metal Product Manufacturing  (pt) (Included in Fabricated Metal Product
	Non-Electric Plastics Signs	Manufacturing subsector) All Other Plastic Product Manufacturing (pt)  (Included in Rubber and Plastic Product
3999@	Manufacturing Industries, NEC Lithographic Printing of Eyeglass Frames for the Trade Gravure Printing of Eyeglass Frames for the Trade Flexographic Printing of Eyeglass Frames for the Trade	Manufacturing subsector)  Commercial Lithographic Printing (pt) Commercial Gravure Printing (pt) Commercial Flexographic Printing (pt)

	Screen Printing of Eyeglass Frames for the Trade	Commercial Screen Printing (pt)
	Other Printing of Eyeglass Frames for the Trade	Other Commercial Printing (pt)
	Other	Other Miscellaneous Manufacturing (pt) (To Be
		Included in Miscellaneous Manufacturing subsector)
2396@	Automotive Trimmings, Apparel Findings, and Related	
	Products	
	Printing and Embossing on Fabric Articles	Printing on Apparel
	Automotive Trimmings	Motor Vehicle Fabric Accessory and Seat
		Manufacturing (pt) (Included in Transportation
		Equipment Manufacturing subsector)
	Apparel Findings and Trimmings	Apparel Belts, Apparel Accessories, and Other
		Apparel Manufacturing (pt) (Included in Apparel
		Manufacturing subsector)
	Other Apparel Trimmings	All Other Miscellaneous Textile Product Mills (pt)
		(Included in Textile Product Mills subsector)

*Description of Changes to the U.S. System*

Three new industries were added to the 1997 industry structure for this industry subsector.

Commercial Screen Printing was created from part of 1987 SIC 2759, Commercial Printing, NEC; part of 1987 SIC 2771, Greeting Cards; part of 1987 SIC 2782, Blankbooks, Loose-leaf Binders, and Devices; part of 1987 SIC 3993, Signs and Advertising Specialties; and part of 1987 SIC 3999, Manufacturing Industries, NEC. This change was made in response to a proposal from the industry and it corresponds to the production-oriented industry concept accepted for NAICS.

Commercial Flexographic Printing was created from part of 1987 SIC 2759, Commercial Printing, NEC; part of 1987 SIC 2771, Greeting Cards; part of 1987 SIC 2782, Blankbooks, Loose-leaf Binders, and Devices; and part of 1987 SIC 3993, Manufacturing Industries, NEC, and part of 1987 SIC 3999, Manufacturing Industries, NEC. This change corresponds to the production-oriented industry concept accepted for NAICS.

Printing on Apparel was created from part of 1987 SIC 2396, Automotive Trimmings, Apparel Findings, and Related Products. This change was made for international comparability, and because the process involved is printing, not apparel manufacture.

Four industries were removed from this industry group and transferred to the new NAICS Information sector. They are:

1987 SIC 2711, Newspapers: Publishing, or Publishing and Printing.

1987 SIC 2721, Periodicals: Publishing, or Publishing and Printing.

1987 SIC 2731, Books: Publishing, or Publishing and Printing.

1987 SIC 2741, Miscellaneous Publishing.

These four industries were transferred to the newly created Information sector in response to the increased use of electronic and other means for information transformation, manipulation, and dissemination, and because the production processes that characterize publishing are neither printing nor manufacturing. Where printing of newspapers, periodicals and books takes place in a separate establishment (increasingly the case), these printing activities remain in manufacturing. More information is contained in the text for the NAICS Information sector, published separately.

Two activities were transferred into the 1997 NAICS Printing and Related Support Activities subsector.

Advertising specialty manufacturing transferred from part of 1987 SIC 3993, Signs and Advertising Displays, into Commercial Printing, depending on the printing process.

Printing eyeglasses for the trade transferred from part of 1987 SIC 3999, Manufacturing Industries, NEC, into Commercial Printing, depending on the printing process. Transferring these two activities into the Printing and Related Support Activities subsector was necessary to align the U.S. classification with those of Canada and Mexico, and because the activities are printing processes.

One activity was transferred out of the 1977 NAICS subsector for Printing and Allied Industries.

Quick printing, 1987 industry code 2752 with transferred to the Other Services

subsectors. This change was made to better conform with production services.

Also, several activities were transferred within the Printing and Related Support Activities subsector. The number of printing industries decreased from 14 in 1987 to 11 in 1997. For time series linkage, 5 of the 14 1987 industries are comparable within three percent of the 1997 industries.

## **Part VI--Proposed New Industry Structure for Professional, Scientific and Technical Services**

### *Section A--NAICS Structure*

North American Industry Classification System

(NAICS)

Agreement Number 16

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following industries:

Professional, Scientific and Technical Services

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed

NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on September 27, 1995 - September 29, 1995 in Mexico City, Mexico.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	9/29/95
Mexico	/S/ Enrique Ordaz	9/29/95
United States	/S/ Jack E. Triplett	9/29/95

#### ATTACHMENT 1--NAICS STRUCTURE

XX	Professional, Scientific and Technical Services
XXX	Legal Services
XXXX	Offices of Lawyers
XXXX	Offices of Notaries
XXXX	Other Legal Services
XXX	Accounting, Tax Preparation, Bookkeeping and Payroll Services



XXXX	Offices of Accountants
XXXX	Tax Preparation, Bookkeeping and Payroll Services
XXX	Architectural, Engineering and Related Services
XXXX	Architectural Services
XXXX	Engineering Services
XXXX	Drafting Services
XXXX	Building Inspection Services
XXXX	Landscape Architecture Services
XXXX	Surveying and Mapping Services
XXXX	Geophysical Surveying Services
XXXX	Testing Laboratories
XXX	Specialized Design Services
XXXX	Interior Design Services
XXXX	Industrial Design Services
XXXX	Graphic Design Services
XXXX	Other Specialized Design Services
XXX	Computer Systems Design and Related Services
XXXX	Computer Systems Design and Related Services
XXX	Management, Scientific and Technical Consulting Services
XXXX	Management Consulting Services
XXXX	Environmental Consulting Services
XXXX	Other Scientific and Technical Consulting Services

XXX	Scientific Research and Development Services
XXXX	Research and Development in the Physical and Engineering Sciences
XXXX	Research and Development in the Life Sciences
XXXX	Research and Development in the Social Sciences and Humanities
XXX	Advertising and Related Services
XXXX	Advertising Agencies
XXXX	Public Relations Services
XXXX	Media Buying Agencies
XXXX	Media Representatives
XXXX	Display Advertising
XXXX	Direct Mail Advertising
XXXX	Advertising Material Distribution
XXXX	Other Services Related to Advertising
XXX	Other Professional, Scientific and Technical Services
XXXX	Market Research and Public Opinion Polling
XXXX	Photography Services
XXXX	Translation and Interpretation Services
XXXX	Veterinary Services
XXXX	All Other Professional, Scientific and Technical Services

## **Attachment 2--North American Industry Classification System**

Draft Classification for:

Professional, Scientific, and Technical Services

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industry classification for the Professional, Scientific, and Technical Service industries.

The subsector is further subdivided into nine industry groups and 37 industries. The placement of this subsector within the NAICS structure is not yet determined.

### *A General Outline*

The statistical agencies of Canada, Mexico, and the United States have agreed to place major emphasis on improved services classifications in NAICS. In their July 26, 1994 statement of concept for NAICS (**Federal Register**, Vol. 59, No. 142, p.38094), they stated: “Statistical agencies of the three countries agree to give special attention to developing production-oriented classifications for (a) new and emerging industries, (b) service industries in general....”

Past industry classifications have two analytical inadequacies. First, individual services industries are too few in number, which is another way of saying that they have been defined too broadly to be useful--they have combined too many disparate activities

into a single industry definition. This criticism has been heard even in the U.S., which had more services industry detail in its 1987 Standard Industrial Classification Manual than was the case for most other classification systems. As indicated later in this outline, the detail problem has been addressed in NAICS by breaking out new services industries from many of the broad and heterogeneous industries in the former systems of all three countries.

A second problem in past services industry classifications is a general lack of a coherent structure. To take the 1987 U.S. SIC system as an example, though it had what in NAICS would be called a “subsector” for “Business Services,” it was difficult to discern an organizational principle in this subsector, or the relation that the industries included in it had to each other or to the subsector as a whole. Moreover, engineering and architecture were not defined as business services at all, and were located in a different part of the classification. Again, this lack of coherent structure has been criticized.

In NAICS, organizing principles have been sought that will give coherence to NAICS services sectors and subsectors. The organizing principle of the Professional, Scientific, and Technical Services subsector is human capital, the knowledge and skills of the employees in the subsector.

A services firm is often in the business of selling the skills of its workers. When this is the case, the production process of a services producer depends essentially on the abilities and capabilities of its employees. Of course, human capital is important in other areas of services as well--medicine, for example. A broad interpretation of the principles of

human capital could have led to the inclusion of other industries in this subsector. For example, investment advisors and real estate appraisers also make available the particular knowledge and skills of their human capital.

The distinguishing feature of the Professional, Scientific, and Technical Services subsector is the fact that most of the industries grouped in it have production processes that are almost wholly dependent on worker skills. In most of these industries, equipment and materials are not of major importance, unlike health care, for example, where “high tech” machines and materials are important collaborating inputs to labor skills in the production of health care. Thus, the establishments classified in this subsector are expertise sellers. Much of the expertise requires degrees, though not in every case. Moreover, differences in expertise and in training distinguish the industries that are classified in this subsector.

Because of the importance of services industries, and their rapid growth in North America, the three countries’ statistical agencies have created a forward looking classification for this subsector that is intended to provide a framework for measuring services as they expand throughout the entire North American economy. For this reason, many NAICS industries in this subsector have been created even when they cannot at present be supported by all three countries. This is a different rule than the one followed in most of the traditional goods producing sectors. The following paragraphs provide a brief description of the content of each industry group and observations on issues that are of particular interest.

The Legal Services industry group includes Offices of Lawyers, Offices of Notaries

and Other Legal Services. Offices of Lawyers are by far the largest industry in this group. Though many law firms specialize in particular forms of law practice, no acceptable way was found to further disaggregate this industry into more detailed industries that would be collectible in all three countries, and would apply to the operations of the industry in all three countries. In Canada and Mexico, Offices of Notaries are empowered to draft, approve, and execute legal documents and contracts. Such establishments do not exist in the United States. The Other Legal Services industry actually groups legal activities that are noncomparable in the three countries. In Canada, this industry includes offices of bailiffs that are involved in a mixture of activities, including enforcing court orders, serving writs and summonses, repossession of property and providing court house security. Bailiffs in Mexico and the United States are employees of the courts and normally provide security, and serve court documents. For this reason, offices of bailiffs do not exist as establishments in the U.S. and Mexico. The Other Legal Services industry includes offices of paralegals in the United States. Though most paralegals in the U.S. are employees of other legal firms, separate establishments of paralegals are emerging, and are placed in the Other Legal Services industry. The Other Legal Services industry does not exist in Mexico, because neither bailiffs nor paralegals exist as independent establishments.

The Accounting, Tax Preparation, Bookkeeping and Payroll Services industry group includes establishments providing auditing, accounting, tax preparation, bookkeeping and billing, and payroll accounting services. The dominant expertise in this industry group is expertise in accounting. However, other activities that are sometimes done in accounting

firms and sometimes in more specialized establishments (tax preparation, for example) are also located here. The United States will subdivide the Offices of Accountants industry to distinguish auditing accountants (Certified Public Accountants (CPAs)) from non-auditing accountants (non-CPAs).

The Architectural, Engineering and Related Services industry group includes establishments providing architectural, engineering, drafting, building inspection and surveying services. All of the proposed industries within this industry group are specialized and economically significant in Canada and the United States. However, three industries (Drafting Services, Surveying and Mapping Services and Geophysical Surveying Services) do not exist in Mexico. The Testing Laboratories industry includes establishments engaged in the provision of laboratory sampling and technical testing services, such as chemical analysis and nondestructive testing. It is located in this subsector because the industries in this industry group are major users of testing laboratory services and because of the processes used in the laboratories.

The Specialized Design Services industry group includes establishments providing interior, industrial, graphic and other specialized design services. It should be noted that the Architectural and Engineering Services industries also include establishments that are engaged in providing design services.

The Computer Systems Design and Related Services industry group includes establishments providing expertise in the field of information technologies. These establishments provide services such as custom programming services, systems design

services, data center management services and technical consulting services. Though custom computer programming is in this sector, the reproduction of packaged software is in the NAICS Manufacturing sector, and software publishing and on-line retrieval services are in the new NAICS Information sector, to be published separately.

The Management, Scientific and Technical Consulting Services industry group includes establishments that advise and counsel clients on virtually all aspects of corporate operations, as well as those offering technical advice and counsel on non-management issues. Many kinds of consulting exist in a modern economy. This industry group brings together those consultants who, while having specific expertise, offer a wide range of services to their prospective clients. It is not the clients' business on which the consultants in this industry group have expertise, but rather, they have specialized knowledge with potential applications in a broad range of industries. Accordingly, those establishments that provide consulting services that are closely tied to a specific industry are classified in the sector or group of industries to which they are related. For example, agricultural consultants are included in the Agriculture sector. In addition, establishments that provide consulting services in conjunction with other services as part of an integrated process, or in conjunction with other sales, are excluded. For example, the provision of advice and counsel on financial matters is often related to or incidental to the sale of financial products, and is therefore included in the Finance and Insurance sector.

The Scientific Research and Development Services industry group includes establishments engaged in original investigation undertaken on a systematic basis to gain new knowledge (research) and/or in the application of research findings or other



scientific knowledge for the creation of new or significantly improved products or processes (experimental development). The industries within this industry group are defined on the basis of the domain of research; that is, on the scientific expertise of the establishment.

The Advertising and Related Services industry group includes Advertising Agencies, Public Relations Services, Media Buying Agencies, Media Representatives, Display Advertising, Direct Mail Advertising, Advertising Material Distribution and Other Services Related to Advertising. These establishments are primarily engaged in preparing advertising campaigns, placing advertisements, or the delivery of advertising material to the general public.

The Other Professional, Scientific, and Technical Services industry group represents a residual grouping that includes Market Research and Public Opinion Polling, Photography Services, Translation and Interpretation Services, Veterinary Services and other activities that could not be placed within other industry groups.

#### *Limitations and Constraints of the Classification*

Differences in the organization of activities within establishments, and differences in the economic significance of individual industries from country to country, were the major issues faced in the development of a common classification structure for this subsector. These issues were dealt with by grouping activities in a manner that recognized the different levels of integration and diversification of establishments while

allowing each country to add industries where necessary to reflect the greater level of specialization or economic significance of particular industries in its national economy. Still, in some instances, proposed NAICS industries in this subsector do not exist in all countries.

Establishments that offer services to a broad spectrum of industries, and therefore do not require particular expertise in the client's own industry, are classified in this sector. However, the narrower interpretation imposes limits on studies of a more broadly defined "professional or knowledge-based sector." Uses requiring such a broad definition will require regrouping of NAICS industries in other sectors.

The identification of new and emerging industries is one of the principal goals of the NAICS project. Many users have expressed the wish that this goal be achieved while minimizing breaks in time series. However, these two objectives are more often than not conflicting, and the degree to which proposed NAICS industries relate to existing national classification systems varies from country to country.

#### *Relationship to ISIC*

Each of the NAICS industries created in this subsector can be assigned to a division of the current International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) of the United Nations. The majority of the NAICS industries are contained within ISIC Division 74, Other Business Activities. Other NAICS industries in this sector relate to ISIC Divisions 72, Computer and Related Activities and ISIC Division

73, Research and Development.

*Changes to the National Classification*

For Canada, the identification of a significant number of new industries represents the most important change to the 1980 Canadian Standard Industrial Classification (CSIC). Twenty-seven of the 37 proposed NAICS industries applicable in Canada are new. The industries of this sector are, for the most part, currently classified in CSIC 77, Business Service Industries. The expansion is particularly important for legal services (CSIC 7761), computer services (CSIC 7721), advertising services (CSIC 774), scientific and technical services (CSIC 7759) and other business services (CSIC 7799).

The Legal Services industry group now contains three industries compared to one in the existing Canadian system. The Offices of Notaries and Other Legal Services industries are new.

The current Computer Services industry (CSIC 7721) is split into five industries. The computer systems design and related services component is part of this subsector. The newly created Information sector contains three industries, namely, Software Publishing, On-line Retrieval Services and Data Transaction Processing Services, that were formerly contained in CSIC 7721, but are not placed in the NAICS Professional, Scientific and Technical Services subsector. Computer rental and leasing is now classified in the Rental and Leasing subsector of NAICS.

The Advertising Services industry group (CSIC 774) expands to eight industries from

the current four. The new industries are Public Relations Services, Media Buying Agencies, Direct Mail Advertising, and Advertising Material Distribution.

Nine of the proposed NAICS industries are components of the Other Scientific and Technical Services Industry (CSIC 7759). This includes Drafting Services, Landscape Architecture Services, Surveying and Mapping Services, Geophysical Surveying Services, Environmental Consulting Services, Testing Laboratories and the three proposed Scientific Research and Development Services industries.

The proposed industries for Interior Design Services, Translation and Interpretation Services, Document Preparation Services, Telephone Call Centers and Packaging and Labeling Services are components of CSIC 7799, Other Business Services n.e.c. Various parts of this industry are reassigned to new NAICS industries.

Other significant changes include the creation of two industries from CSIC 7771, Management Consulting Services (Management Consulting and Management Services) and the splitting of a Graphic Design Services industry from CSIC 7749, Other Advertising Services.

The majority of proposed NAICS industries (22) relate to only one existing CSIC industry. In those cases, the task of linking statistics based on the old and new systems is relatively easy. For the remaining classes, this task is much more difficult since they are defined in terms of components of existing industries for which no data are available. However, many of these partial relationships are marginal in terms of economic activity.

For Mexico, 24 CMAP industries are included in this subsector: four industries have

one-to-one correspondence with NAICS; four CMAP industries were combined to form one NAICS industry class; two other industries were merged with parts of other industry classes to form two new NAICS industries; and of the remaining fourteen CMAP industry classes, 27 industries were created for this subsector in the NAICS. Some of the new or revised industries reflect an increasing degree of specialization in this subsector in Mexico. Services that were offered in combination within the same establishment, even when one of these services was a secondary activity, are now provided separately by establishments that specialize in only one activity. Therefore, in this new classification system there are industries that were not even mentioned in CMAP, because they were formerly either secondary activities or included with other activities.

The activities that are incorporated into this subsector are currently classified in branch 9510 of the CMAP, Provision of Professional Services, Technical and Specialized. However, to fill out the new subsector some activities were relocated that were found in other CMAP branches or subsectors or even from other activity sectors.

From CMAP Subsector 92, Services of Education, Investigation, Medicine, Welfare and Civil and Religious Associations, the scientific investigation services performed by the private sector and the public sector (CMAP classes 922100 and 922200, respectively) were reclassified into three classes: Research and Development in the Physical and Engineering Services; Research and Development in the Life Sciences; and Research and Development in the Social Sciences and Humanities.

CMAP Subsector 94, Cultural, Recreational, and Sports Services, included establishments that are devoted to personnel contracting for theatrical and

cinematographic works (CMAP classes: 941101, Private Production of Cinematographic Movies: 941106, Private Promotion Services, Assembly and Artistic Spectacles Presentation; and in 941204, Promotion and Assembly Public Service and Artistic Spectacles Presentation). These contracting agencies are joined to the agencies of personnel placement to form a single NAICS class.

CMAP Class 952002, Various Personal Services, Photographic Services is reclassified to NAICS Photography Services.

Two classes of CMAP Branch 9510 are not included in this subsector: CMAP class 951014, News Agency Services, and CMAP 951016, Photograph and Movies Developing Services. The first is reclassified to the sector for Information and the second is included in the Arts, Entertainment and Recreation subsector.

For the rest of the classes of CMAP Branch 9510, the most important changes are the separations of the CMAP classes 951005, Services of Advising and Technical Studies of Engineering and Architecture; 951008, Services of Advertising and Related Activities; 951010, Advising Services in Administration and Organization of Businesses, and 951023, Other Professional Services, Technical and Specialized, not mentioned previously. The creation of new product classes resulting from the separation is based on two fundamental criteria: on the one hand, the specificity concerning production function and, additionally, the perspective of growth in the future.

The CMAP class 951005, Services of Engineering and Architecture Consulting and Mechanical Studies, is split into six parts; the first five are identified by their very specific production functions: Architectural Services, Engineering Services, Surveying and

Mapping Services, Geophysical Surveying Services and Testing Laboratories. The sixth part (prototypes design) is combined with the services of urban planners and with the services of mode designers (located within the current CMAP class 951023), to become NAICS industry Other Specialized Design Services.

The current class Advertising and Related Activities (CMAP 951008) is split into eight NAICS industries: Advertising Agencies, Media Purchasing Agencies, Media Representation Agencies, Advertising Agencies, Direct Mail Agencies, Direct Mail Advertising Agencies, Commercial Event and Convention Organizers, and Other Services Related to Advertising.

The current CMAP class 951010, Administration and Organization Advising Services, is split into five NAICS industries: Administrative Consultants, Public Relations Services, Translation and Interpretation Services, Organizing Services, and Other Scientific and Technical Consultancy Services.

Finally, certain activities in current CMAP class 951023, Other Professional Services, Technical and Specialized Not Mentioned Previously, are now NAICS industries.

For the United States, of the 37 proposed NAICS industries, 23 are new. Of the 23 new industries in this subsector, eight were created from 1987 SIC 7389, Business Services, Not Elsewhere Classified. This former NEC industry had become a “catch-all” category that included some of the fastest growing services in the U.S. economy, in a grouping that had no natural interpretation or usefulness. Its size is significantly reduced by the creation of the new industries in this subsector. Examples of new industries that were created from 1987 SIC 7389 are: Other Legal Services, Drafting Services, Building

Inspection Services, Interior Design Services, Industrial Design Services, and Translation and Interpretation Services. In addition, other activities formerly included in SIC 7389 were redistributed among the industries to create homogeneous industries or industry groupings. The redistributions out of 1987 SIC 7389 will reduce its overall size by approximately 40% of the establishments and receipts. In addition, the remainder are redistributed into NAICS industry groups that have more logic and coherence than the 1987 SIC 73 major group.

The NAICS industry group Accounting, Tax Preparation, Bookkeeping and Payroll Services includes the services of accountants, tax preparers, bookkeepers, and payroll services. The inclusion of tax preparation services represents a significant change; these services are currently included in 1987 SIC Major Group 72, Personal Services. Accounting services were previously grouped with bookkeeping; the NAICS structure separates these two activities.

The NAICS industry group Architectural, Engineering and Related Services groups three previously existing services industries (1987 SICs 8711, 8712, 8713), one previously existing industry from Agriculture (1987 SIC 0781) and includes two new industries.

The NAICS industry group Other Specialized Design Services includes new industries for Interior Design Services, Industrial Design Services and Graphic Design Services.

The NAICS industry group Management, Scientific and Technical Consulting includes one significant change. It includes a separate industry for Environmental Consulting Services. This service is included in 1987 SIC 8999, Services Not Elsewhere Classified.



The NAICS industry group for Scientific Research and Development Services changes the focus from the source of funding (commercial versus non commercial) to the domain of research, that is, physical sciences, life sciences, and social sciences.

The NAICS industry group Other Professional, Scientific and Technical Services includes Photography Services that are in 1987 SIC's 7221, Photographic Studios, Professional, and 7335, Commercial Photography. The U.S. will continue to separate these industries in its 5-digit industry detail.

#### *Achievement of Objectives*

The proposed classification meets the objectives for the North American Industry Classification System. It is comprised of industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept. The hierarchical structure of the classification also follows the production concept.

The classification achieves comparability for the three participating countries. Based on existing data, all three countries expect to be able to publish data regularly at most industry levels of the NAICS structure, though a number of exceptions exist, as noted in the "Limitations and Constraints of Classification" above. The proposed NAICS structure also introduces a number of new and emerging industries by expanding the current classification systems of each country for business and professional service industries. All countries agree on the detailed definitions of the industries.

*Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the NAICS industry subsector presented in *Part VI, Section A-- Attachment I*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the NAICS industry subsector covered in Part VI of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; L-null industry for the U.S.; N-new industry; R-revised industry; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS and U.S. description		1987		
		Status	SIC	1987 SIC descriptions
		code	code	
XX	Professional, Scientific and Technical Services			
XXX	Legal Services			
XXXX	Offices of Lawyers	E	8111	Legal Services
XXXX	Offices of Notaries	L		Null Set for U.S.
XXXX	Other Legal Services	N	*7389	Business Services, NEC (process services, patent agents, notaries public, paralegal services )
XXX	Accounting, Tax Preparation, Bookkeeping and Payroll Services			
XXXX	Offices of Accountants			
XXXXX	Offices of Certified Public Accountants	N	*8721	Accounting, Auditing, and Bookkeeping Services (certified public accountants)
XXXXX	Offices of Accountants, Except Certified	N	*8721	Accounting, Auditing, and Bookkeeping Services (accountants, except certified public accountants)
XXXX	Tax Preparation, Bookkeeping and Payroll Services			
XXXXX	Tax Preparation Services	E	7291	Tax Return Preparation Services

XXXXX	Bookkeeping and Billing Services	N	*8721	Accounting, Auditing, and Bookkeeping Services (bookkeeping and billing)
XXXXX	Payroll Services	N	*7819	Services Allied to Motion Picture Production (talent payment services)
			*8721	Accounting, Auditing, and Bookkeeping Services (payroll services)
XXX	Architectural, Engineering and Related Services			
XXXX	Architectural Services	E	8712	Architectural Services
XXXX	Engineering Services	E	8711	Engineering Services
XXXX	Drafting Services	N	*7389	Business Services, NEC (drafting service)
XXXX	Building Inspection Services	N	*7389	Business Services, NEC (home and building inspection services )
XXXX	Landscape Architecture Services	E	0781	Landscape Counseling and Planning
XXXX	Surveying and Mapping Services	N	*7389	Business Services, NEC (map making services)
			*8713	Surveying Services (except geophysical surveying)
XXXX	Geophysical Surveying Services	N	*8713	Surveying Services (geophysical surveying )
XXXX	Testing Laboratories	R	*8734	Testing Laboratories (except veterinary testing laboratories)
XXX	Specialized Design Services			
XXXX	Interior Design Services	N	*7389	Business Services, NEC (interior design)
XXXX	Industrial Design Services	N	*7389	Business Services, NEC (industrial design)
XXXX	Graphic Design Services	R	7336	Commercial Art and Graphic Design
			*8099	Health and Allied Services, NEC (medical artists)
XXXX	Other Specialized Design Services			
XXXXX	Land Use Planners Services	N	*8748	Business Consulting Services, NEC (planners of land use)
XXXXX	All Other Design Services	N	*7389	Business Services, NEC (fashion, furniture, and other design services)
XXX	Computer Systems Design and Related Services			
XXXX	Computer Systems Design and Related Services			
XXXXX	Custom Computer Programming Services	E	7371	Computer Programming Services
XXXXX	Systems Design Services	N	7373	Computer Integrated Systems Design
			*7379	Computer Related Services, NEC (computer systems consultants)
XXXXX	Computer Facilities Management Services	E	7376	Computer Facilities Management Services

XXXXX	Other Computer Systems Design and Related Services	R	*7379	Computer Related Services, NEC (except computer systems consultants)
XXX	Management, Scientific and Technical Consulting Services			
XXXX	Management Consulting Services			
XXXXX	Administrative and General Management Consulting	N	*8742	Management Consulting Services (administrative management and general management consulting)
XXXXX	Human Resources Consulting	N	*8742	Management Consulting Services (human resources and personnel management consulting)
			*7361	Employment Agencies (executive placement services)
XXXXX	Marketing Consulting	N	*8742	Management Consulting Services (marketing consulting)
XXXXX	Process, Physical, Distribution and Logistics Consulting	N	*8742	Management Consulting Services (manufacturing management, physical distribution, and site location consulting)
XXXXX	Other Management Consulting Services	N	*4731	Arrangement of Transportation of Freight and Cargo (tariff consulting)
			*8748	Business Consulting Services, NEC (safety consulting)
XXXX	Environmental Consulting Services	N	*8999	Services, NEC (environmental consultants)
XXXX	Other Scientific and Technical Consulting Services	N	*8748	Business Consulting Services, NEC (economic, radio, and traffic consultants)
			*8999	Services, NEC (nuclear consultants, geologists, physicists and actuarial consulting)
XXX	Scientific Research and Development Services			
XXXX	Research and Development in the Physical and Engineering Sciences	N	*8731	Commercial Physical and Biological Research (physical and engineering sciences)
			*8733	Noncommercial Research Organizations (physical and engineering services)
XXXX	Research and Development in the Life Sciences	N	*8731	Commercial Physical and Biological Research (life sciences)

XXXX	Research and Development in the Social Sciences and Humanities	N	*8733	Noncommercial Research Organizations (life sciences)
			*8732	Commercial Economic, Sociological, and Educational Research (social sciences and humanities)
			*8733	Noncommercial Research Organizations (social sciences and humanities)
XXX	Advertising and Related Services			
XXXX	Advertising Agencies	E	7311	Advertising Agencies
XXXX	Public Relations Services	E	8743	Public Relations Services
XXXX	Media Buying Agencies	N	*7319	Advertising, NEC (media buying services)
XXXX	Media Representatives	E	7313	Radio, Television, and Publishers' Advertising Representatives
XXXX	Display Advertising	N	7312	Outdoor Advertising Services
			*7319	Advertising, NEC (display advertising, except outdoor)
XXXX	Direct Mail Advertising	E	7331	Direct Mail Advertising Services
XXXX	Advertising Material Distributors	N	*7319	Advertising, NEC (advertising materials distributor)
XXXX	Other Services Related to Advertising	N	*7319	Advertising, NEC (except media buying, display advertising, except outdoor; and advertising material distributors)
			*5199	Nondurable Goods, NEC (advertising specialties goods distributors)
XXX	Other Professional, Scientific and Technical Services			
XXXX	Market Research and Public Opinion Polling	N	*8732	Commercial Economic, Sociological, and Educational Research (market research and opinion research)
XXXX	Photography Services			
XXXXX	Photography Studios, Portrait	E	7221	Photographic Studios, Portrait
XXXXX	Commercial Photography	R	7335	Commercial Photography
			*8099	Health and Allied Services, NEC (medical photography)
XXXX	Translation and Interpretation Services	N	*7389	Business Services, NEC (translation and interpretation services)
XXXX	Veterinary Services	E	0741	Veterinary Services for Livestock
			0742	Veterinary Services for Animal Specialties
XXXX	All Other Professional, Scientific and Technical Services	N	*7389	Business Services, NEC (appraisers, except insurance and real estate, and miscellaneous professional, scientific, and technical services)

TABLE 2

The abbreviation “pt” means “part of”. @ means time series break has been created that is greater than 3% of the 1992 revenues for the 1987 SIC Industry. The abbreviation NEC is used for Not Elsewhere Classified.

1987 SIC code	1987 SIC description	1997 U.S. description
0741	Veterinary Services for Livestock	Veterinary Services (pt.)
0742	Veterinary Services for Animal Specialties	Veterinary Services (pt.)
0781	Landscape Counseling and Planning	Landscape Architecture Services
4731	Arrangement of Transportation of Freight and Cargo Tariff Consulting	Other Management Consulting Services (pt.)
5199	Nondurable Goods, NEC Advertising Specialties Goods Distributors	Other Services Related to Advertising (pt.)
7221	Photographic Studios, Portrait	Photographic Studios, Portrait
7291	Tax Return Preparation Services	Tax Preparation Services
7311	Advertising Agencies	Advertising Agencies
7312	Outdoor Advertising Services	Display Advertising (pt.)
7313	Radio, Television, and Publishers' Advertising Representatives	Media Representatives
7319@	Advertising, NEC Media Buying Services Display Advertising, Except Outdoor Advertising Materials Distributor Other	Media Buying Agencies Display Advertising (pt.) Advertising Material Distributors Other Services Related to Advertising (pt.)
7331	Direct Mail Advertising Services	Direct Mail Advertising

7335	Commercial Photography	Commercial Photography (pt.)
7336	Commercial Art and Graphic Design	Graphic Design Services (pt.)
7361	Employment Agencies	
	Executive Placement Services	Human Resources Consulting (pt.)
7371	Computer Programming Services	Custom Computer Programming Services
7373	Computer Integrated Systems Design	Systems Design Services (pt.)
7376	Computer Facilities Management Services	Computer Facilities Management Services
7379	Computer Related Services, NEC	
	Computer Systems Consultants	Systems Design Services (pt.)
	Except Computer Systems Consultants	Other Computer Systems Design and Related Services
7389@	Business Services, Not Elsewhere Classified	
	Process Services, Patent Agents, Notaries Public and Paralegal Services	Other Legal Services
	Mapmaking Services	Surveying and Mapping Services (pt.)
	Interior Design	Interior Design Services
	Industrial Design	Industrial Design Services
	Drafting Service	Drafting Services
	Fashion, Furniture and Other Design Services	All Other Design Services
	Translation and Interpretation Services	Translation and Interpretation Services
	Home and Building Inspection Services	Building Inspection Services
	Appraisers, Except Insurance and Real Estate, Miscellaneous	All Other Professional, Scientific and Technical Services
	Professional, Scientific, and Technical Services	
7819	Services Allied to Motion Picture Production	
	Talent Payment Services	Payroll Services (pt.)
8099	Health and Allied Services, NEC	
	Medical Artists	Graphic Design Services (pt.)
	Medical Photography	Commercial Photography (pt.)
8111	Legal Services	Offices of Lawyers
8711	Engineering Services	Engineering Services
8712	Architectural Services	Architectural Services
8713	Surveying Services	
	Except Geophysical Surveying	Surveying and Mapping Services (pt.)
	Geophysical Surveying Services	Geophysical Surveying Services
8721@	Accounting, Auditing, and Bookkeeping Services	
	Certified Public Accountants	Offices of Certified Public Accountants



	Accountants, Except Certified Public Accountants Payroll Services	Offices of Accountants, except Certified Payroll Services
8731@	Commercial Physical and Biological Research Physical and Engineering Sciences Life Sciences	Research and Development in the Physical and Engineering Sciences (pt.) Research and Development in the Life Sciences (pt.)
8732@	Commercial Economic, Sociological, and Educational Research Social Sciences and Humanities Market Research and Opinion Research	Research and Development in the Social Sciences and Humanities (pt.) Market Research and Public Opinion Polling
8733@	Noncommercial Research Organizations Physical and Engineering Services Life Sciences Social Sciences and Humanities	Research and Development in the Physical and Engineering Sciences (pt.) Research and Development in the Life Sciences (pt.) Research and Development in the Social Sciences and Humanities (pt.)
8734	Testing Laboratories	Testing Laboratories
8742@	Management Consulting Services Administrative Management and General Management Consulting Human Resources and Personnel Management Consulting Marketing Consulting Manufacturing Management, Physical Distribution, and Site Location	Administrative and General Management Consulting Human Resources Consulting (pt.) Marketing Consulting Process, Physical, Distribution, and Logistics Consulting
	Consulting	
8743	Public Relations Services	Public Relations Services
8748@	Business Consulting Services, Not Elsewhere Classified Planners of Land Use Safety Consulting Economic Consultants, Radio Consultants, Traffic Consultants	Land Use Planners Services Other Management Consulting Services Other Scientific and Technical Consulting Services (pt.)
8999@	Services, NEC Nuclear Consultants, Consulting Geologists, Consulting Physicists, and	Other Scientific and Technical Consulting Services (pt.)
	Actuarial Consulting Environmental Consultants	Environmental Consulting

*Description of Changes to the U.S. System*

Forty-eight U.S. industries are included in the NAICS Professional, Scientific, and Technical Services subsector. Thirty-one of these are new industries (Offices of Notaries, as defined, do not exist in the U.S.); four are revised 1987 SIC industries; and 13 are industries that existed in 1987. The primary focus of this subsector is to group together establishments that make available the particular knowledge, expertise or skills of their employees to a wide range of business and individual clients. The activities included here can be utilized throughout all sectors of the economy. Other activities that do not meet this criteria are generally included in the particular subsector they serve. The industries within this subsector have similar production processes. The changes also help to better achieve comparability with Mexico and Canada. The following new industries were added for 1997:

Other Legal Services from part of 1987 SIC 7389, Business Services, NEC.

Offices of Certified Public Accountants from part of 1987 SIC 8721, Accounting, Auditing, and Bookkeeping Services.

Offices of Accountants, Except Certified from part of 1987 SIC 8721, Accounting, Auditing, and Bookkeeping Services.

Bookkeeping and Billing Services from part of 1987 SIC 8721, Accounting, Auditing, and Bookkeeping Services.

Payroll Services from part of 1987 SIC 7819, Service Allied to Motion Picture

Production, and part of 1987 SIC 8721, Accounting, Auditing, and Bookkeeping Services.

Drafting Services from part of 1987 SIC 7389, Business Services, NEC.

Building Inspection Services from part of 1987 SIC 7389, Business Services, NEC.

Surveying and Mapping Services from part of 1987 SIC 8713, Surveying Services, and part of 1987 SIC 7389, Business Services, NEC.

Geophysical Surveying Services from part of 1987 SIC 8713, Surveying Services.

Interior Design Services from part of 1987 SIC 7389, Business Services, NEC.

Industrial Design Services from part of 1987 SIC 7389, Business Services, NEC.

Land Use Planners Services from part of 1987 SIC 8748, Business Consulting Services, NEC.

All Other Design Services from part of 1987 SIC 7389, Business Services, NEC.

Systems Design Services from 1987 SIC 7373, Computer Integrated Systems Design, and part of 1987 SIC 7379, Computer Related Services, NEC.

Administrative and General Management Consulting from part of 1987 SIC 8742, Management Consulting Services.

Human Resources Consulting from part of 1987 SIC 8742, Management Consulting Services, and part of 1987 SIC 7361, Employment Agencies.

Marketing Consulting from part of 1987 SIC 8742, Management Consulting Services.

Process, Physical Distribution, and Logistics Consulting from part of 1987 SIC 8742,

Management Consulting Services.

Other Management Consulting Services from part of 1987 SIC 4731, Arrangement of Transportation of Freight and Cargo, and part of 1987 SIC 8748, Business Consulting Services, NEC.

Environmental Consulting from part of 1987 SIC 8999, Services NEC.

Other Scientific and Technical Consulting Services from part of 1987 SIC 8748, Business Consulting Services, NEC, and part of 1987 SIC 8999, Services, NEC.

Research and Development in the Physical and Engineering Sciences from part of 1987 SIC 8731, Commercial Physical and Biological Research, and part of 1987 SIC 8733, Noncommercial Research Organizations.

Research and Development in the Life Sciences from part of 1987 SIC 8731, Commercial Physical and Biological Research, and part of 1987 SIC 8733, Noncommercial Research Organizations.

Research and Development in the Social Sciences and Humanities from part of 1987 SIC 8732, Commercial Economic, Sociological, and Educational Research, and part of 1987 SIC 8733, Noncommercial Research Organizations.

Media Buying Agencies from part of 1987 SIC 7319, Advertising, NEC.

Display Advertising from 1987 SIC 7312, Outdoor Advertising Services, and part of 1987 SIC 7319, Advertising, NEC.

Advertising Material Distributors from part of 1987 SIC 7319, Advertising, NEC.

Other Services Related to Advertising from part of 1987 SIC 5199, Nondurable Goods, NEC, and part of 1987 SIC 7319, Advertising, NEC.

Market Research and Public Opinion Polling from part of 1987 SIC 8732, Commercial Economic, Sociological, and Educational Research.

Translation and Interpretation Services from part of 1987 SIC 7389, Business Services, NEC.

All Other Professional, Scientific and Technical Services from part of 1987 SIC 7389, Miscellaneous Business Services.

The following four NAICS industries were modified from their 1987 definitions:

Testing Laboratories from 1987 SIC 8734, Testing Laboratories. This industry was modified by moving veterinary laboratories to the Support Services for Agriculture subsector. This move was made to improve comparability with Canada and Mexico and because the production process of this type of laboratory was so different from the others that are included.

Graphic Design Services from 1987 SIC 7336, Commercial Art and Graphic Design, and part of 1987 SIC 8099, Health and Allied Services, NEC. Medical artists of 1987 SIC 8099 were combined here because of the similarity of the production process with graphic designers and to improve comparability with Mexico and Canada.

Other Computer Systems Design and Related Services from part of 1987 SIC 7379, Computer Related Services, NEC. This industry was modified by moving computer systems consultants to NAICS industry Systems Design Services to improve comparability

with Mexico and Canada.

Commercial Photography from 1987 SIC 7335, Commercial Photography, and from part of 1987 SIC 8099, Health and Allied Services, NEC. Medical photography from 1987 SIC 8099 was combined with commercial photography because of the similarity of their production processes.

**Part VII--Proposed New Industry Structure for Performing Arts, Spectator Sports and Related Industries; Museums, Historical Sites and Similar Institutions; and Recreation, Amusement and Gambling**

*Section A--NAICS Structure*

North American Industry Classification System

(NAICS)

Agreement Number 17

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following industries:

Performing Arts, Spectator Sports and Related Industries

Museums, Historical Sites and Similar Institutions

Recreation, Amusement and Gambling

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on September 27, 1995 - September 29, 1995 in Mexico City, Mexico.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	9/29/95
Mexico	/S/ Enrique Ordaz	9/29/95
United States	/S/ Jack E. Triplett	9/29/95

ATTACHMENT 1--NAICS STRUCTURE

XX	Performing Arts, Spectator Sports and Related Industries
XXX	Performing Arts Companies
XXXX	Theater Companies
XXXX	Dance Companies
XXXX	Musical Groups and Artists
XXXX	Other Performing Arts Companies
XXX	Spectator Sports
XXXX	Spectator Sports
XXX	Promoters of Arts, Sports and Similar Events
XXXX	Promoters of Arts, Sports and Similar Events with Facilities
XXXX	Promoters of Arts, Sports and Similar Events without Facilities
XXX	Agents and Managers for Artists, Athletes and Other Entertainers
XXXX	Agents and Managers for Artists, Athletes and Other Entertainers
XXX	Independent Artists, Writers and Performers
XXXX	Independent Artists, Writers and Performers
XX	Museums, Historical Sites and Similar Institutions
XXX	Museums, Historical Sites and Similar Institutions
XXXX	Museums



XXXX	Historical Sites
XXXX	Botanical and Zoological Gardens
XXXX	Nature Parks and Similar Institutions
XX	Recreation, Amusement and Gambling Industries
XXX	Sports and Recreation Facilities
XXXX	Golf Courses
XXXX	Skiing Facilities
XXXX	Marinas
XXXX	Recreational, Sports and Fitness Centers
XXXX	Bowling Centers
XXX	Amusement Facilities
XXXX	Amusement and Theme Parks
XXXX	Amusement Arcades and Other Coin-operated Amusement Devices
XXX	Gambling Industries
XXXX	Casinos, except Hotel Casinos
XXXX	Other Gambling Industries
XXX	Other Recreation and Amusement Services
XXXX	Other Recreation and Amusement Services

## **Attachment 2--North American Industrial Classification System**

Draft Classification for:

Performing Arts, Spectator Sports and Related Industries

Museums, Historical Sites and Similar Institutions

Recreation, Amusement and Gambling Industries

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industry classification for these industries.

The draft classification contains three subsectors, Performing Arts, Spectator Sports and Related Industries; Museums, Historical Sites and Similar Institutions; and Recreation, Amusement and Gambling Industries. These are further subdivided into ten industry groups and twenty-three industries.

### *A General Outline*

The Performing Arts, Spectator Sports and Related Industries subsector includes establishments that produce or organize live presentations involving the performances of actors and actresses, singers, dancers, musical groups and artists, athletes and other

entertainers. It also includes independent entertainers and the establishments that manage their careers. The classification recognizes four basic processes: producing events; presenting and promoting events; managing and representing entertainers; and finally, providing the artistic, creative and technical skills necessary to the production of these live events. Four industries are proposed for performing arts, each defined on the basis of the particular skills of the entertainers involved in the presentations. Promoters that own and operate their facilities are distinguished from those that do not, thereby emphasizing significant differences in cost structures.

The proposed structure makes a clear distinction between performing arts companies and performing artists (independents). Although not unique to arts and entertainment, freelancing is a particularly important phenomenon in the Performing Arts, Spectator Sports, and Related Industries subsector. Distinguishing this activity from the production activity is a meaningful process differentiation. This approach, however, is difficult to implement in the case of musical groups (companies) and artists, especially pop groups. These establishments tend to be more loosely organized and it can be difficult to distinguish companies from freelancers. For those reasons, NAICS includes one industry that covers both musical groups and musical artists.

The proposed NAICS structure contains two industries for Promoters of Arts, Sports and Similar Events, one for those that operate facilities and another for those that do not. It is therefore necessary for users interested in information by type of event (e.g. performing arts as opposed to sports) to rely on product data.

The Museums, Historical Sites and Similar Institutions subsector includes

establishments engaged in the preservation and exhibition of objects, sites and natural wonders of historical, cultural and educational value. The four industries of this subsector are Museums; Historic Sites; Botanical and Zoological Gardens; and Nature Parks and Similar Institutions.

The Recreation, Amusement and Gambling Industries subsector comprises three industry groups. The Sports and Recreation Facilities industry group includes establishments that operate and provide access to facilities where patrons can actively participate in sports and recreational activities. The six industries of this industry group represent the most important types of facilities found in North America. The Amusement Facilities industry group contains establishments that operate and provide access to sites and facilities primarily used for amusement purposes. Finally, the Gambling Industries industry group includes operators of casinos, lotteries, bingo halls and other establishments primarily engaged in gambling activities.

#### *Limitations and Constraints of the Classification*

The most important limitation of the proposed structure is the incomplete coverage of recreational activities.

Providers of recreational services are often engaged in processes classified in other sectors of NAICS. For example, operators of resorts and hunting and fishing camps provide both accommodation and recreational facilities and services. It is proposed to

classify these establishments in the Accommodation Services subsector, partly to reflect the significant costs associated with the provision of accommodation services and partly to ensure consistency with international standards. Similarly, some night clubs present live entertainment on a regular basis and it can be argued that they could be classified in the Promoters of Arts, Sports and Similar Events With Facilities industry. However, since most of these establishments function as any other drinking place when they do not stage entertainment and furthermore because most of their revenue is derived from sale of food and beverages, it is proposed to classify them with other drinking places. Finally, establishments using transportation equipment to provide sightseeing and pleasure cruises are classified in the Transportation sector.

The proposed Gambling Industries group does not provide for full coverage of gambling activities. It only includes those establishments specializing in such activities. Casino hotels are classified in the Accommodation Services subsector while horse and dog racing tracks are classified in the Spectator Sports industry group.

#### *Relationship to ISIC*

Each of the NAICS industries created in these subsectors can be assigned to a division of the current International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) of the United Nations. Nineteen of the twenty-four proposed industries are contained within ISIC Division 92, Recreational, Cultural, and Sporting Activities. The

five industries not in ISIC Division 92 are small pieces of ISIC Division 60, Land Transport, Transport Via Pipelines; ISIC Division 63, Supporting and Auxiliary Transport Activities, Activities of Travel Agencies; ISIC Division 70, Real Estate Activities; and ISIC Division 74, Other Business Activities. The discrepancies between these proposed NAICS industries and ISIC are minor and do not have a significant impact on the comparability of the data.

*Some Changes to the National Classifications*

For Canada, the proposed NAICS structure constitutes a restructuring and expansion of industries currently found in major group 96, Amusement and Recreational Service Industries, of the 1980 Canadian Standard Industrial Classification (CSIC). A few activities classified in other areas of the classification are now included in this structure and industry groups CSIC 961, Motion Picture, Audio and Video Production and Distribution, and CSIC 962, Motion Picture Exhibition are moved to the proposed Information sector.

The activities included in the Performing Arts Companies industry group are all part of CSIC 9631, Entertainment Production Companies, except for circuses (CSIC 9692) and dinner theaters (CSIC 9211). The remaining components of CSIC 9631, Promoters of Artistic Events and Independent Artists, are assigned to different NAICS industries.

The NAICS Spectator Sports industry corresponds to CSIC 964, Commercial Spectator Sports, except for promoters of sports events that are now classified in a newly created

industry group for Promoters (presenters) of Arts, Sports and Similar Events.

In the CSIC, promoters are closely associated to the type of event they are promoting (arts, sports, fairs, etc.) and are classified in different industries. The approach adopted for NAICS, that of combining all promoters in the same group, therefore represents a significant change to the current practice.

A similar approach is proposed for Agents and Managers for Artists, Athletes and Other Entertainers and for Independent Artists, Writers and Performers. Agents and managers, currently classified in arts, sports or business service depending on the type of client they represent, are grouped in a single NAICS industry. Similarly, independent artists, writers and performers, currently found in four industries, are combined in one class.

The Museums, Historical Sites and Similar Institutions industry group includes activities that are classified in Education (Museums, Heritage and Historic Sites) and Amusement and Recreation (botanical gardens, zoological gardens, nature parks, exhibition centers, etc.).

Three of the five industries proposed for the operators of Sports and Recreational Facilities industry group already exist in the CSIC. The most significant change in this area is the adoption of a Recreational, Sports and Fitness Centers industry that includes components of three existing classes, namely, CSIC 9652, Curling clubs; CSIC 9659, Other Sports and Recreation Clubs; and CSIC 9799, Other Personal and Household Services.

Finally, the proposed Gambling Industries categories are components of CSIC 9961,

Gambling Industries. At the national level, an additional industry will be created for Lotteries.

For Mexico, the contents of these subsectors essentially stem from the CMAP subsector 94, Entertainment, Culture, Recreation and Sports, although an important restructuring has occurred. In addition, some classes of CMAP subsector 94 related to motion pictures, radio and television went into the proposed NAICS Information sector, and those related to the teaching of gymnastics and martial arts moved to the proposed NAICS Education Services subsector.

In order to accommodate this proposed structure of new subsectors, Mexico included some activities from other subsectors such as tour guide services, marinas, and the retail sale of lottery tickets.

For the United States, the proposed NAICS structure represents a significant change from the current Standard Industrial Classification System (SIC) system. The NAICS industries are more clearly defined than those in the current system and ambiguous distinctions such as “membership” criteria have been eliminated in NAICS industries.

New industries are established for various types of performing arts companies, spectator sports, museums, historical sites and similar institutions, gambling services and operators of sports and recreation facilities. Overall, there are nine new industries in the NAICS structure for amusement, recreation, museums and botanical and zoological gardens.

Separate industries are established for promoters of events, agents and managers of



artists, athletes, and entertainers, as well as a new industry for artists and entertainers who normally work independently or on a contract basis. These types of establishments are included in many different industries in the SIC system, including some in 1987 SIC 8999, Services, Not Elsewhere Classified (NEC), as well as in other NEC categories, such as 1987 SIC 7999, Amusement and Recreation Services, Not Elsewhere Classified.

The “not elsewhere classified (NEC)” industries in the 1987 SIC system are significantly reduced in NAICS, because many types of establishments in this category are assigned to more specific, process-based categories.

### *Achievement of Objectives*

The proposed classification structure meets the objectives for the North American Industry Classification System (NAICS). It is comprised of industries that group establishments with similar production processes, that is, it applies the production oriented economic concept. The hierarchical structure of the classification generally follows the production concept at each level.

The classification achieves comparability for the three participating countries. Based on existing data, each country expects to be able to publish data regularly or in the near future at the industry (4-digit) level of this structure. All countries agree on the definitions of the industries.

Other objectives of the NAICS project have also been met. The inclusion of new and

emerging services industries are introduced in this proposed structure. These classifications reflect changes in the arts, entertainment, and recreation industries that have occurred in the past but have never been identified in the existing classification systems of the three countries.

The industries in most cases are economically significant in all three countries. Smaller industries are present because comparability is given priority over size.

*Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the three NAICS industry subsectors presented in *Part VII, Section A-- Attachment 1*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the three NAICS industry subsectors covered in Part VII of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry; R-revised industry; and \* means "part of." The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS and U.S. description		Status code	1987 SIC code	1987 SIC description
XX	Performing Arts, Spectator Sports and Related Industries			
XXX	Performing Arts Companies			
XXXX	Theater Companies	N	*5812 *7922	Eating Places (dinner theaters) Theatrical Producers (except Motion Pictures) and Miscellaneous Theatrical Services (theater companies, opera companies)
XXXX	Dance Companies	N	*7922	Theatrical Producers (except Motion Pictures) and Miscellaneous Theatrical Services (ballet and dance companies)
XXXX	Musical Groups and Artists	N	*7929	Bands, Orchestras, Actors, and Entertainment Groups (musical groups and artists)
XXXX	Other Performing Arts Companies	N	*7929  *7999	Bands, Orchestras, Actors, and Entertainment Groups, (except musical groups and artists)  Amusement and Recreation Services, Not Elsewhere Classified (circus companies)
XXX	Spectator Sports			
XXXX	Spectator Sports			

XXXXX	Sports Clubs	N	*7941	Professional Sports Clubs and Promoters (professional sports clubs)
XXXXX	Race Tracks	N	*7948	Racing, Including Track Operations (track operations)
XXXXX	Other Spectator Sports	N	*7941	Professional Sports Clubs and Promoters, (except sports clubs, stadium operators, sports promoters and agents)
			*7948	Racing, Including Track Operations, (except track operators)
			*7999	Amusement and Recreation Services, NEC (professional athletes)
XXX	Promoters of Arts, Sports and Similar Events			
XXXX	Promoters of Arts, Sports and Similar Events with Facilities	N	*6512	Operators of Nonresidential Buildings (stadium and arena owners)
			*7922	Theatrical Procedures (except Motion Pictures) and Miscellaneous Theatrical Services (theater operators)
			*7941	Professional Sports Clubs and Promoters (stadium operators)
XXXX	Promoters of Arts, Sports and Similar Events without Facilities	N	*7922	Theatrical Producers (except Motion Pictures) and Miscellaneous Theatrical Services (theatrical promoters)
			*7941	Professional Sports Clubs and Promoters (sports promoters)
XXX	Agents and Managers for Artists, Athletes and Other Entertainers			
XXXX	Agents and Managers for Artists, Athletes, and Other Entertainers	N	*7389	Business Services, NEC (agents and brokers for authors and artists)
			*7922	Theatrical Producers (except Motion Pictures) and Miscellaneous Theatrical Services (theatrical agents)

				*7941	Professional Sports Clubs and Promoters (sports agents)
XXX	Independent Artists, Writers, and Performers				
XXXX	Independent Artists, Writers, and Performers	N		*7819	Services Allied to Motion Picture Production (film directors and related motion picture production services, independent)
				*7929	Bands, Orchestras, Actors, and Other Entertainers and Entertainment Services (actors and actresses)
				*8999	Services, Not Elsewhere Classified (authors, artists, and related technical services independent)
XX	Museums, Historical Sites and Similar Institutions				
XXX	Museums, Historical Sites and Similar Institutions				
XXXX	Museums	R		*8412	Museums and Art Galleries (except historic and heritage sites)
XXXX	Historical Sites	N		*8412	Museums and Art Galleries (historic and heritage sites)
XXXX	Botanical and Zoological Gardens	R		*8422	Arboreta and Botanical and Zoological Gardens (except nature parks and reserves)
XXXX	Nature Parks and Similar Institutions	N		*7999	Amusement and Recreation Services, NEC (caverns and miscellaneous commercial parks)
				*8422	Arboreta and Botanical and Zoological Gardens (nature parks and reserves)
XX	Recreation, Amusement and Gambling Industries				
XXX	Operators of Sports and Recreation Facilities				
XXXX	Golf Courses	N		7992	Public Golf Courses
				*7997	Membership Sports and Recreation Clubs (golf clubs)
XXXX	Skiing Facilities	N		*7999	Amusement and Recreation Services, NEC (skiing facilities)

XXXX	Marinas	E	4493	Marinas
XXXX	Recreational, Sports and Fitness Centers	N	7991	Physical Fitness Facilities
			*7997	Membership Sports and Recreation Clubs (recreation clubs with facilities)
			*7999	Amusement and Recreation Services, NEC (nonmembership recreation facilities)
XXXX	Bowling Centers	E	7933	Bowling Centers
XXX	Amusement Facilities			
XXXX	Amusement and Theme Parks	E	7996	Amusement Parks
XXXX	Amusement Arcades and Other Coin Operated Amusement Devices	R	*7993	Coin-Operated Amusement Devices (except slot machine operators)
XXX	Gambling Industries			
XXXX	Casinos, except Hotel Casinos	N	*7999	Amusement and Recreation Services, NEC (casinos, except hotel casinos)
XXXX	Other Gambling Industries	N	*7993	Coin-Operated Amusement Devices (slot machine operators)
			*7999	Amusement and Recreation Services, NEC (lottery, bingo, bookie, and other gambling operations)
XXX	Other Recreation and Amusement Services			
XXXX	Other Recreation and Amusement Services	N	*7911	Dance Studios, Schools, and Halls (except instruction)
			*7997	Membership Sports and Recreation Clubs (recreation clubs without facilities)

\*7999

Amusement and Recreation Services, NEC (except circuses, professionals, athletes, caverns and other commercial parks, skiing facilities, casinos and other gambling operations, amusement and recreation facilities, sports instruction, sports equipment rental, and amusement or scenic transport operations)

TABLE 2

The abbreviation “pt” means “part of”. @ means time series break has been created that is greater than 3% of the 1992 revenues for the 1987 SIC industry. The abbreviation NEC is used for Not Elsewhere Classified.

1987 SIC code	1987 SIC description	1997 U.S. description
4493	Marinas	Marinas
5812@	Eating Places (Dinner theatres)	Theater Companies (pt.)
6512@	Operators of Nonresidential Buildings Stadium and Arena Owners	Promoters of Arts, Sports and Similar Events with Facilities (pt.)
7389@	Business Services, NEC Agents and Brokers for Authors and Artists Other	Agents and Managers for Artists, Athletes, and Other Entertainers (pt.) (Has been distributed among other service related subsectors)
7819@	Services Allied to Motion Picture Production Film Directors and Related Motion Picture Production Services, Independent	Independent Artists, Writers, and Performers (pt.)
7911@	Dance Studios, Schools and Halls Ballroom and Dance Hall Operations Instruction Studios and Schools, Professional Dancing Schools	Other Recreation and Amusement Services (pt.) Fine Arts Schools (pt.) (Included in Educational Services subsector)
7922@	Theatrical Producers (Except Motion Picture) and Miscellaneous Theatrical Services Theater and Opera Companies Theatrical Agents Ballet and Dance Companies Theater Operators Theatrical Promoters Theatrical Agents	Theater Companies (pt.) Agents and Managers for Artists, Athletes and Other Entertainers (pt.) Dance Companies Promoters of Arts, Sports, and Similar Events with Facilities (pt.) Promoters of Arts, Sports, and Similar Events without Facilities (pt.) Agents and Managers for Artists, Athletes, and Other Entertainers (pt.)



7929@	Bands, Orchestras, Actors, and Other Entertainers and Entertainment Groups	
	Musical Groups and Artists, Orchestras	Musical Groups and Artists
	Actors and Actresses	Independent Artists, Writers, and Performers (pt.)
	Except Musical Groups and Artists, Actors and Actresses	Other Performing Arts Companies (pt.)
7933	Bowling Centers	Bowling Centers
7941@	Professional Sports Clubs and Promoters	
	Professional Sports Clubs	Sports Clubs
	Sports Agents	Agents and Managers of Artists, Athletes, and other Entertainers (pt.)
	Sports Promoters	Promoters of Arts, Sports and Similar Events without Facilities (pt.)
	Stadium Operators	Promoters of Arts, Sports, and Similar Events with Facilities (pt.)
	Except Sports Clubs, Stadium Operators, Sports Promoters, and Agents	Other Spectator Sports (pt.)
7948@	Racing, Including Track Operations	
	Racetracks	Race Tracks
	Racing, except Track Operators	Other Spectator Sports (pt.)
7991@	Physical Fitness Facilities	Recreational, Sports and Fitness Centers (pt.)
7992@	Public Golf Courses	Golf Courses (pt.)
7993@	Coin Operated Amusement Devices	
	Except Gambling (Slot Machine) Operators	Amusement Arcades and Other Coin Operated Amusement Devices
	Gambling (Slot Machine) Operators	Other Gambling Industries (pt.)
7996	Amusement Parks	Amusement and Theme Parks
7997@	Membership Sports and Recreation Clubs	
	Golf Clubs	Golf Courses (pt.)
	Recreation Clubs with Facilities	Recreational Sports and Fitness Centers (pt.)
	Recreation Clubs Without Facilities	Other Recreation and Amusement Services (pt.)

7999@	<p>Amusement and Recreation Services, NEC</p> <ul style="list-style-type: none"> <li>Circus Companies</li> <li>Professional Athletes</li> <li>Skiing Facilities</li> <li>Nonmembership Recreation Facilities</li> <li>Casinos, except Hotel Casinos</li> <li>Lottery, Bingo, Bookie and Other Gaming Operations</li> <li>Caverns and Miscellaneous Commercial Parks</li> <li>Sports Instruction</li> <li>Sports Equipment Rental</li> <li>Scenic Transport Operations, Land</li>   <li>Scenic Transport Operations, Water</li> </ul>	<ul style="list-style-type: none"> <li>Other Performing Arts Companies (pt.)</li> <li>Other Spectator Sports (pt.)</li> <li>Skiing Facilities</li> <li>Recreation Sports and Fitness Centers (pt.)</li> <li>Casinos, except Hotel Casinos</li> <li>Other Gambling Industries (pt.)</li> <li>Nature Parks and Similar Institutions (pt.)</li> <li>Athletic Instruction (Included in Educational Services subsector)</li> <li>Rental of Recreation Goods (Included in Rental and Leasing subsector)</li> <li>Scenic and Sightseeing Transportation, Land (Included in Scenic and Sightseeing Transportation subsector)</li> <li>Scenic and Sightseeing Transportation, Water (Included in Scenic and Sightseeing Transportation subsector)</li> <li>Other Recreation and Amusement Services (pt.)</li> </ul>
	<p>Amusement and Recreation Services, NEC (except circuses, professional athletes, caverns, and other commercial parks, skiing facilities, casinos and other gambling operations, amusement and recreation facilities)</p>	
8412	<p>Museums and Art Galleries</p> <ul style="list-style-type: none"> <li>Museums</li> <li>Historical and Heritage Sites</li> </ul>	<ul style="list-style-type: none"> <li>Museums</li> <li>Historical Sites</li> </ul>
8422	<p>Arboreta and Botanical or Zoological Gardens</p> <ul style="list-style-type: none"> <li>Botanical and Zoological Gardens</li> <li>Nature Parks and Reserves</li> </ul>	<ul style="list-style-type: none"> <li>Botanical and Zoological Gardens</li> <li>Nature Parks and Similar Institutions (pt.)</li> </ul>
8999	<p>Services, Not Elsewhere Classified</p> <ul style="list-style-type: none"> <li>Authors, Artists, and Related Technical Services, Independent</li> </ul>	<ul style="list-style-type: none"> <li>Independent Artists, Writers, and Performers (pt.)</li> </ul>

*Description of Changes to the U.S. System*

The industries included in the following subsectors were primarily created from the twelve 1987 SICs of Major Group 79, Amusement and Recreation Services. For time series linkage, a time series break greater than three percent of their 1992 revenue is estimated for ten of these industries.

1. Performing Arts, Spectator Sports and Related Industries - There were eleven new industries added to the 1997 industry structure in this subsector to group those activities with the same production process and to improve overall comparability with Mexico and Canada. The underlying focus of this subsector was to group together those entertainment activities that are more visual and non-participatory. The following new industries were created:

Theater Companies from part of 1987 SIC 5812, Eating Places, and part of 1987 SIC 7922, Theatrical Producers (Except Motion Picture) and Miscellaneous Theatrical Services.

Dance Companies from part of 1987 SIC 7922, Theatrical Producers (Except Motion Picture) and Miscellaneous Theatrical Services.

Musical Groups and Artists from part of 1987 SIC 7929 Bands, Orchestras, Actors, and Other Entertainers and Entertainment Groups.

Other Performing Arts Companies from part of 1987 SIC 7929, Bands, Orchestras, Actors, and Other Entertainers and Entertainment Groups, and part of 1987 SIC 7999,

Amusement and Recreation Services, NEC..

Sports Clubs from part of 1987 SIC 7941, Professional Sports Clubs and Promoters.

Race Tracks from part of 1987 SIC 7948, Racing, Including Track Operation.

Other Spectator Sports from part of 1987 SIC 7941, Professional Sports Clubs and Promoters; part of 1987 SIC 7948, Racing, Including Track Operation; and part of 1987 SIC 7999, Amusement and Recreation Services, NEC.

Promoters of Arts, Sports and Similar Events With Facilities from part of 1987 SIC 6512, Operators of Nonresidential Buildings; part of 1987 SIC 7922, Theatrical Producers (Except Motion Picture) and Miscellaneous Theatrical Services; and part of 1987 SIC 7941, Professional Sports Clubs and Promoters.

Promoters of Arts, Sports and Similar Events without Facilities from part of 1987 SIC 7922, Theatrical Producers (Except Motion Picture) and Miscellaneous Theatrical Services, and part of 1987 SIC 7941, Professional Sports Clubs and Promoters.

Agents and Managers for Artists, Athletes and Other Entertainers from part of 1987 SIC 7389, Business Services, NEC; part of 1987 SIC 7922, Theatrical Producers (Except Motion Picture) and Miscellaneous Theatrical Services; and part of 1987 SIC 7941, Professional Sports Clubs and Promoters.

Independent Artists, Writers, and Performers from part of 1987 SIC 7819, Services Allied to Motion Picture Production; part of 1987 SIC 7929, Bands, Orchestras, Actors, and other Entertainers and Entertainment Groups; and part of 1987 SIC 8999, Services, NEC.

2. Museums, Historic Sites and Similar Institutions - The NAICS industries within this subsector were essentially created from the two industries of 1987 Major Group 84, Museums, Art Galleries, and Botanical, and Zoological Gardens. Two new industries were added for this 1997 industry subsector and two industries reflect content changes from their 1987 definitions. These changes were made to better represent the production process differences among these activities. The following industries were added for 1997:

Historical Sites from part of 1987 SIC 8412, Museums and Art Galleries.

Nature Parks and Similar Institutions from part of SIC 7999, Amusement and Recreation Services, NEC; and part of 1987 SIC 8422, Arboreta and Botanical or Zoological Gardens.

The following two industries represent content changes from 1987:

Museums from part of 1987 SIC 8412, Museums and Art Galleries.

Botanical and Zoological Gardens from part of 1987 SIC 8422, Arboreta and Botanical Gardens.

3. Recreation, Amusement and Gambling Industries - This subsector consists of 10 industries. Six new industries were added to the 1997 structure for this subsector, one industry represents a 1987 industry with content changes, and three industries from 1987 were included without any changes. The NAICS industries within this subsector represent an effort to group those activities with the same production process and to improve comparability with Mexico and Canada. The basis for developing this subsector was to group together entertainment activities that are participatory in nature and to eliminate

industry distinctions based on membership. The following new industries were created:

Golf Courses from 1987 SIC 7992, Public Golf Courses, and part of 1987 SIC 7997, Membership Sports and Recreation Clubs.

Skiing Facilities from part of 1987 SIC 7999, Amusement and Recreation Services, NEC.

Recreational, Sports and Fitness Centers from 1987 SIC 7991, Physical Fitness Facilities; part of 1987 SIC 7997, Membership Sports and Recreation Clubs; and part of 1987 SIC 7999, Amusement and Recreation Services, NEC.

Casinos, Except Hotel Casinos from part of 1987 SIC 7999, Amusement and Recreation Services, NEC.

Other Gambling Industries from part of 1987 SIC 7993, Coin-Operated Amusement Devices, and part of 1987 SIC 7999, Amusement and Recreation Services, NEC.

Other Recreation and Amusement Services from part of 1987 SIC 7911, Dance Studios, Schools, and Halls; part of 1987 SIC 7997, Membership Sports and Recreation Clubs; and part of 1987 SIC 7999, Amusement and Recreation Services, NEC.

The following industry represents a change in content from 1987:

Amusement Arcades and Other Coin-Operated Amusement Devices from part of 1987 SIC 7993, Coin-Operated Amusement Devices.

## **Part VIII--Proposed New Industry Structure for Information**

*Section A--NAICS Structure*

North American Industry Classification System

(NAICS)

Agreement Number 18

This Document represents the proposed agreement for the North American Industry Classification System (NAICS) on the boundaries of the following sector and the 4-digit industries of which it is composed:

Information, to be described as:

Information and Cultural Industries in Canada

Informacion en Medios Masivos in Mexico

Information in the United States

It also displays an aggregation structure that is accepted by all three countries, along with a brief description of the structure and its details (Attachments 1 and 2).

Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional

discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on September 27, 1995 - September 29, 1995 in Mexico City, Mexico.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	9/29/95
Mexico	/S/ Enrique Ordaz	9/29/95
United States	/S/ Jack E. Triplett	9/29/95

## ATTACHMENT 1--NAICS STRUCTURE

XX Publishing

XXX Newspaper, Periodical, Book, and Data Base Publishing

XXXX Newspaper Publishing

XXXX Periodical Publishing



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XXXX	Book Publishing
XXXX	Database Publishing
XXXX	Other Publishing
XXX	Software Publishing
XXXX	Software Publishing
XX	Motion Picture and Sound Recording
XXX	Motion Picture and Video Industries
XXXX	Motion Picture and Video Production
XXXX	Motion Picture and Video Distribution
XXXX	Teleproduction and Other Post-Production Services
XXXX	Motion Picture and Video Exhibition
XXXX	Other Motion Picture and Video Industries
XXX	Sound Recording Industries
XXXX	Record Production Companies
XXXX	Integrated Record Companies
XXXX	Music Publishing
XXXX	Sound Recording Studios
XXXX	Other Sound Recording Industries

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XX	Broadcasting and Telecommunications
XXX	Radio and Television Broadcasting
XXXX	Radio Broadcasting
XXXX	Television Broadcasting
XXX	Cable Networks and Program Distribution
XXXX	Cable Networks
XXXX	Cable and Program Distribution
XXX	Telecommunications
XXXX	Wired Telecommunications Carriers
XXXX	Wireless Telecommunications Carriers, Except Satellite
XXXX	Telecommunications Resellers
XXXX	Satellite Telecommunications
XXXX	Other Telecommunications
XX	Information Services and Data and Transaction Processing
XXX	Information Services
XXXX	News Syndicates
XXXX	Libraries and Archives
XXXX	Other Information Services

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XXX            Data and Transaction Processing

XXXX           Data and Transaction Processing

## **Attachment 2--North American Industry Classification System**

Draft Classification For:

Information and Cultural Industries in Canada

Information en Medios Masivos in Mexico

Information in the United States

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industry classification for these industries.

The draft classification includes four subsectors, Publishing; Motion Picture and Sound Recording; Broadcasting and Telecommunications; and Information Services and Data and Transaction Processing Services. These are further subdivided into 9 industry groups and 29 industries.

*A General Outline*

The expressions “information age” and “global information economy” are used with considerable frequency today. The general idea of an “information economy” includes both the notion of industries primarily producing, processing, and distributing information, as well as the idea that every industry is using available information and information technology to reorganize and make themselves more productive.

For the purpose of developing NAICS, it is the transformation of information into a commodity that is produced, manipulated and distributed by a number of growing industries that is at issue. The proposed Information sector groups three types of establishments: those engaged in producing, manipulating and distributing information and cultural products; those that provide the means to transmit or distribute these products as well as data or communications; and those that process data or transactions. (Cultural products are those that directly express attitudes, opinions, ideas, values, and artistic creativity; provide entertainment; or offer information and analysis concerning the past and present. Included in this definition are popular, mass-produced, products as well as cultural products that normally have a more limited audience, such as poetry books, literary magazines or classical records.) These activities are currently classified throughout the existing national classifications; traditional publishing is in manufacturing, broadcasting in communications, software production in business services, film production in amusement services, etc.

The unique characteristics of information and cultural products, and of the processes involved in their production and distribution, justify the creation of an Information sector,

distinct from the goods-producing and service-producing sectors. Some of these characteristics are:

1. Unlike traditional goods, an “information or cultural product” such as a newspaper or television program does not necessarily have tangible qualities, nor is it necessarily associated with a particular form. A movie can be shown at a movie theater, on a television broadcast, through video on demand or rented at a local video store. A sound recording can be aired on radio, embedded in multi-media products or sold at a record store.

2. Unlike traditional services, the delivery of these products does not require direct contact between the supplier and the consumer.

3. The value of these products to the consumer does not lie in their tangible qualities but in their information, educational, cultural or entertainment content.

4. Unlike goods or services, information and cultural products can be copied easily. The law has long recognized this; copyright law protects the intangible property of intellectual creations such as books and sound recordings. Copyright applies to all original literary, dramatic, musical, and artistic works, including databases and computer programs.

5. The intangible property aspect of information and cultural products makes the processes involved in their production and distribution very different from goods and services. Only those possessing the rights to these works are authorized to reproduce, alter, improve and distribute them. Acquiring and using these rights often involves significant

costs. In addition, technology is revolutionizing the distribution of these products. It is possible to distribute them in a physical form, via broadcast or on line.

6. Distributors of information and cultural products can easily add value to the products they distribute. For instance, broadcasters add advertising not contained in the original product. This capacity means that unlike traditional distributors, they derive revenue not from sale of the distributed product to the final consumer, but from those who pay for the privilege of adding information to the original product. Similarly, a CD-ROM publisher can acquire the rights to thousands of previously published newspaper and periodical articles and add new value by providing search and software and organizing the information in a way that facilitates research and retrieval. These products often command a much higher price than the original information.

The distribution modes for information commodities may either eliminate the necessity for traditional manufacture, or reverse the conventional order of manufacture-distribute: A newspaper distributed on line, for example, can be printed locally or by the final consumer. Similarly, it is anticipated that packaged software, which today is mainly bought through the traditional retail channels, will soon be available mainly on line. The NAICS Information sector is designed to make such economic changes transparent as they occur, or to facilitate designing surveys that will monitor the new phenomena and provide data to analyze the changes. Other classification systems tend to obscure economic changes of this kind.

Many of the industries in the NAICS information sector are engaged in producing and manipulating products protected by copyright law, or in distributing them (other than

distribution by traditional wholesale and retail methods). Examples are traditional publishing industries, software and database publishing industries and film and sound industries. Broadcasting and telecommunication industries, and information providers and processors, are also included in the information sector, because their technologies are so closely linked to other industries in the information sector.

Although many new industries have been created for this sector, most of the activities it contains have existed for some time and are distributed throughout the existing classifications. The following paragraphs provide a brief description of the individual components of this sector.

The Publishing subsector groups establishments engaged in the publishing of newspapers, periodicals, and books, as well as database and software publishing. In general, publishers issue copies of works for which they possess copyright for sale to the general public, in one or more formats including traditional print form, CD-ROM or on line. Publishers may publish works originally created by others for which they have obtained the rights, and/or works that they have created in-house.

In most other classification systems, publishing is treated as a subsidiary activity to a manufacturing activity--book and newspaper publishing, for example, are depicted as subsidiary activities to printing, and placed with printing in the classification. In NAICS, publishing--the reporting, writing, editing, and other processes that are required to create an edition of a newspaper, for example--is treated as a major economic activity in its own right, and classified in the Information sector, whereas printing remains in the NAICS Manufacturing sector. In part, the NAICS classification reflects the fact that publishing

increasingly takes place in establishments that are physically separate from the associated printing establishments. More crucially, the NAICS classification of book and newspaper publishing is intended to portray their roles in a modern economy, in which they do not resemble manufacturing activities.

Software publishing is included here because the activity--creation of a copyrighted product and bringing it to market--is equivalent to the creation process for other types of intellectual products. Reproduction of pre-packaged software is treated in NAICS as a manufacturing activity; on-line distribution of software products is in the Information sector, and custom design of software to client specifications remains in business services. These distinctions arise because of the different ways that software is created, reproduced, and distributed.

The Motion Picture and Sound Recording subsector groups establishments involved in the production and distribution of motion pictures and sound recordings (those involved exclusively in the wholesaling of sound recordings are classified in Wholesale Trade). While motion picture and sound recordings are also “published,” the processes involved are sufficiently different from those traditional publishing industries to warrant placing them in the Motion Picture and Sound Recording subsector. The production and distribution of these products involves a complex process and several distinct industries.

The Motion Picture and Video Industries industry group includes separate industries for Motion Picture and Video Production, Motion Picture and Video Distribution, Teleproduction and Other Post-Production Services, Motion Picture and Video Exhibition, and Other Motion Picture and Video Industries. The distribution industry includes



establishments primarily engaged in acquiring the distribution rights (major input) for films and programs, and charging such clients as movie theaters and broadcasters to show them; those engaged in wholesaling videos to retail stores and rental outlets are classified in Wholesale Trade.

The Sound Recording Industries industry group contains new classes for Record Production Companies, Integrated Record Companies, Music Publishing, Sound Recording Studios, and Other Sound Recording Industries. Record production companies are primarily engaged in searching out, identifying and contracting artists for which they arrange and finance the production of master tapes for which they hold the reproduction rights. Establishments in this industry do not own duplication facilities or have distribution capabilities, so they commercialize these rights through leasing/licensing agreements with third parties. Integrated record production companies (major record labels) integrate the production, manufacturing and/or distribution functions, commercializing reproduction rights through these vertically integrated operations. While establishments engaged in record production derive most of their revenues from leasing/licensing the reproduction rights of master recordings and from mechanical royalties, integrated record companies derive most of their revenues from the exploitation of their rights to distribute duplicate sound recordings. The industrial structure proposed for this area is a major revision of existing classifications; the purpose of this restructuring is to reflect the actual activity structure of the sound recording industry, which is not well articulated in current classifications.

The structure of the Broadcasting and Telecommunications subsector was decided upon in a previously signed preliminary agreement (Number 2), but at the time, the sector in which it would be included had not been determined. The three countries have agreed to place it in the Information sector. The following is a summary of the previously signed agreement.

The Broadcasting and Telecommunications subsector includes establishments providing point-to-point communications and the services related to that activity. The industry groups (Radio and Television Broadcasting, Cable Networks and Program Distribution, and Telecommunications) are based on differences in the methods of communication and in the nature of services provided. The Radio and Television Broadcasting industry group includes establishments that operate broadcasting studios and facilities for over the air or satellite delivery of radio and television programs of entertainment, news, talk, and the like. These establishments are often engaged in the production and purchase of programs and generating revenues from the sale of air time to advertisers, and from donations, subsidies, and/or the sale of programs. The Cable Network and Program Distribution industry group includes two types of establishments. Cable Networks establishments operate studios and facilities for the broadcasting of programs that are typically narrow cast in nature (limited format such as news, sports, education, and youth-oriented programming). The services of these establishments are typically sold on a subscription or fee basis. Delivery of the programs to customers is handled by other establishments, in the Cable and Program Distribution industry, that operate cable systems, direct-to-home satellite systems, or other similar systems. The Telecommunications industry group is primarily engaged in operating,

maintaining, and/or providing access to facilities for the transmission of voice, data, text, sound, and full motion picture video between network termination points. A transmission facility may be based on a single technology or a combination of technologies.

The Information Services and Data and Transaction Processing subsector is subdivided into two industry groups. The Information Services industry group includes establishments that provide, store, or provide access to information. The Data and Transaction Processing industry group includes establishments that process data and transactions.

#### *Limitations and Constraints of the Classification*

The concept of an Information sector is new and for that reason its definition could be very broad or very narrow. For instance, it can be argued that establishments engaged in activities such as advertising, marketing research, public opinion polling and credit reporting should be included here since they are, in one way or another, engaged in producing, manipulating and distributing information and/or cultural products. These establishments, however, also share characteristics with establishments found in the Professional, Scientific and Technical Services subsector and it is proposed to classify them in that sector. Similarly, independent artists, writers, and performers could be classified here since they provide the creative input essential to the production of many of the industries found in this sector. However, it has been decided to classify all such

establishments in a single industry in the Performing Arts, Spectator Sports, and Related Industries subsector.

The Information sector is largely a restructuring of existing classifications. For example, many of the activities that are classified in Publishing and in Sound Recording Industries are currently classified in the Manufacturing sectors in the existing national classifications. As a result, the definition of existing broad aggregates such as manufacturing or business services have changed.

The identification of new and emerging industries is one of the principle goals of the NAICS project, and in this case many such industries are introduced in the classification (the extent varies by country.) However, many users have expressed the wish that this goal be achieved while minimizing breaks in time series. These two objectives are often conflicting and the degree to which proposed NAICS industries relate to existing national classification systems varies from country to country. This issue is elaborated in the Changes to the National Classification section.

#### *Relationship to ISIC*

Twenty-six of the 29 proposed NAICS industries are contained within Divisions 22, Publishing, Printing and Reproduction of Recorded Media; 64, Post and Telecommunications; 72, Computer and Related Activities; and 92, Recreational, Cultural and Sporting Activities of the Current International Standard Industrial Classification of all

Economic Activities (ISIC, Revision 3) of the United Nations. The following NAICS industries cannot be assigned to an ISIC division without being subdivided: Other Publishing; Radio Broadcasting; and Television Broadcasting. However, the discrepancies between these proposed NAICS industries and ISIC are minor and do not have a significant impact on the comparability of data. Accordingly, most of the NAICS Information sector can be retabulated to reach consistency at the two-digit level of ISIC.

### *Changes to the National Classification*

For Canada, the most fundamental change to the 1980 Canadian Standard Industrial Classification (CSIC) is the grouping in one sector of industries currently classified in several sectors. Publishing has been moved from Manufacturing (CSIC 28), broadcasting and telecommunication industries from Communication Industries (CSIC 48), film industries from Amusement and Recreational Service Industries (CSIC 96), record companies from Manufacturing (CSIC 39), libraries from Educational Services Industries (CSIC 85), and software publishing and data processing from Business Service Industries (CSIC 77).

The current classification for traditional publishing separates establishments engaged in publishing only from those engaged in publishing and printing. In the proposed NAICS classification, these establishments are classified to five different 4-digit industries according to the type of publishing (newspaper, book, database, etc.) whether or not they

are also engaged in printing activities. Software publishing, currently a component of the Computer Services industry (CSIC 7721), is now classified in this subsector.

The classification of video wholesaling to the existing Motion Picture and Video Distribution class (CSIC 9612) is changed; video wholesaling is now assigned to the Wholesale Trade area. Establishments primarily engaged in videotaping are moving from the Motion Picture and Video Production industry (CSIC 9611) to the NAICS class for Photography in the Management, Employment, Administrative and Support Services subsector. The three existing classes for motion picture and video exhibition (CSIC 9621, 9622, 9629) are collapsed into one NAICS class. Independent motion picture directors, currently classified to the Motion Picture and Video Production industry, are moving to the Performing Arts, Spectator Sports and Related Industries subsector of NAICS.

Sound recording activities are now classified to a separate industry group in five newly created 4-digit industries. This is significantly different from the current practice of assigning these activities in different areas of the CSIC, the most important being wholesale trade and manufacturing.

Other significant changes include the movement of libraries (part of CSIC 8541) and archives (part of CSIC 8551) from Educational Service Industries to this sector and of news syndicates (part of CSIC 7799), on-line information services (part of CSIC 7799) and data processing services (part of CSIC 7721) from the Business Services division to this sector.

For Mexico, economic activities emanating from various CMAP sectors have been reclassified into the new Information sector. Editing and a combination of editing and printing were taken from the Manufacturing Sector, group CMAP 3420, corresponding to printing and editing. From group CMAP 3832, Manufacture and/or Assembly of Electronic Radio, Television, Communications and Medical Equipment, recording, editing and record reproducing studios were transferred when these studios are integrated in this manner.

The following classes were reclassified from the current Transportation and Communications Sector; CMAP classes 720003, Telephone Services; 720004, Public Telephone Services; 720005, Telegraph Services; and 720006, Other Telecommunications Services, except for facsimile services in the latter category, found under the Organization Services subsector, together with Business Centers.

Services related to cinematography, radio and television were taken from the current Recreation, Cultural and Sports Services (CMAP classes 941101, 941102, 941103, 941104, 941105, 941201, 941202 and 941203), both from the public and private sectors. Library services, currently classified by the CMAP together with museums, botanical gardens and the like, under CMAP branches 9421 and 9422, were also reclassified under this new sector.

Finally, from the current CMAP 9510 branch, Provision of Professional, Technical and Specialized Services, the following CMAP classes were taken: from CMAP 951004, Systems Analysis and Information Processing Services, the corresponding parts to software editing services, on-line consulting services and rented computer time; CMAP 951014,

News Agencies' Services; and CMAP 951023, Other Professional, Technical and Specialized Services previously mentioned, pre-recorded telephone information services.

For the United States, the Information sector is a new grouping and includes industries that were included in different divisions of the 1987 SIC. The concepts underlying the creation of this sector and the industry descriptions address the increasing use of electronic means of dissemination that is not considered in the 1987 SIC.

The Newspaper, Periodical, Book and Database Publishing industry group is currently included in the Manufacturing division of the 1987 SIC (Industry Groups 271, 272, 273, 274 and part of 1987 SIC 2771). The industries included in the NAICS Information sector are those involved in publishing, or publishing and printing combined. Establishments engaged in printing only remain in the Manufacturing sector of NAICS.

The Software Publishing industry is part of the 1987 SIC 7372, Prepackaged Software, in the 1987 SIC in the Business Services major group. The reproduction of prepackaged software only is included in the Computer and Electronic Components subsector in the NAICS Manufacturing sector.

The Motion Picture and Video Industries industry group includes industries classified in the Motion Pictures major group of the 1987 SIC. Parts of 1987 SIC 7819, Services Allied Motion Pictures, were reclassified in other sectors to create more homogeneous, production based categories. A new industry is created for Teleproduction and Other Post-production Services from 1987 SIC 7819, Services Allied to Motion Picture Production,



and the remainder of 1987 SIC 7819 was combined with 1987 SIC 7829, Services Allied to Motion Picture Distribution.

Five new industries are created within the Sound Recording Industries industry group. None of these industries exist in the 1987 SIC and, in most instances, there is no indication in the 1987 SIC Manual of the appropriate industry in which they should be included. Because of this, it is difficult to predict the impact of this change, though in most instances it is expected to have a minor effect on existing time series.

Changes to the U.S. SIC system for the Broadcasting and Telecommunications industries subsector were addressed in a previous NAICS agreement (Agreement number 2).

The Information Services and Data and Transaction Processing subsector includes a number of information service-related industries. The News Syndicates and Libraries and Archives industries correspond to 1987 SIC 7383, News Syndicates, and 8231, Libraries. News Syndicates were previously located in the Business Services major group and Libraries were located in the Educational Services major group. The Other Information Services industry primarily includes establishments classified in 1987 SIC 7375, Information Retrieval Services. U.S. national detail preserves this industry and provides a residual class for all other information services. The Data and Transaction Processing industry corresponds to 1987 SIC 7374, Computer Processing and Data Preparation and Processing Services. Both Information Retrieval Services and Computer Processing and Data Preparation and Processing Services were located in the Business Services major group.

*Achievement of Objectives*

The classification meets the objectives for the North American Industry Classification System. It is comprised of industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept. The hierarchical structure also follows the production concept.

The classification achieves comparability for the three participating countries. All countries agree on the definitions of the industries. The classification improves comparability with other countries. Based on existing data, each country expects to be able to publish data regularly, or in the near future, at the 4-digit NAICS level of this structure.

Other objectives of the NAICS project have also been met. The classification meets the objectives of an industry classification. In an effort to identify high technology and new emerging industries, new industries in the Sound Recording industry group and the Broadcasting and Telecommunications subsector have been identified. The classifications are homogeneous and account for most of the activities that define them. In addition, they are economically significant.

*Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the NAICS industry sector presented in *Part VIII, Section A--Attachment I*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the NAICS industry sector covered in Part VIII of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industries; N-new industry; R-revised; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS and U.S. description		1987 Status code	SIC code	1987 SIC description
XX	Publishing			
XXX	Newspaper, Periodical, Book and Database Publishing			
XXXX	Newspaper Publishing	E	2711	Newspapers: Publishing, or Publishing and Printing
XXXX	Periodical Publishing	E	2721	Periodicals: Publishing, or Publishing and Printing
XXXX	Book Publishing	E	2731	Books: Publishing, or Publishing and Printing
XXXX	Database Publishing	N	*2741	Miscellaneous Publishing (database publishers)
XXXX	Other Publishing			
XXXXX	Greeting Card Publishing	R	*2771	Greeting Cards
XXXXX	All Other Publishing	R	*2741	Miscellaneous Publishing (except database publishing)
XXX	Software Publishing			
XXXX	Software Publishing	R	*7372	Prepackaged Software
XX	Motion Picture and Sound Recording			
XXX	Motion Picture and Video Industries			
XXXX	Motion Picture and Video Production	E	7812	Motion Picture and Video Tape Production
XXXX	Motion Picture and Video Distribution	E	*7822	Motion Picture and Video Tape Distribution (except video tape and cassette wholesalers)

XXXX	Teleproduction and Other Post-Production Services	N	*7819	Services Allied to Motion Picture Production (teleproduction and post-production services)
XXXX	Motion Picture and Video Exhibition			
XXXXXX	Motion Picture Theaters, except Drive-Ins	E	7832	Motion Picture Theaters, Except Drive-In
XXXXXX	Drive-In Motion Picture Theaters	E	7833	Drive-In Motion Picture Theaters
XXXX	Other Motion Picture and Video Industries	N	*7819	Services Allied to Motion Picture Production (except casting bureaus, wardrobe and equipment rental, talent payment services, teleproduction and other post-productions services)
			7829	Services Allied to Motion Picture Distribution
XXX	Sound Recording Industries			
XXXX	Record Production Companies	N	*6794	Patent Owners and Lessors (music royalties, sheet and record)
XXXX	Integrated Record Companies	N	*3652	Phonograph Records and Prerecorded Audio Tapes and Disks (integrated record companies, except duplication only)
XXXX	Music Publishing	N	*6794	Patent Owners and Lessors (music publishing)
XXXX	Sound Recording Studios	N	*7389	Business Services, NEC (recording studios)
XXXX	Other Sound Recording Industries	N	*7389	Business Services, NEC (audio taping services)
			*7922	Theatrical Producers (Except Motion Picture) and Miscellaneous Theatrical Services (producers of radio programs)
XX	Broadcasting and Telecommunications			
XXX	Radio and Television Broadcasting			
XXXX	Radio Broadcasting			
XXXXXX	Radio Networks	N	*4832	Radio Broadcasting Stations (networks)

XXXXXX	Radio Stations	N	*4832	Radio Broadcasting Stations (except networks)
XXXX	Television Broadcasting	E	4833	Television Broadcasting Stations
XXX	Cable Networks and Program Distribution			
XXXX	Cable Networks	N	*4841	Cable and Other Pay Television Services (cable networks)
XXXX	Cable and Program Distribution	N	*4841	Cable and Other Pay Television Services (except cable networks)
XXX	Telecommunications			
XXXX	Wired Telecommunications Carriers	N	*4813	Telephone Communications, Except Radiotelephone (except resellers)
			4822	Telegraph and Other Message Communications
XXXX	Wireless Telecommunications Carriers, Except Satellite			
XXXXXX	Paging	N	*4812	Radiotelephone Communications (paging carriers)
XXXXXX	Cellular and Other Wireless Telecommunications	N	*4812	Radiotelephone Communications (cellular carriers)
			*4899	Communications Services, NEC (radio dispatch)
XXXX	Telecommunications Resellers	N	*4812	Radiotelephone Communications (paging and cellular resellers)
			*4813	Telephone Communications, Except Radiotelephone (resellers)
XXXX	Satellite Telecommunications	N	*4899	Communications Services, NEC (Satellite communications)
XXXX	Other Telecommunications	N	*4899	Communications Services, NEC (except radio dispatch, satellite communications)
XX	Information Services and Data and Transaction Processing			
XXX	Information Services			
XXXX	News Syndicates	E	7383	News Syndicates
XXXX	Libraries and Archives	E	8231	Libraries
XXXX	Other Information Services			

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XXXXX	On-Line Information Services	E	7375	Information Retrieval Services
XXXXX	All Other Information Services	N	*8999	Services, NEC (miscellaneous information providers)
XXX	Data and Transaction Processing			
XXXX	Data and Transaction Processing	E	7374	Computer Processing and Data Preparation and Processing Services

TABLE 2

The abbreviation "pt" means "part of". @ means time series break has been created that is greater than 3% of the 1992 revenues for the 1987 SIC industry. The abbreviation NEC is used for Not Elsewhere Classified.

1987 SIC code	1987 SIC description	1997 U.S. description
2711	Newspapers: Publishing, or Publishing and Printing	Newspaper Publishing
2721	Periodicals: Publishing, or Publishing and Printing	Periodical Publishing
2731	Books: Publishing, or Publishing and Printing	Book Publishing
2741@	Miscellaneous Publishing	
	Database Publishing	Database Publishing
	Miscellaneous Publishing, Except Database	All Other Publishing
2771	Greeting Cards	Greeting Card Publishing
4812@	Radiotelephone Communications	
	Paging Carriers	Paging
	Cellular Carriers	Cellular and Other Wireless Telecommunications
	Paging and Cellular Resellers	Telecommunications Resellers (pt.)



4813@	Telephone Communications, Except Radiotelephone	
	Except Resellers	Wired Telecommunications Carriers (pt.)
	Resellers	Telecommunications Resellers (pt.)
4822@	Telegraph and Other Message Communications	Wired Telecommunications Carriers (pt.)
4832	Radio Broadcasting Stations	
	Networks	Radio Networks
	Stations	Radio Stations
4833	Television Broadcasting Stations	Television Broadcasting
4841	Cable and Other Pay Television Services	
	Cable Networks	Cable Networks
	Except Cable Networks	Cable and Program Distribution
4899	Communications Services, Not Elsewhere Classified	
	Radio Dispatch	Cellular and Other Wireless Telecommunications (pt.)
	Satellite Communications	Satellite Telecommunications
	Except Radio Dispatch and Satellite	Other Telecommunications
	Communications	
7372	Prepackaged Software	Software Publishing
	Software Publishing	Reproduction of Software
	Reproduction of Software	
7374	Computer Processing and Data Preparation and Processing Services	Data and Transaction Processing
7375	Information Retrieval Services	On-Line Information Services
7383	News Syndicates	New Syndicates

7389	Business Services, Not Elsewhere Classified	
	Sound Recording Studios	Sound Recording Studios
	Audio Taping Services	Other Sound Recording Industries (pt.)
7812	Motion Picture and Video Tape Production	Motion Picture and Video Production
7819	Services Allied to Motion Picture Production	
	Teleproduction and Post-Production Services	Teleproduction and Other Post-Production Services
	Casting Bureaus	Employment Agencies (pt.) (Included in Management, Employment, Administrative and Support Services subsector)
	Wardrobe Rental (Motion Pictures)	Rental and Leasing of Formal Wear and Costumes (pt.) (Included in Rental and Leasing subsector)
	Rental of Motion Picture Equipment	Rental and Leasing of Machinery and Equipment (pt.) (Included in Rental and Leasing subsector)
	Talent Payment Services	Payroll Services (Included in Professional Scientific and Technical Services subsector)
	Except Casting Bureaus, Wardrobe and Equipment Rental,	Other Motion Picture and Video Services (pt.)
	Teleproduction and Other Post-Production Services	
7822	Motion Picture and Video Tape Distribution	
	Distribution, Except Video Tape and Cassette Wholesalers	Motion Picture and Video Distribution
	Video Tape and Cassette Wholesalers	(Included in Wholesale Trade Sector)
7829	Services Allied to Motion Picture Distribution	Other Motion Picture and Video Services (pt.)
7832	Motion Picture Theaters, Except Drive-Ins	Motion Picture Theaters, Except Drive-In

7833	Drive-In Motion Picture Theaters	Drive-In Motion Picture Theaters
7922@	Theatrical Producers (Except Motion Picture) and Miscellaneous Theatrical Services	
	Producers of Radio Programs	Other Sound Recording Industries (pt.)
8231	Libraries	Libraries and Archives
6794@	Patent Owners and Lessors	
	Record Production Companies	Record Production Companies
	Music Publishing	Music Publishing
3652@	Phonograph Records and Prerecorded Audio Tapes and Disk	
	Integrated Record Companies, Except Duplication Only	Integrated Record Companies
8999@	Services, Not Elsewhere Classified	
	Miscellaneous Information Providers	All Other Information Services

NOTE: Detail for SIC's 7389, 7922, 6794, 3652 and 8999 only represent those parts applicable to the Information Sector.

*Description of Changes to the U.S. System*

1. One new industry was created in the Publishing subsector.

Database Publishing was created from part of 1987 SIC 2741, Miscellaneous Publishing. It was established because of the growth of this type of publishing and is supported by the production process.

All Other Publishing was revised from part of 1987 SIC 2741, Miscellaneous Publishing, by the removal of database publishing.

Software Publishing was created from part of 1987 SIC 7372 Prepackaged Software. Reproduction of software only is included in the Computer and Electronic Component Manufacturing subsector.

Four of the five 1987 publishing industries remained largely unchanged and time series will not be significantly affected.

2. Seven new industries were created in the Motion Picture and Sound Recording subsector. The Teleproduction and Other Post-Production Services industry was created from part of 1987 SIC 7819, Services Allied to Motion Picture Production, based upon a request by the industry and is supported by production based principles.

Other Motion Picture and Video Industries was created from part of 1987 SIC 7819, Services Allied to Motion Picture Production, and 1987 SIC 7829, Services Allied to Motion Picture Distribution, to form a residual industry containing establishments that

provide specialized services in support of the motion picture production and distribution industries.

The Record Production Companies industry was created from part of 1987 SIC 6794, Patent Owners and Lessors. This industry was created to include establishments that perform a specialized role in searching out and contracting musical artists. This industry is supported by the production process.

The Integrated Record Companies industry was created from part of 1987 SIC 3652, Phonograph Records and Prerecorded Audio Tapes and Disks. This industry was established to include establishments that reproduce and distribute musical recordings. This industry is supported by the production process.

The Music Publishing industry was created from part of 1987 SIC 6794, Patent Owners and Lessors, to recognize the specialized role it has in promoting the use of musical works in recordings, film, television, and other media. Music publishers are primarily engaged in owning the copyright of musical compositions, and administering the exploitation of the bundle of rights that flow from the ownership of this copyright. The industry is supported by production based principles.

The Sound Recording Studios industry was created from part of 1987 SIC 7389, Business Services, Not Elsewhere Classified. This industry was established to include establishments that perform a specialized role in providing facilities and expertise in recording performances, and is supported by production based principles.

Other Sound Recording Services was created from part of 1987 SIC 7922, Theatrical Producers (Except Motion Picture) and Miscellaneous Theatrical Services, and part of 1987 SIC 7389, Business Services, NEC. This industry was created as a residual to include establishments that provide specialized audio and sound related services. It is supported by production based principles.

3. There are 11 new industries in the Broadcasting and Telecommunications subsector. These were published in the **Federal Register** on July 26, 1995. Please refer to page 38448 for details.

4. There is one new industry in the Information Services and Data and Transaction Processing subsector. The All Other Information Services industry was created to include a variety of information service related establishments not included in other industries in this sector. While this class is expected to be very small at the present time, it represents a residual industry that may contain new types of establishments in the future as more advanced information technologies emerge and grow. The U.S. national On-Line Information Services industry (1987 SIC 7375, Information Retrieval Services) includes establishments that provide access to, and distribution of, information that has been stored electronically for retrieval.

**Part IX--Proposed New Industry Structure for Wood Product Manufacturing, Except Furniture**

*Section A--NAICS Structure*

North American Industry Classification System

(NAICS)

Agreement Number 19

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following subsector:

Wood Product Manufacturing, Except Furniture

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as

necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on September 27, 1995 - September 29, 1995 in Mexico City, Mexico.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	9/29/95
Mexico	/S/ Enrique Ordaz	9/29/95
United States	/S/ Jack E. Triplett	9/29/95

#### ATTACHMENT 1--NAICS Structure

XX	Wood Product Manufacturing, Except Furniture
XXX	Sawmill Product and Wood Preservation Manufacturing
XXXX	Sawmill Product and Wood Preservation Manufacturing
XXX	Laminated Wood Product Manufacturing
XXXX	Laminated Wood Product Manufacturing



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XXX Other Wood Product Manufacturing

XXXX Wood Construction Product Manufacturing

XXXX Wood Container and Package Product Manufacturing

XXXX All Other Wood Product Manufacturing

## **Attachment 2--North American Industry Classification System**

Draft Classification for:

Wood Product Manufacturing, Except Furniture

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industry classification for these industries.

The draft classification provides for the subsector Wood Product Manufacturing, Except Furniture. This subsector is further subdivided into three industry groups and five industries.

*A General Outline*

The Wood Product Manufacturing, Except Furniture industries produce wood products such as lumber, hardwood and softwood plywood and veneers, wood containers, wood flooring and trusses, mobile homes, and prefabricated wood buildings.

The production processes of the Wood Product Manufacturing, Except Furniture industries include sawing, planing, shaping, laminating and sometimes assembly of wood, starting from logs that are cut into bolts, planks, or boards that then may be further cut, or shaped by lathes or other shaping tools. The boards or other shapes also may be subsequently planed or smoothed, and assembled into finished products such as wooden containers.

The Sawmill Product and Wood Preservation Manufacturing industries include establishments whose production process begins with wooden logs that are then transformed into boards, poles, ties, and beams. Establishments that process wood to prevent rotting by impregnation with creosote or other chemical compounds also are included in this industry group.

The Laminated Wood Product Manufacturing industries include establishments that produce hardwood and softwood plywood, particle board, oriented strand board, and glue laminated wood products, including plywood covered with other materials such as plastic and metals. Plywood and particle board products that are included in this industry group are generally produced by a process involving high-pressure compression and through the use of glues either in combination or separately.

There are three NAICS industries in the Other Wood Product Manufacturing industry group. The Wood Construction Product Manufacturing industry includes establishments that manufacture doors, windows, closets, wall coverings, parquet flooring, staves, partitions, and general products for woodwork. Excluded from this industry is the manufacture of wooden houses and furniture.

Establishments in the Wood Container and Package Product Manufacturing industries manufacture products for packing and packaging, such as pallets, barrels, casks, crates, vats, containers, jewelry boxes, and decorative and ornamental boxes.

Finally, establishments in the All Other Wood Product Manufacturing industries produce cork and cork products, manufactured wooden houses, plaiting materials, such as wicker, reeds, etc., turned items, etc.

#### *Limitations and Constraints of the Classification*

Developing an industry classification for Wood Product Manufacturing, Except Furniture industries was difficult for the three countries. First, the wood industry in Mexico is small and relatively unspecialized. Therefore the NAICS industries are quite aggregated to ensure that information can be published in all three countries. For example, in Mexico the treatment and preservation of wood generally takes place at sawmills as part of the production of poles and ties. There are few establishments where it is the primary activity. Therefore, NAICS combines these activities into one industry.

Another factor that limited the formulation of classes in this subsector are differences in climate among the three countries. The climate has led to higher levels of development and specialization in the wood industry in the United States and Canada, particularly with regard to construction and construction materials. Mexico does not grow hardwood trees. Each country may, however, publish additional national industries that comprise subdivisions of NAICS industries to present data for activities that are nationally significant.

#### *Relationship to ISIC*

Most four-digit NAICS industries in this subsector are contained within Division 20, Manufacture of Wood Products, of the current International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) of the United Nations. The following NAICS industry cannot be assigned to an ISIC Division: All Other Wood Product Manufacturing. This industry includes the manufacture of wooden heels that are classified in ISIC Division 19, Manufacture of Leather, Leather Products, and Footwear. However, this is a very small activity and should not significantly affect the comparability between this NAICS subsector and ISIC Division 20.

#### *Changes to the National Classifications*

The changes to the current national classifications were varied in nature. In some cases, changes applied to all three countries while in others the changes affected only one or two of the countries.

For Canada, the major structural change entailed moving the production of building board (CSIC 2714) to the Wood Product Manufacturing, Except Furniture subsector both to achieve international comparability and to better meet the production process principle. CSIC 2542, Kitchen Cabinet and Bathroom Vanities, was moved from the Canadian Wood major group to better adhere to the production process, and ultimately to achieve three country comparability. In addition, sawmills were redefined to exclude wood and wood products made from purchased lumber. Wooden coffins were moved from this subsector to Miscellaneous Manufacturing because establishments tend to make this product from plastic and metal as well as wood. Other structural changes for Canada, such as the movement of the manufacture of wooden cigar cases and jewelry boxes, wooden boot and shoe heels, billboards, and other wooden signs and cork gaskets, etc. are minor.

For Mexico, the major change is the movement of wood furniture from CMAP Subsector, Wood and Wood Products, Including Furniture, to the new NAICS Furniture Manufacturing subsector. In the current Mexican structure, the manufacture of furniture is classified in groups allocated to the type of input material, that is, wood, metal, plastic, etc. Furniture is more and more being made of multiple materials and design is an important component of its production process. Thus, a separate NAICS subsector was created for the manufacture of furniture from all types of material.

For the United States, the major change is the movement of 1987 SIC 2411, Logging, from the Lumber and Wood Products, Except Furniture major group to the Forestry and Logging subsector. The move was made to better meet production principles, and to match Canada's and Mexico's classification of this activity. Another important structural change was to move the manufacture of 1987 SIC 2434, Wood Kitchen Cabinets, from this group to the NAICS Furniture Manufacturing subsector for production principles. The manufacture of wooden chair frames was also moved from here to the Furniture Manufacturing subsector to reach international comparability. Other structural changes include the movement of cork gaskets, wood heels, wood signs, and burnt wood articles to this group from various other manufacturing subsectors.

#### *Achievement of Objectives*

The classification meets the objectives for the North American Industry Classification System (NAICS). It includes industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept. The hierarchical structure of the classification also follows the production concept.

The industries have high specialization ratios, and they are economically significant. The NAICS industries are large aggregations, but this was necessitated by the considerations discussed above under Limitations and Constraints of the Classification. The classification is suitable for sampling, data-publishing, and other aspects of survey

operations. Finally, while disruptions to time series exist, they are not generally significant. The statistical agencies can develop statistical “links,” to enable the re-tabulation of time series on the NAICS classification structure.

The classification achieves comparability for the three participating countries. Based on existing data, all three countries expect to be able to publish data regularly at the industry (4-digit) level of the structure. All countries agree on the detailed definitions of the industries.

*Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the NAICS industry subsector presented in *Part IX, Section A-- Attachment 1*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the NAICS industry subsector covered in Part IX of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry; R-revised industry; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS and U.S. description		Status	1987 SIC	1987 SIC description
		code	code	
XX	Wood Product Manufacturing, Except Furniture			
XXX	Sawmill Product and Wood Preservation Manufacturing			
XXXX	Sawmill Product and Wood Preservation Manufacturing			
XXXXX	Sawmills and Planing Mills	R	2421	Sawmills and Planing Mills, General
			2429	Special Product Sawmills, NEC
XXXXX	Wood Preserving	E	2491	Wood Preserving
XXX	Laminated Wood Product Manufacturing			
XXXX	Laminated Wood Product Manufacturing			
XXXXX	Hardwood Veneer and Plywood Manufacturing	E	2435	Hardwood Veneer and Plywood
XXXXX	Softwood Veneer and Plywood Manufacturing	E	2436	Softwood Veneer and Plywood
XXXXX	Structural Wood Member Manufacturing, Except Trusses	R	*2439	Structural Wood Members, NEC (except trusses)
XXXXX	Reconstituted Wood Product Manufacturing	E	2493	Reconstituted Wood Products
XXX	Other Wood Product Manufacturing			
XXXX	Wood Construction Product Manufacturing			
XXXXX	Hardwood Dimension Mills	R	*2426	Hardwood Dimension and Flooring Mills (except flooring)
XXXXX	Wood Window and Door Manufacturing	N	*2431	Millwork
XXXXX	Other Millwork Manufacturing, Including Flooring	R	*2426	Hardwood Dimension and Flooring Mills (hardwood flooring)
			*2431	Millwork
XXXXX	Truss Manufacturing	N	*2439	Structural Wood Members, NEC (trusses)
XXXX	Wood Container and Package Product Manufacturing			
XXXXX	Wood Container and Package Product Manufacturing	N	2441	Nailed and Lock Corner Wood Boxes and Shook
			2448	Wood Pallets and Skids
			2449	Wood Containers, NEC
			*2499	Wood Products, NEC (wood tubs and vats, jewelry and cigar boxes)



XXXX	All Other Wood Product Manufacturing			
XXXXX	Manufactured Homes, (Mobile) Manufacturing	E	2451	Mobile Homes
XXXXX	Prefabricated Wood Building and Component Manufacturing	E	2452	Prefabricated Wood Buildings and Components
XXXXX	Other Wood Product Manufacturing	R	*2426	Hardwood Dimension and Flooring Mills (wood stock and turnings)
			*2499	Wood Products, NEC (other wood products)
			*3053	Gaskets, Packing, and Sealing Devices (cork gaskets, packaging, and sealing devices)
			*3131	Boot and Shoe Cut Stock and Findings (wood heels)
			*3993	Signs and Advertising Specialties (wood signs)

TABLE 2

The abbreviation "pt" means "part of", @ means time series break has been created that is greater than 3% of the 1992 value of shipments for the 1987 SIC industry. The abbreviation NEC is used for Not Elsewhere Classified.

1987 SIC code	1987 SIC description	1997 U.S. description
2411	Logging	Logging Operations (Included in Support Activities for Forestry subsector)
2421@	Sawmills and Planing Mills, General	Sawmills and Planing Mills (pt)
2426 @	Hardwood Dimension and Flooring Mills	
	Hardwood Flooring	Millwork Manufacturing, Including Flooring (pt)
	Wood Stock and Turnings	Other Wood Product Manufacturing (pt)
	Office Chair Frames	Wood Office Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)
	Chair Frames for Nonupholstered Furniture (Household)	Wood Household Furniture Manufacturing, Except Upholstered (pt) (Included in Furniture Manufacturing subsector)
	Chair Frames for Upholstered Furniture (Household)	Upholstered Wood Household Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)
	Other Hardwood Dimension Except Flooring	Hardwood Dimension Mills
2429@	Special Product Sawmills, NEC	Sawmills and Planing Mills (pt)
2431@	Millwork	
	Wood Window and Door Manufacturing	Other Millwork Manufacturing, Including Flooring (pt)
2434	Wood Kitchen Cabinets	Wood Kitchen Cabinet Manufacturing (Included in Furniture Manufacturing subsector)
2435	Hardwood Veneer and Plywood	Hardwood Veneer and Plywood Manufacturing
2436	Softwood Veneer and Plywood	Softwood Veneer and Plywood Manufacturing
2439@	Structural Wood Members, NEC	
	Except Trusses	Structural Wood Member Manufacturing, Except Trusses
	Trusses	Truss Manufacturing
2441	Nailed and Lock Corner Wood Boxes and Shook	Wood Containers and Package Product Manufacturing (pt)

2448	Wood Pallets and Skids	Wood Containers and Package Product Manufacturing (pt)
2449	Wood Containers, NEC	Wood Containers and Package Product Manufacturing (pt)
2451	Mobile Homes	Manufactured Homes, (Mobile) Manufacturing
2452	Prefabricated Wood Buildings and Components	Prefabricated Wood Building and Component Manufacturing
2491	Wood Preserving	Wood Preserving
2493	Reconstituted Wood Products	Reconstituted Wood Product Manufacturing
2499	Wood Products, NEC	
	Wood Tubs and Vats, Jewelry and Cigar Boxes	Other Wood Container Manufacturing (pt)
	Wood Laundry Hampers	Household Wood Furniture Manufacturing, Except Upholstered (pt) (Included in Furniture Manufacturing subsector)
	Laundry Hampers Made from Rattan, Reed or Willow	Other Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)
	Mirror and Picture Frames	All Other Miscellaneous Manufacturing (pt) (To Be Included in Miscellaneous Manufacturing subsector)
	Other Wood Products	Other Wood Product Manufacturing (pt)
3053@	Gaskets, Packing, and Sealing Devices	
	Cork Gaskets, Packing, and Sealing Devices	Other Wood Product Manufacturing (pt)
	Metal Gaskets, Packing, and Sealing Devices	Other Miscellaneous Fabricated Metal Product Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)
	Plastics Gaskets, Packing, and Sealing Devices	All Other Plastic Product Manufacturing (pt) (Included in Rubber and Plastic Product Manufacturing subsector)
	Rubber Gaskets, Packing, and Sealing Devices	All Other Rubber Product Manufacturing (pt) (Included in Rubber and Plastic Product Manufacturing subsector)
3131@	Boot and Shoe Cut Stock and Findings	
	Wood Heels	Other Wood Product Manufacturing (pt)
	Metal Buckles	Fastener, Button, Needle, and Pin Manufacturing (pt) (To be Included in Miscellaneous Manufacturing subsector)
	Other Footwear Cut Stock	Miscellaneous Leather and Allied Product Manufacturing (pt) (Included in Leather and Allied Product Manufacturing subsector)

3993@	Signs and Advertising Specialties	Other Wood Product Manufacturing (pt)
	Wood Signs	Electric Sign Manufacturing (Included in Electrical Equipment, Appliance, and Component
	Electric Signs	Manufacturing subsector)
	Metal Signs	All Other Fabricated Metal Product Manufacturing (pt) (Included in Fabricated Metal Product
		Manufacturing subsector)
	Flexographic Printing of Advertising Specialties	Commercial Flexographic Printing (pt) (Included in Printing and Related Support Activities subsector)
	Gravure Printing of Advertising Specialties	Commercial Gravure Printing (pt) (Included in Printing and Related Support Activities subsector)
	Lithographic Printing of Advertising Specialties	Commercial Lithographic Printing (pt) (Included in Printing and Related Support Activities subsector)
	Screen Printing of Advertising Specialties	Commercial Screen Printing (pt) (Included in Printing and Related Support Activities subsector)
	Other Printing of Advertising Specialties	Other Commercial Printing (pt) (Included in Printing and Related Support Activities subsector)
3999	Manufacturing Industries, NEC	
	Burnt Wood Articles	Other Wood Product Manufacturing (pt)
	Beauty and Barber Chairs	Metal Office and Public Building Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)
	Fur Bleaching, Curryng, Scraping, Tanning and Dyeing	Leather and Hide Tanning and Finishing Manufacturing (pt) (Included in Leather and Allied Product Manufacturing subsector)

Lamp Shades of Paper and Textile	Other Lighting Equipment Manufacturing (pt) (Included in Electrical Equipment, Appliance, and Component Manufacturing subsector)
Matches	Other Miscellaneous Chemical Product Manufacturing (pt) (Included in Chemical Product Manufacturing subsector)
Metal Products, Such As Combs, Hair Curlers, Etc.	All Other Fabricated Metal Product Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)
Plastics Products, Such As Combs, Hair Curlers, Etc.	All Other Plastic Product Manufacturing (pt) (Included in Rubber and Plastic Product Manufacturing subsector)
Flexographic Printing Eyeglass Frames for the Trade	Commercial Flexographic Printing (pt) (Included in Printing and Related Support Activities subsector)
Gravure Printing Eyeglass Frames for the Trade	Commercial Gravure Printing (pt) (Included in Printing and Related Support Activities subsector)
Lithographic Printing Eyeglass Frames for the Trade	Commercial Lithographic Printing (pt) (Included in Printing and Related Support Activities subsector)
Screen Printing Eyeglass Frames for the Trade	Commercial Screen Printing (pt) (Included in Printing and Related Support Activities subsector)
Other Printing Eyeglass Frames for the Trade	Other Commercial Printing (pt) (Included in Printing and Related Support Activities subsector)
Tape Measures	Hand and Edge Tool Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)

Other

All Other Miscellaneous Manufacturing (pt) (To Be Included in Miscellaneous Manufacturing subsector)

*Description of Changes to the U.S. System*

A number of changes listed in this section were made for reasons of international comparability. Where one or more of the three North American countries had different definitions of an industry classification, adjustments to the definitions in one or more countries were required. In constructing NAICS, the three countries agreed to move, where change was required to attain international comparability, in the direction of the country or countries whose existing classification definitions most closely corresponded to the production-oriented concept adopted for NAICS. Cases where the U.S. changed are listed below; other cases where Canada or Mexico moved toward the U.S. classification are not, of course, listed in this section.

Two new industries were added to the 1997 industry structure for this industry subsector. Truss Manufacturing was created from part of 1987 SIC 2439, Structural Wood Members, NEC. This change was in response to an industry proposal and also groups similar production processes together.

Wood Window and Door Manufacturing was created from part of 1987 SIC 2431, Millwork. The change was in response to an industry proposal, and conforms to production concepts.

Two complete industries were transferred out of 1987 Major Group 24, Lumber and Wood Products.

1987 SIC 2411, Logging, was transferred into the Support Activities for Forestry subsector. This change was necessary to align the U.S. classification with Canada and Mexico, and because logging is not a production process that is similar to the manufacture of wood products from logs.

1987 SIC 2484, Wood Kitchen Cabinets, was transferred into the Furniture Manufacturing subsector. This change reflects production processes that are essentially identical with those for furniture.

Three activities were transferred out of 1987 Major Group Lumber and Wood Products.

Wood chair frames and wood chair seats were transferred from 1987 SIC 2426, Hardwood Dimension and Flooring Mills, to (1) Wood Office Furniture Manufacturing, (2) Wood Household Furniture Manufacturing, and (3) Upholstered Wood Household Furniture Manufacturing. This change was necessary to align the U.S. classification with Canada and Mexico.

Laundry hampers were transferred from 1987 SIC 2499, Wood Products, NEC, and placed by component material in their respective industries within the Furniture Manufacturing subsector. This change was necessary to align the U.S. classification with Canada and Mexico.

Mirror and picture frames were transferred 1987 SIC 2499, Wood Products, NEC, into the All Other Miscellaneous Manufacturing subsector. This change promotes



international comparability with Canada and reflects similar production functions regardless of material.

Four activities were transferred into the Wood Product Manufacturing, Except Furniture subsector.

Cork gaskets were transferred 1987 SIC 3053, Gaskets, Packing and Sealing Devices, into Other Wood Product Manufacturing. This change promotes international comparability with Mexico, and reflects similar production functions regardless of material.

Wood heels were transferred from 1987 SIC 3131, Boot and Shoe Cut Stock and Findings, into Other Wood Product Manufacturing. This change promotes international comparability with Mexico, while reflecting similar production functions.

Wood signs were transferred from 1987 SIC 3993, Signs and Advertising Specialities, into Other Wood Product Manufacturing. This change promotes international comparability with Mexico, while reflecting similar production functions.

Burnt wood articles were transferred from 1987 SIC 3999, Manufacturing Industries, NEC, into Other Wood Product Manufacturing. This change was necessary to align the U.S. classification with Canada and Mexico.

Also several activities were transferred within the Lumber and Wood Products Major Group. The number of industries decreased from 17 in 1987 to 14 in 1997. For time series linkage 11 of the 17 1987 industries are comparable within the three percent of the 1997 industries.

**Part X--Proposed New Industry Structure for Rental and Leasing**

*Section A--NAICS Structure*

North American Industry Classification System

(NAICS)

Agreement Number 20

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following industries:

Rental and Leasing

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to

a 4-digit NAICS level in order to ensure full comparability among the three countries.

This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on November 8 and November 9, 1995 in Washington, D.C.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	11/9/95
Mexico	/S/ Enrique Ordaz	11/9/95
United States	/S/ Jack E. Triplett	11/9/95

## ATTACHMENT 1--NAICS STRUCTURE

XX Rental and Leasing Services

XXX Rental and Leasing of Automotive Equipment Without Drivers

XXXX Rental and Leasing of Passenger Cars Without Drivers

XXXX Rental and Leasing of Trucks Without Drivers, Utility Trailers, and  
Recreation Vehicles

XXX Rental and Leasing of Consumer Goods

XXXX Rental of Consumer Electronics, Appliances and Home and Garden Tools

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XXXX	Rental of Formal Wear and Costumes
XXXX	Rental of Video Tapes
XXXX	Other Rental and Leasing of Consumer Goods
XXX	Rental and Leasing of Machinery and Equipment
XXXX	Rental and Leasing of Heavy Construction, Transportation, Mining and Forestry Machinery and Equipment
XXXX	Rental and Leasing of Office Machinery and Equipment
XXXX	Rental and Leasing of Other Machinery and Equipment

## **Attachment 2--North American Industrial Classification System**

Draft Classification for:

Rental and Leasing

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industry classification for these industries.

The draft classification provides for the subsector Rental and Leasing. This subsector is further subdivided into three industry groups and nine industries. The placement of this subsector within the NAICS structure is not yet decided.

*A General Outline*

The Rental and Leasing subsector includes establishments that acquire and own a wide variety of tangible goods, such as machinery, equipment, computers and consumer goods, and rent or lease these goods to customers, businesses or individuals in return for a periodic rental or lease payment.

The subsector includes two main types of establishments: those that provide rental of various consumer goods and equipment and those that provide longer term leases for machinery and equipment generally used in business operations. The first type generally provide short-term rentals and operate from a retail-like facility. The latter type typically have direct contact with individual clients, work with the clients to determine their individual needs, and tailor the lease arrangement to those specific ends. They often restructure the lease to provide clients with more appropriate equipment as the clients' needs change and they have expertise in remarketing or disposing of previously leased equipment and typically do not operate a retail-like facility.

Rental and leasing activities are currently dispersed throughout the classification systems of the three countries. This grouping brings together those activities with similar production processes.

Establishments that act as a third party in providing financing or credit to enable the acquisition of the equipment through a lease arrangement, such as banks or credit

subsidiaries of manufacturing companies, are excluded from this subsector. They are classified in the Finance and Insurance sector. Also excluded are those establishments primarily engaged in renting or leasing real property (land and buildings). They are classified in the Real Estate subsector. Those establishments that primarily engage in renting or leasing equipment with operators are classified in various subsectors of NAICS depending on the nature of the service provided (for example, Transportation or Construction). These activities are excluded from this subsector since the lessee is paying for the expertise and knowledge of the equipment operator, in addition to the rental of the equipment. In many cases, such as the rental of heavy construction equipment, the operator is essential to operate the equipment. Likewise, because the provision of crop harvesting services includes both the equipment and operator, it is included in the agriculture subsector. The rental or leasing of intangibles or intellectual property is, for the most part, classified in the following proposed subsectors or sectors: Information; Professional, Scientific and Technical Services; and Arts, Entertainment and Recreation. The choice of industry is based on the nature and origin of the intangible property being made available for rental or leasing.

This subsector is subdivided into three industry groups. Establishments primarily engaged in rental and leasing of passenger cars, trucks and utility trailers comprise one industry group. This reflects the increasingly common practice of leasing these types of equipment, particularly passenger cars. These establishments generally operate a retail-like facility, some offer only short term rental, others only longer term leases, and some provide both type of services.

The second industry group includes establishments primarily engaged in renting and leasing personal and household goods. Establishments classified in this industry group often operate from a retail like or storefront facility and normally offer rental and leasing of goods for relatively short periods of time.

The third industry group includes establishments primarily engaged in renting and leasing machinery and equipment. The types of establishments included in this industry group are generally involved in providing capital or investment type equipment that clients use in their business operations. These operations are typically characterized by a business to business relationship and do not generally involve a retail like facility or operation.

#### *Limitations and Constraints of the Classification*

The proposed classification structure does not provide for complete coverage of all rental and leasing activity. There are a number establishments engaged in rental, leasing and related activities included in other areas of the classification. The most important are establishments renting and leasing transportation equipment with operators, establishments providing financing for lease arrangements (Finance and Insurance sector) and those renting and leasing real estate (Real Estate subsector). In addition, the structure excludes the distribution arm of manufacturers that use leasing as an alternative means of distributing their parent company's products. These establishments' production

processes are more like the sector to which they have been assigned than to the production process of establishments included in the Rental and Leasing subsector.

The categories in this subsector are based on production processes. Because of this it does not allow for the analysis of rental and leasing activities by market segment. Some of the industries in the proposed structure cater primarily to businesses and others cater primarily to households; many establishments cater to both businesses and households. Establishments renting passenger cars and those renting home and garden tools are perhaps the best examples.

#### *Relationship to ISIC*

Four of the nine proposed industries are contained within Division 71, Renting of Machinery and Equipment without Operator, of the current International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) of the United Nations. The following NAICS industry cannot be assigned to an ISIC division without being subdivided: Other Rental and Leasing of Consumer Goods industry that includes components of Division 71, Renting of Machinery and Equipment without Operator and of Personal and Household Goods and Division 92, Recreational, Cultural and Sporting Activities (rental of recreational equipment). However, these are small activities and should not significantly affect comparability between this NAICS subsector and ISIC Division 71. The remaining five proposed industries are contained within ISIC Division



71 and ISIC Division 65, Financial Intermediation, Except Insurance and Pension Funding (financial leasing). All establishments involved in direct leasing are classified in the Rental and Leasing subsector in NAICS regardless of the type of lease contract.

### *Changes to National Classifications*

For Canada, the adoption of a Rental and Leasing subsector represents a significant departure from its current practice. Although the 1980 Canadian Standard Industrial Classification (CSIC) contains two industry groups for this type of activity, CSIC 991, Machinery and Equipment Rental and Leasing Services, and CSIC 992, Automobile and Truck Rental and Leasing Services, many rental and leasing activities are distributed throughout the classification. The proposed NAICS structure consolidates most rental and leasing activities here.

The most important structural change is the transfer to this subsector of the following activities: rental and leasing, without operators, of airplanes, ships and railway equipment from the transportation subsector (CSIC's 4522, 4532, 4544); rental and leasing of computer and related equipment from the computer services industry (CSIC 7721); and rental and leasing of a variety of recreational equipment from the Amusement and Recreational Services major group (CSIC 96). Since many of these activities are components of existing industries, there is a significant number of partial relationships between the proposed and existing classifications.

The content of existing rental and leasing industries has also been distributed among the proposed industries. For example, it is proposed to classify the rental and leasing of passenger automobiles and of trucks and recreational vehicles in different industries; these activities are currently classified in the same industry CSIC 9921, Automobile and Truck Rental and Leasing Services. Similarly, the major components of CSIC 9912, Rental and Leasing of Audiovisual Equipment (consumer electronics, home movies and audiovisual equipment for the trade), are assigned to three different NAICS industries.

For Mexico, this subsector includes 13 classes of CMAP: one of these classes is the equivalent of one NAICS industry; five CMAP classes make up four NAICS industries, and seven of the remaining CMAP classes are combined to create six NAICS industries. These final classes are not new but rather represent combinations of existing CMAP classes.

The rental and leasing subsector presents two important changes with respect to CMAP. The first is the reclassification of the services of buses rented without chauffeur that was classified in CMAP 711318, Scholastic Transportation Services and Tourism, and the rental of automobiles without chauffeur that was classified in CMAP 711319, Rental Services of Automobiles.

The second change refers to the separation of the CMAP 831121, Services of Television Rental, Sound Equipment, Videocassettes and Musical Instruments, that is divided into three parts: video rental centers and rental centers for appliances and electronics are in the same industry in NAICS, and the third part of the CMAP rental

class, rental of musical instruments, has been combined with the rental of compact disks to create another NAICS industry.

For the United States, the proposed NAICS structure includes 1987 SIC Industry Group 751, Automotive Rental and Leasing, Without Drivers; 1987 SIC Industry Group 735, Miscellaneous Equipment Rental and Leasing; 1987 SIC 7377, Computer Rental and Leasing; 1987 SIC 7841, Video Tape Rental; 1987 SIC 4741, Rental of Railroad Cars; and components of other transportation, personal, motion picture, amusement service, and miscellaneous business credit institutions industries. These changes are designed to bring together establishments that primarily rent or lease a wide variety of machinery or goods to individuals or businesses. While in most of these cases, the whole 1987 industry group is moving to the new NAICS subsector, selected 1987 4-digit industries are split to better define rental and leasing activities. This is particularly true in the case of 1987 SIC 7359, Equipment Rental and Leasing, NEC, that has been substantially reduced in size by the redistribution of activities formerly classified there.

#### *Achievement of Objectives*

The proposed classification structure meets the objectives for the North American Industry Classification System (NAICS) in that it comprises industries that group establishments with similar production processes and achieves comparability for the three participating countries. The NAICS structure consolidates rental and leasing of

equipment and goods in one subsector and provides a structure, as well as individual industries, that recognizes specialized segments within the subsector.

The industries are economically significant. Some NAICS industries are larger than others, but this was necessary to ensure comparability among the countries or because it was not possible to subdivide large industries.

Finally, disruptions to time series, while they exist, have been minimized to the extent possible. Most of the changes reflect the regrouping of diverse residual categories to create new industries that better define the activities.

#### *Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the NAICS industry subsector presented in *Part X, Section A-- Attachment I*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the NAICS industry subsector covered in Part X of this notice. For cases where no 5-digit detail is shown, the ECPC is

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proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry; R-revised industry; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

		1987		
		Status	SIC	
1997 NAICS and U.S. description	Code	Code	1987 SIC description	
XX	Rental and Leasing Services			
XXX	Rental and Leasing of Automotive Equipment Without Drivers			
XXXX	Rental and Leasing of Passenger Cars Without Drivers			
XXXXX	Rental of Passenger Cars Without Drivers	E	7514	Passenger Car Rental
XXXXX	Leasing of Passenger Cars Without Drivers	R	*6159	Miscellaneous Business Credit Institutions (fleet leasing)
XXXX	Rental and Leasing of Trucks Without Drivers, Utility Trailers and Recreational Vehicles	N	7515	Passenger Car Leasing
			*6159	Miscellaneous Business Credit Institutions (truck leasing)
			7513	Truck Rental and Leasing Without Drivers
			7519	Utility Trailers and Recreational Vehicle Rental
XXX	Rental and Leasing of Consumer Goods			
XXXX	Rental of Consumer Electronics, Appliances and Home and Garden Tools			
XXXXX	Rental of Consumer Electronics and Appliances	N	*7359	Equipment Rental and Leasing, NEC (appliances, TV, VCR, and electronic equipment rental)
XXXXX	Rental and Leasing of Home and Garden Equipment	N	*7359	Equipment Rental and Leasing, NEC (home and garden tool rental)
XXXX	Rental of Formal Wear and Costumes	N	*7299	Miscellaneous Personal Services, NEC (costume, dress suit, and tuxedo rental)

				*7819	Services Allied to Motion Picture Production (wardrobe rental for motion picture film production)
XXXX	Rental of Video Tapes	E		7841	Video Tape Rental
XXXX	Other Rental and Leasing of Consumer Goods				
XXXXX	Rental and Leasing of Home Health Furniture and Equipment	N		*7352	Medical Equipment Rental and Leasing (home health furniture and equipment rental and leasing)
XXXXX	Rental of Recreational Goods	N		*7999	Amusement and Recreation Services, NEC (canoe, pleasure boats, bicycles, motorcycles, moped, go carts, etc. rental)
XXXXX	All Other Rental and Leasing of Consumer Goods	R		*7299	Miscellaneous Personal Services, NEC (locker rental, except cold storage)
				*7359	Equipment Rental and Leasing, NEC (except transportation equipment, industrial equipment, and consumer electronics, appliances and home and garden equipment)
XXX	Rental and Leasing of Machinery and Equipment				
XXXX	Rental and Leasing of Heavy Construction, Transportation, Mining and Forestry Machinery and Equipment				
XXXXX	Rental and Leasing of Commercial Air, Rail, and Water Transportation Equipment	N		*4499	Water Transportation Services, NEC (ship rental, commercial)
				*4741	Rental of Railroad Cars (rental of railroad cars)
				*6159	Miscellaneous Business Credit Institutions (other heavy transportation equipment finance leasing, except automotive)
XXXXX	Rental and Leasing of Heavy Construction, Mining and Forestry Machinery and Equipment	R		*7359	Equipment Rental and Leasing, NEC (airplane rental and leasing)
				*6159	Miscellaneous Business Credit Institutions (heavy machinery and equipment finance leasing)
				7353	Heavy Construction Equipment Rental and Leasing
				*7359	Equipment Rental and Leasing, NEC (oil field and well drilling equipment)

XXXX	Rental and Leasing of Office Machinery and Equipment	N	*6159	Miscellaneous Business Credit Institutions (office equipment)
			*7359	Equipment Rental and Leasing (office machine rental and leasing)
			7377	Computer Rental and Leasing
XXXX	Rental and Leasing of Other Machinery and Equipment	N	*6159	Miscellaneous Business Credit Institutions (other)
			*7352	Medical Equipment Rental and Leasing (except invalid supplies and home health furniture and equipment)
			*7359	Equipment Rental and Leasing, NEC (industrial truck and equipment rental and leasing)
			*7819	Services Allied to Motion Picture Production (motion picture equipment rental)
			*7922	Theatrical Producers (except motion picture) and Miscellaneous Theatrical Services (theatrical equipment rental)



TABLE 2

The definitions of status codes are as follows: E-existing industry; N-new industry; R-revised industry; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

1987 SIC code	1987 SIC description	1997 U.S. description
4499	Water Transportation Services, NEC Ship Rental, Commercial	Rental and Leasing of Commercial Air, Rail, and Water Transportation Equipment (pt)
4741@	Rental of Railroad Cars	Rental and Leasing of Commercial Air, Rail, and Water Transportation Equipment (pt)
6159@	Miscellaneous Business Credit Institution Automobile Fleet Finance Leasing Truck Finance Leasing Air, Rail, and Water Equipment Finance Leasing Heavy Machinery and Equipment Finance Leasing  Office Machinery and Equipment Finance Leasing Other Machinery and Equipment Finance Leasing	Leasing of Passenger Cars Without Drivers (pt) Rental and Leasing of Trucks Without Drivers, Utility Trailers, and Recreational Vehicles (pt) Rental and Leasing of Commercial Air, Rail, and Water Transportation Equipment (pt) Rental and Leasing of Heavy Construction , Mining, and Forestry Machinery and Equipment (pt) Rental and Leasing of Office Machinery and Equipment (pt) Rental and Leasing of Other Machinery and Equipment (pt)
7299	Miscellaneous Personal Services Formal Wear and Costume Rental Locker Rental, Except Cold Storage	Rental of Formal Wear and Costumes (pt) All Other Rental and Leasing of Consumer Goods (pt)
7352@	Medical Equipment Rental and Leasing Home Health Furniture and Equipment Rental and Leasing Medical Machinery Rental and Leasing	Rental and Leasing of Home Health Furniture and Equipment Rental and Leasing of Other Machinery and Equipment (pt)
7353	Heavy Construction Equipment Rental and Leasing	Rental and Leasing of Heavy Construction, Mining and Forestry Machinery  and Equipment (pt)
7359@	Equipment Rental and Leasing, NEC Consumer Electronics and Appliances Rental and Leasing Home and Garden Tools and Equipment Rental and Leasing Residential Furniture, Party Supplies, and All Other Miscellaneous  Consumer Goods Rental and Leasing	Rental of Consumer Electronics and Appliances Rental and Leasing of Home and Garden Equipment All Other Rental and Leasing of Consumer Goods (pt)

	Oilfield and Well Drilling Machinery and Equipment Rental and	Rental and Leasing of Heavy Construction, Mining and Forestry Machinery and Equipment (pt)
	Airplane Rental and Leasing	Rental and Leasing of Commercial Air, Rail, and Water Transportation Equipment (pt)
	Office Machinery and Equipment Rental and Leasing	Rental and Leasing of Office Machinery and Equipment (pt)
	Industrial Trucks Rental and Leasing	Rental and Leasing of Other Machinery and Equipment (pt)
7377	Computer Rental and Leasing	Rental and Leasing of Office Machinery and Equipment (pt)
7513	Truck Rental and Leasing, Without Drivers	Rental and Leasing of Trucks Without Drivers, Utility Trailers and Recreational Vehicles (pt)
7514	Passenger Car Rental	Rental of Passenger Cars Without Drivers
7515	Passenger Car Leasing	Leasing of Passenger Cars Without Drivers (pt)
7519	Utility Trailer and Recreational Vehicle Rental	Rental and Leasing of Trucks Without Drivers, Utility Trailers and Recreational Vehicles (pt)
7819	Services Allied to Motion Picture Production	
	Wardrobe Rental for Motion Picture Film Production	Rental of Formal Wear and Costumes (pt)
	Motion Picture Equipment Rental	Rental and Leasing of Other Machinery and Equipment (pt)
	Talent Payment Services	Payroll Services (pt) (Included in Professional, Technical, and Scientific Services subsector)
7841	Video Tape Rental	Rental of Video Tapes
7922@	Theatrical Producers (Except Motion Picture) and Miscellaneous	Rental and Leasing of Other Machinery and Equipment (pt)
	Theatrical Services	
	Theatrical Equipment Rental	Rental and Leasing of Other Machinery and Equipment (pt)
7999@	Amusement and Recreation, NEC	
	Recreational Goods Rental Including Pleasure Boats	Rental of Recreational Goods (pt)

*Description of Changes to the U.S. System*

Rental and Leasing Services - Fourteen industries are included in this NAICS subsector. Nine of these are new industries; three are revised 1987 SIC industries; and two are industries that existed in 1987. The primary focus of this subsector is to bring together, in one subsector, those establishments that primarily rent or lease a wide variety of machinery or goods to individuals or businesses. This subsector is significantly shaped by the splitting apart and/or regrouping of activities of 1987 SIC Industry Group 735, Miscellaneous Equipment Rental and Leasing. Additionally, activities from other 1987 major groups are included here because of the similarity of their production processes and to better achieve comparability with Mexico and Canada. The following new industries were added for 1997:

Rental and Leasing of Trucks Without Drivers, Utility Trailers and Recreational Vehicles from 1987 SIC 7513, Truck Rental and Leasing Without Drivers; 1987 SIC 7519, Utility Trailers and Recreational Vehicles Rental; and part of 1987 SIC 6159, Miscellaneous Business Credit Institutions.

Rental of Consumer Electronics and Appliances from part of 1987 SIC 7359, Equipment Rental and Leasing, NEC.

Rental and Leasing of Home and Garden Equipment from part of 1987 SIC 7359, Equipment Rental and Leasing, NEC.

Rental of Formal Wear and Costumes from part of 1987 SIC 7299, Miscellaneous Personal Services, NEC, and part of SIC 7819, Services Allied to Motion Picture Production.

Rental and Leasing of Home Health Furniture and Equipment from part of 1987 SIC 7352, Medical Equipment Rental and Leasing.

Rental of Recreational Goods from part of 1987 SIC 7999, Amusement and Recreation Services, NEC.

Rental and Leasing of Commercial Air, Rail, and Water Transportation Equipment from part of 1987 SIC 4499, Water Transportation Services, NEC; part of 1987 SIC 4741, Rental of Railroad Cars; part of 1987 SIC 6159, Miscellaneous Business Credit Institutions; and part of 1987 SIC 7359, Equipment Rental and Leasing, NEC.

Rental and Leasing of Office Machinery and Equipment from part of 1987 SIC 6159, Miscellaneous Business Credit Institutions; 1987 SIC 7377, Computer Rental and Leasing; and part of 1987 SIC 7359, Equipment Rental and Leasing, NEC.

Rental and Leasing of Other Machinery and Equipment from part of 1987 SIC 6159, Miscellaneous Business Credit Institutions; part of 1987 SIC 7352, Medical Equipment Rental and Leasing; part of 1987 SIC 7359, Equipment Rental and Leasing, NEC; part of 1987 SIC 7819, Services Allied to Motion Picture Production; and part of 1987 SIC 7922, Theatrical Producers (Except Motion Picture) and Miscellaneous Theatrical Services

The following three 1997 industries were modified from their 1987 definitions:

Leasing of Passenger Cars Without Drivers from part of 1987 SIC 6159, Miscellaneous Business Credit Institutions and 1987 SIC 7515, Passenger Car Leasing.

All Other Rental and Leasing of Consumer Goods from part of 1987 SIC 7299, Miscellaneous Personal Services, NEC, and part of 1987 SIC 7359, Equipment Rental and Leasing, NEC. This industry brings together all miscellaneous rental and leasing of equipment and goods not specified in any of the other NAICS industries because of the similarity of production process among all of these activities

Rental and Leasing of Heavy Construction, Mining, and Forestry Machinery and Equipment from part of 1987 SIC 6159, Miscellaneous Business Credit Institutions; 1987 SIC 7353, Heavy Construction Equipment Rental and Leasing; and part of 1987 SIC 7359, Equipment Rental and leasing, NEC. This industry was modified for comparability with Canada and Mexico.

The number of rental and leasing industries increased from 10 in 1987 to 14 in 1997. For time series linkage, 6 of the 10 1987 industries are comparable within three percent of the 1997 industries. Most of the changes reflect the regrouping of diverse residual categories to create new industries that better define the activities. For example, new industries have been created from 1987 SIC 7359, Equipment Rental and Leasing, NEC; 1987 SIC 7299, Miscellaneous Personal Services, NEC; and 1987 SIC 7999, Amusement and Recreation Services, NEC. These new industries include, among others, Rental and Leasing of Heavy Construction, Transportation, Mining and Forestry Machinery and Equipment; Rental and Leasing of Office Machinery and Equipment; and Rental of Consumer Electronics and Appliances.

**Part XI--Proposed New Industry Structure for Repair and Maintenance**

*Section A--NAICS Structure*

North American Industry Classification System

(NAICS)

Agreement Number 21

This document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following industries:

Repair and Maintenance

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to

a 4-digit NAICS level in order to ensure full comparability among the three countries.

This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on November 8 and November 9, 1995 in Washington, D.C.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	11/9/95
Mexico	/S/ Enrique Ordaz	11/9/95
United States	/S/ Jack E. Triplett	11/9/95

## ATTACHMENT 1--NAICS STRUCTURE

XX	Repair and Maintenance
XXX	Automotive Repair and Maintenance
XXXX	Automotive Mechanical and Electrical Repair and Maintenance
XXXX	Automotive Body, Paint and Interior Repair
XXXX	Other Automotive Repair and Maintenance
XXX	Heavy and Industrial Machinery and Equipment Repair and Maintenance

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XXXX	Heavy and Industrial Machinery and Equipment Repair and Maintenance
XXX	Electronic and Precision Equipment Repair and Maintenance
XXXX	Electronic and Precision Equipment Repair and Maintenance
XXX	Personal or Household Goods Repair and Maintenance
XXXX	Home and Garden Equipment and Appliance Repair and Maintenance
XXXX	Reupholstery and Furniture Repair
XXXX	Footwear and Leather Goods Repair
XXXX	Other Personal or Household Goods Repair and Maintenance

## **Attachment 2--North American Industrial Classification System**

Draft Classification for:

Repair and Maintenance

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industry classification for these industries.



The draft classification provides for the subsector Repair and Maintenance. This subsector is further sub-divided into four industry groups and nine industries. The placement of this subsector within the NAICS structure has not yet been decided.

### *A General Outline*

In the current classification systems of the three countries, repair and maintenance establishments are included in many different categories based on the type of item being repaired. Further, repair and maintenance industries are dispersed among many industry categories in ISIC. The NAICS structure brings together most types of repair and maintenance establishments and categorizes them based on production processes, that is, on the type of repair and maintenance activity performed, and the necessary skills, expertise and processes that are found in different repair and maintenance establishments.

Establishments included in the Repair and Maintenance subsector apply skill and knowledge to restoring machinery, equipment and other products to working order for customers. These establishments also typically perform general or routine maintenance on such products to ensure that they work efficiently and to prevent breakdown and unnecessary repairs.

This subsector includes four industry groups, each based on the type of repair and maintenance services provided and on the operating characteristics of the establishments classified in the component industries.

The Automotive Repair and Maintenance industry group includes establishments involved in the repair and maintenance of motor vehicles, both cars and trucks. Establishments classified in the Automotive Mechanical and Electrical Repair and Maintenance industry employ mechanics with specialized technical skills to diagnose and repair the mechanical and electrical systems of motor vehicles. The Automotive Body, Paint and Interior Repair industry includes establishments with staff skilled in repairing or painting automotive exteriors, or in repairing interiors. The Other Automotive Repair and Maintenance industry includes establishments that provide a variety of automotive care services that help to maintain vehicles but that do not normally require the technical skill levels that establishments in the other industries possess.

The Heavy and Industrial Machinery and Equipment Repair and Maintenance industry group includes establishments that repair and maintain transportation equipment, except motor vehicles, and other heavy and industrial machinery and equipment.

The Electronic and Precision Equipment Repair and Maintenance industry group includes establishments that repair electronic equipment, such as computers and communications equipment, and other highly specialized precision instruments. These establishments typically have staff skilled in repairing items having complex, electronic components.

The last industry group, Personal or Household Goods Repair and Maintenance, includes establishments that repair a wide variety of goods, most of which are personal and household goods such as garden tools and home appliances.

The proposed subsector does not include all establishments that do repair and maintenance. For example, a substantial amount of repair is done by establishments that also manufacture machinery, equipment and other goods. These establishments are included in the Manufacturing sector in NAICS. Rebuilding of machinery and equipment for resale is considered manufacturing in NAICS and therefore not included in this subsector. In addition, repair of transportation equipment is often provided by or based at transportation facilities (airports, seaports) and these activities are included in the Transportation sector.

A particularly unique situation exists with repair of buildings. Plumbing, electrical installation and repair, painting and decorating and other construction-related establishments are often involved in performing installation or other work on new construction as well as providing repair services on existing structures. While some specialize in repair, it is difficult to distinguish between the two types and all have been included in the Construction sector.

This classification also does not delineate between repair services provided to businesses versus those that serve households. Although some industries primarily serve businesses and other households, separation by class of customer is limited by the fact that many establishments serve both businesses and households. Establishments repairing computers and consumer electronics products are two examples of such overlap.

*Limitations and Constraints of the Classification*

In the Repair and Maintenance subsector, most activities identified in one country exist in the others. The way activities are combined in establishments differs to some extent in the different countries. Therefore, the NAICS structure contains somewhat less detail than the existing classification systems of the three countries. The level of specialization for repair services varies significantly among the three countries and the NAICS levels reflect those for which common classes can be established. For example, there are a significant number of establishments in Mexico specializing in rebuilding automotive engines as a repair service, and these are located in this subsector. In the United States and Canada, owners of cars that need rebuilt engines typically buy a factory rebuilt engine that is installed at an automotive repair shop.

*Relationship to ISIC*

The approach adopted for NAICS, that of regrouping most repair activities in a single subsector, is significantly different from the approach employed in the current International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) of the United Nations. The most important difference is that ISIC classifies establishments primarily engaged in the repair of most types of machinery and equipment in the same industry as those manufacturing the equipment. For example, the repair of

printing equipment is included in ISIC, 2929, Manufacture of Other Special Purpose Machinery. Repair activities can be found in twenty-seven manufacturing industries spanning seven 2-digit groups in ISIC. Repair activities also are found in ISIC Division 50, Sale, Maintenance and Repair of Motor Vehicles and Motorcycles, Retail Sales of Automotive Fuel; Division 52, Retail Trade, Except of Motor Vehicles and Motorcycles, Repair of Personal and Household Goods; and Division 72, Computer and Related Activities.

Largely as a result of the conceptual difference, four of the nine proposed NAICS industries relate to more than one 2-digit ISIC. These are: Heavy and Industrial Machinery & Equipment Repair and Maintenance (three 2-digit ISIC's); Electronic and Precision Equipment Repair and Maintenance (six 2-digit ISIC's); Home and Garden Equipment and Appliance Repair and Maintenance (four 2-digit ISIC's); and Other Personal or Household Goods Repair and Maintenance (seven 2-digit ISIC's).

### *Changes to National Classification*

For Canada, the adoption of a Repair and Maintenance subsector represents a major departure from its current practice. The 1980 Canadian Standard Industrial Classification

(CSIC) assigns repair and maintenance activities to many subsectors including Retail Trade, Wholesale Trade, Business Services and Personal and Household Services. The proposed NAICS structure consolidates most repair and maintenance activities in this subsector.

The most important structural change is the transfer to this subsector of the following activities: the repair and maintenance of automobiles, home appliances, consumer electronics, furniture, recreational vehicles, bicycles, musical instruments and watches and jewelry from retail trade; the repair and maintenance of a wide range of machinery and equipment from wholesale trade; the repair and maintenance of computer and related equipment from business services; and the repair of shoes, leather goods and clothing from personal services. Since many of these activities are components of existing industries, there are a significant number of partial relationships between the proposed and existing classifications, in particular for wholesale trade industries. In practice, however, the number of establishments moving from the Wholesale Trade sector to the Repair and Maintenance subsector is small. The repair and maintenance of machinery and equipment is often a secondary activity of wholesalers of the machinery and equipment and the number of establishments specializing in repairs is relatively small.

More often than not, the repair and maintenance activities currently found in retail trade, business services and personal services are classified in separate industries. As a result, the relationship between the new and old classifications is more straightforward. Furthermore, a number of the existing industries will be retained in the national

classification, thereby facilitating the comparison between statistics compiled on the basis of the two systems.

For Mexico, there were fewer changes since CMAP class 96, Repair and Maintenance Services, was the basis upon which NAICS was established. Changes to CMAP included CMAP classes 951023, Other Professional Technical Specialized Services not previously mentioned; 961203, Automotive Body Repair Services; and part of CMAP 961309, Furniture Upholstery Services. These classes were merged to form a single NAICS industry, Automotive Body, Paint and Interior Repair.

Finally, computer repair, CMAP 961106, Repair and Maintenance of Machinery not previously mentioned, was combined with Electronic and Precision Equipment Repair and Maintenance in NAICS.

For the United States, the proposed NAICS structure consolidates most types of repair establishments into this NAICS subsector. The structure primarily includes those industries covered by 1987 SIC Major Group 76, Miscellaneous Repair Services, and 1987 SIC Industry Group 753, Automotive Repair Services. The new structure also includes establishments classified in 1987 SIC 7542, Car Washes; part of 1987 SIC 7549, Automotive Services, Except Repair and Carwashes (oil change and lubricating services, rustproofing services); 1987 SIC 7378, Computer Maintenance and Repair; 1987 SIC 7251, Shoe Repair Shops and Shoeshine Parlors; part of 1987 SIC 7219, Laundry and Garment Services, NEC (repair of furs and apparel and reweaving of textiles); and part of 1987 SIC 3732, Boat Building and Repairing (repair services). Tire retreading and

electric motor rebuilding on a factory basis are manufacturing activities and are now included in the Manufacturing sector in NAICS.

The NAICS structure and U.S. national industry detail provide new industry classifications for various types of industrial machinery and equipment repair, electronic and precision equipment repair, and other specialized repair and maintenance. Many of the new industries were created by breaking apart 1987 SIC 7629, Electrical and Electronic Repair Shops, NEC, and 1987 SIC 7699, Repair Shops and Related Services, N.E.C.

#### *Achievement of Objectives*

The proposed classification structure meets the objectives for the North American Industry Classification System (NAICS) in that it comprises industries that group establishments with similar production processes and achieves comparability for the three participating countries. The NAICS structure consolidates repair and maintenance in one subsector and provides a structure that includes specialized segments within the subsector.

Other objectives of the NAICS project have also been met. New industries that recognize new and emerging activities have been established, particularly in the area of electronic and precision equipment repair and maintenance.



The industries are economically significant. Some NAICS industries are much larger than others, but this was necessary to ensure comparability among the countries or because it was not possible to subdivide large industries.

Finally, disruptions to time series, while they exist, have been minimized to the extent possible. Most of the changes reflect the regrouping of diverse residual categories to create new industries that better define the activities.

*Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the NAICS industry subsector presented in *Part XI, Section A-- Attachment 1*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the NAICS industry subsector covered in Part XI of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry; R-revised industry; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified

1997 NAICS and U.S. description		Status	1987 SIC Code	1987 SIC description
XX	Repair and Maintenance			
XXX	Automotive Repair and Maintenance			
XXXX	Automotive Mechanical and Electrical Repair and Maintenance			
XXXXX	General Automotive Repair	E	7538	General Automotive Repair Shops
XXXXX	Automotive Exhaust System Repair	E	7533	Automotive Exhaust System Repair Shops
XXXXX	Automotive Transmission Repair	E	7537	Automotive Transmission Repair Shops
XXXXX	Other Automotive Mechanical and Electrical Repair and Maintenance	E	7539	Automotive Repair Shops, NEC
XXXX	Automotive Body, Paint, and Interior Repair			
XXXXX	Automotive Body, Paint and Upholstery Repair and Maintenance	E	7532	Top, Body, and Upholstery Repair Shops and Paint Shops
XXXXX	Automotive Glass Replacement Shops	E	7536	Automotive Glass Replacement Shops
XXXXX	Other Automotive Repair and Maintenance			
XXXXX	Automotive Oil Change and Lubrication Shops	N	*7549	Automotive Services, Except Repair and Carwashes (lubricating service, automotive)
XXXXX	Car Washes	E	7542	Carwashes
XXXXX	All Other Automotive Repair and Maintenance	R	*7534	Tire Retreading and Repair Shops (repair)

			*7549	Automotive Services, Except Repair and Carwashes (except lubricating and towing)
XXX	Heavy and Industrial Machinery and Equipment Repair and Maintenance			
XXXX	Heavy and Industrial Machinery and Equipment Repair and Maintenance			
XXXXX	Transportation Equipment Repair and Maintenance	N	*3732 *7699	Boat Building and Repairing (boat repair) Repair Shops and Related Services, NEC (other non-automotive transportation equip.)
XXXXX	Other Industrial Machinery and Equipment Repair and Maintenance	R	*7623 *7694 *7699	Refrigerator and Air-Conditioning Service and Repair Shops (commercial refrigerator equipment repair) Armature Rewinding Shops (repair) Repair Shops and Related Services, NEC (industrial machines and equipment)
XXX	Electronic and Precision Equipment Repair and Maintenance			
XXXX	Electronic and Precision Equipment Repair and Maintenance			
XXXXX	Consumer Electronics Repair and Maintenance	N	*7622 *7629	Radio and Television Repair Shops (stereo, TV, VCR, and other consumer electronics equipment) Electrical and Electronic Repair Shops, NEC (consumer equipment except computer)
XXXXX	Computer and Office Machine Repair and Maintenance	N	7378 *7629	Computer Maintenance and Repair Electrical and Electronic Repair Shops, NEC (business and office machine repair, electrical)
XXXXX	Communication Equipment Repair and Maintenance	N	*7699 *7622 *7629	Repair Shops and Related Services, NEC (typewriter repair) Radio and Television Repair Shops (telecommunication equipment repair) Electrical and Electronic Repair Shops, NEC (telephone set repair)
XXXXX	Other Electronic and Precision Equipment Repair and Maintenance	N	*7629	Electrical and Electronic Repair Shops, NEC (electrical measuring instrument repair and calibration, medical equipment repair, electrical)

				*7699	Repair Shops and Related Services, NEC (dental instrument repair, laboratory instrument repair, medical equipment and other electronic and precision equipment repair, except typewriters)
XXX XXXX	Personal or Household Goods Repair and Maintenance Home and Garden Equipment and Appliance Repair and				
	Maintenance				
XXXXX	Home and Garden Equipment Repair and Maintenance	N		*7699	Repair Shops and Related Services, NEC (lawnmower repair shops, sharpening and repairing knives, saws and tools)
XXXXX	Appliance Repair and Maintenance	N		*7623	Refrigeration and Air-Conditioning Service and Repair Shops (except commercial)
				*7629	Electrical and Electronic Repair Shops, NEC (appliance repair, electrical; washing machine repair; Electric razor repair)
				*7699	Repairs Shops and Related Services, NEC (gas appliance repair service, sewing machine repair, stove repair shops, and other non-electrical appliance)
XXXX XXXX	Reupholstery and Furniture Repair Footwear and Leather Goods Repair	E R		7641 7251 *7699	Reupholstery and Furniture Repair Shoe Repair and Shoeshine Parlors Repair Shops and Related Services (leather goods repair shops, luggage repair shops, pocketbook repair shops)
XXXX	Other Personal or Household Goods Repair and Maintenance	N		*7219 7631 7692 *7699	Laundry and Garment Services, NEC (alteration and repair) Watch, Clock, and Jewelry Repair Welding Repair Repair Shops and Related Services, NEC (except industrial, electronic, home and garden, appliance, and leather goods)

TABLE 2

The abbreviation "pt" means "part of". @ means time series break has been created that is greater than 3% of the 1992 revenues for the 1987 SIC industry. The abbreviation NEC is used for Not Elsewhere Classified.

1987 SIC code	1987 SIC description	1997 U.S. description
3732@	Boat Building and Repairing (Boat repair)	Transportation Equipment Repair and Maintenance (pt)
7219	Laundry and Garment Services, NEC (Alteration and Repair)	Other Personal or Household Goods Repair and Maintenance (pt)
7251	Shoe Repair Shops and Shoeshine Parlors	Footwear and Leather Goods Repair (pt)
7378	Computer Maintenance and Repair	Computer and Office Machine Repair and Maintenance (pt)
7532	Top, Body, and Upholstery Repair Shops and Paint Shops	Automotive Body , Paint, and Upholstery Repair and Maintenance
7533	Automotive Exhaust System Repair Shops	Automotive Exhaust System Repair
7534@	Tire Retreading and Repair Shops	
	Remanufacturing	Manufacturing Sector
	Repair	All Other Auto Repair and Maintenance (pt)
7536	Automotive Glass Replacement Shops	Automotive Glass Replacement Shops
7537	Automotive Transmission Repair Services	Automotive Transmission Repair
7538	General Automotive Repair Services	General Automotive Repair
7539	Automotive Repair shops, NEC	Other Automotive Mechanical and Electrical Repair and Maintenance
7542	Carwashes	Car Washes
7549@	Automotive Services, Except Repair and Carwashes	
	Lubricating Services, Automotive	Automotive Oil Change and Lubrication Shops
	Towing	Towing Services (Included in Transportation sector)
	Automotive Services, Except Repair and Carwashes (except	All Other Automotive Repair and Maintenance (pt)
	lubricating and towing)	

7622	Radio and Television Repair Shops	
	Stereo, TV, VCR, and Other Consumer Electronics	Consumer Electronics Repair and Maintenance (pt)
	Equipment	
	Telecommunication Equipment Repair	Communication Equipment Repair and Maintenance (pt)
7623@	Refrigeration and Air-Conditioning Services and Repair Shops	
	Commercial Refrigerator Equipment Repair	Other Industrial Machinery and Equipment Repair and Maintenance (pt)
	Except Commercial	Appliance Repair and Maintenance (pt)
7629@	Electrical and Electronic Repair Shops, NEC	
	Business and Office Machine Repair, Electrical	Computer and Office Machine Repair and Maintenance (pt)
	Telephone Set Repair	Communication Equipment Repair and Maintenance (pt)
	Electrical Measuring Instrument Repair and Calibration,	Other Electronic and Precision Equipment Repair and Maintenance (pt)
	Medical Equipment Repair, Electrical	
	Appliance Repair, Electrical; Washing Machine Repair;	Appliance Repair and Maintenance (pt)
	Electric Razor Repair	
	Consumer Electronic Equipment Repair Except Computer	Consumer Electronics Repair and Maintenance (pt)
7631@	Watch, Clock, and Jewelry Repair	Other Personal or Household Goods Repair and Maintenance (pt)
7641	Reupholstery and Furniture Repair	Reupholstery and Furniture Repair
7692@	Welding Repair	Other Personal or Household Goods Repair and Maintenance (pt)
7694@	Armature Rewinding Shops	
	Repair	Other Industrial Machinery and Equipment Repair and Maintenance (pt)
	Remanufacturing	Included in Manufacturing Sector
7699@	Repair Shops and Related Services, NEC	
	Other Non-Automotive Transportation Equipment	Transportation Equipment Repair and Maintenance (pt)
	Industrial Machines and Equipment	Other Industrial Machinery and Equipment Repair and Maintenance (pt)
	Typewriter Repair	Computer and Office Machine Repair and Maintenance (pt)
	Dental Instrument Repair, Laboratory Instrument Repair,	Other Electronic and Precision Equipment Repair and Maintenance (pt)
	Medical Equipment and Other Electronic and Precision	
	Equipment Repair, Except Typewriters	
	Lawnmower Repair Shops, Sharpening and Repairing Knives,	Home and Garden Equipment Repair and Maintenance (pt)
	Saws and Tools	
	Gas Appliance Repair Service, Sewing Machine Repair, Stove	Appliance Repair and Maintenance
	Repair Shops, and Other Non-Electrical Appliances	

Leather Goods Repair Shops, Luggage Repair Shops,

Pocketbook Repair Shops

Lock Parts Made to Order and Locksmith Shops

Except Industrial, Electronic, Home and Garden, Appliance,

Locksmith, and Leather Goods

Footwear and Leather Goods Repair (pt)

(Included in Management and Support Services subsector)

Other Personal or Household Goods Repair and Maintenance

*Description of Changes to the U.S. System*

Repair and Maintenance - Nine new NAICS or national industries were created in this new subsector for 1997 to better describe the activities associated with the subsector and to bring together activities with similar production functions. A number of these industries were created from parts of two 1987 Not Elsewhere Classified (NEC) industries. The new industries are:

Automotive Oil Change and Lubrication Shops from part of 1987 SIC 7549, Automotive Services, Except Repair and Carwashes.

Transportation Equipment Repair and Maintenance from part of 1987 SIC 3732, Boat Building and Repairing, and part of 1987 SIC 7699, Repair Shops and Related Services, NEC.

Consumer Electronics Repair and Maintenance from part of 1987 SIC 7622, Radio and Television Repair Shops, and part of 1987 SIC 7629, Electrical and Electronic Repair Shops, NEC.

Computer and Office Machine Repair and Maintenance from 1987 SIC 7378, Computer Maintenance and Repair; part of 1987 SIC 7629, Electrical and Electronic Repair Shops, NEC; and part of 1987 SIC 7699, Repair Shops and Related Services, NEC.



Communication Equipment Repair and Maintenance from part of 1987 SIC 7622, Radio and Television Repair Shops, and part of 1987 SIC 7629, Electrical and Electronic Repair Shops, NEC.

Other Electronic and Precision Equipment Repair and Maintenance from part of 1987 SIC 7629, Electrical Electronic Repair Shops, NEC, and part of 1987 SIC 7699, Repair Shops and Related Services, NEC.

Home and Garden Equipment Repair and Maintenance from part of 1987 SIC 7699, Repair Shops and Related Services, NEC.

Appliance Repair and Maintenance from part of 1987 SIC 7623, Refrigeration and Air-Conditioning Service and Repair Shops; part of 1987 SIC 7629, Electrical and Electronic Repair Shops, NEC; and part of 1987 SIC 7699, Repair Shops and Related Services, NEC.

Other Personal or Household Good Repair and Maintenance from part of 1987 SIC 7219, Laundry and Garment Services, NEC; 1987 SIC 7631, Watch, Clock, and Jewelry Repair; 1987 SIC 7692, Welding Repair; and part of 1987 SIC 7699, Repair Shops and Related Services, NEC.

The 1987 SIC Major Group 76, Miscellaneous Repair Services, was split into 3 new industry groups: Heavy and Industrial Machinery and Equipment Repair and Maintenance; Electronic and Precision Equipment Repair and Maintenance; and Personal and Household Goods Repair and Maintenance. Of the 8 industries in 1987 Major Group 76 only two, Radio and Television Repair and Reupholstery and Furniture Repair, will

not have a time series break. There will be time series breaks for the other six 1987 SIC industries. These changes were made to break up the miscellaneous industries and to more clearly define industries with similar production functions.

There will also be a time series break for 1987 SIC's 7534 and 7549. The time series break for 1987 SIC 7534, Tire Retreading and Repair Shops, is the result of moving the remanufacturing portion of retreading to the manufacturing sector and the repair to All Other Auto Repair and Maintenance. The time series break for 1987 SIC 7549 is the result of splitting oil change and lubrication shops and towing services from all other automotive repair, Automotive Services, Except Repairs and Carwashes, and maintenance.

## **Part XII--Proposed New Industry Structure for Management and Support Services**

### Section A--NAICS Structure

#### North American Industry Classification System

(NAICS)

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following industries:

Management and Support Services

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on November 8 and November 9, 1995 in Washington, D.C.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	11/9/95
Mexico	/S/ Enrique Ordaz	11/9/95
United States	/S/ Jack E. Triplett	11/9/95

## ATTACHMENT 1--NAICS STRUCTURE

XX	Management and Support Services
XXX	Management and Facilities Support Services
XXXX	Management Services
XXXX	Facilities Support Management Services
XXX	Employment Services
XXXX	Employment Placement Agencies
XXXX	Temporary Help Services
XXXX	Employee Leasing Services
XXX	Administrative Support Services
XXXX	Document Preparation Services
XXXX	Telephone Call Centers
XXXX	Business Service Centers
XXXX	Collection Agencies
XXXX	Credit Bureaus
XXXX	Other Administrative Support Services
XXX	Travel Arrangement and Reservation Services

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XXXX	Travel Agencies
XXXX	Tour Operators
XXXX	Other Travel Arrangement and Reservation Services
XXX	Security and Investigation Services
XXXX	Investigation, Guard and Armored Car Services
XXXX	Security Systems Services
XXX	Services to Buildings and Dwellings
XXXX	Exterminating and Pest Control Services
XXXX	Janitorial Services
XXXX	Carpet and Upholstery Cleaning Services
XXXX	Landscaping Care and Maintenance Services
XXXX	Other Services to Buildings and Dwellings
XXX	Miscellaneous Support Services
XXXX	Packaging and Labeling Services
XXXX	Convention and Trade Show Organizers
XXXX	Other Miscellaneous Support Services

Draft Classification for:

Management and Support Services

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industry classification for these industries.

The draft classification provides for the Management and Support Services subsector. This subsector is further sub-divided into seven industry groups and 24 industries. The placement of this subsector within the NAICS structure is not yet determined.

*A General Outline*

The statistical agencies of Canada, Mexico, and the United States have agreed to place major emphasis on improved services classifications in NAICS, and to give special attention to developing production-oriented classifications for new and emerging industries and service industries in general.

Most past services classifications, including the International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) have two analytical inadequacies. First, individual services industries have been too aggregated to be useful. They have combined too many disparate activities into a single industry definition. This

criticism has been heard even in the U.S., where the 1987 Standard Industrial Classification has more services industries detail than is the case for other classification systems. As indicated later in this outline, the detail problem has been addressed in NAICS by breaking out new services industries from many of the broad and heterogeneous industry definitions in the former systems of all three countries. These new industries reflect the increasing degree of specialization in the economy as businesses and other organizations increasingly contract out for services that have historically been done in house. In order to meet this objective, a number of industries were established that are presently small or nonexistent in Canada or Mexico. Many of the establishments in these new industries are included in miscellaneous classes in current classification systems and the NAICS structure will substantially reduce the size of such residual classes.

A second problem in past services industry classifications is a general lack of a coherent structure. To take the 1987 U.S. SIC system as an example, though it has a major group (2-digit) for Business Services, it is difficult to discern an organizational principle in this subsector, or the relation the industries included in it had to each other or to the division as a whole. The Canadian classification also includes a grouping for Business Services, but its coverage is different. Again, this lack of a coherent structure has been criticized.

Currently, activities included in the Management and Support Services subsector are scattered throughout the existing classification systems; their grouping into a single area has allowed for the creation of more homogeneous aggregates for these service-producing

industries. This, however, has been achieved at the expense of creating a subsector less homogeneous across all industry groups contained in it than in other proposed NAICS subsectors. However, the fundamental objective of NAICS is to define industries and industry aggregates on the basis of similarity in production process. This objective is largely met in the case of the individual industries (4-digit) and industry groups (3-digit) of this subsector, even though the subsector includes industry groups that cover a diverse set of activities.

The Management and Support Services subsector groups establishments that are engaged in activities that support the day-to-day operations of other organizations. The processes employed in this sector are often integral parts of the activities of establishments found in all sectors of the economy (general management, personnel administration, clerical activities, cleaning activities, etc.). The establishments classified in this subsector have specialized in one or more of these administrative and support activities, and can therefore provide services to clients in a variety of industries and, in some cases, to households. The individual industries of this subsector are defined on the basis of the particular process in which they are engaged and the particular service(s) they provide.

This proposed subsector includes a mix of well established and emerging industries. The number of new classes varies from country to country; approximately half of the proposed industries are new or redefined in the Canadian and U.S. systems while most are new in the Mexican system. The following paragraphs provide a brief description of the content of each industry group and observations on issues that are of particular interest.



The Management and Facilities Support Services industry group includes two industries. The first, Management Services, includes those establishments that provide management services to clients on a day-to-day basis. For example, establishments in this industry may provide management services to oversee and coordinate the office operations of a physician's practice. This might include personnel management, bookkeeping, and other administrative services. The second NAICS industry, Facilities Support Management Services, includes establishments that provide managerial and operating staff to deliver a wide range of services that are essential to support the operations of an establishment or facility. Such establishments provide food service, janitorial service, guard service and so forth to support the operations of facilities such as hospitals or government reservations. If each of the services were provided by different establishments, these different establishments would be included in the appropriate industries. However, these facility management establishments are unique in that they provide a broad mix of services that involve multiple production processes. This industry is significant in the United States with the largest operations being establishments that serve government facilities or reservations. It is not significant in Canada and Mexico.

The Employment Services industry group includes three industries. Employment Placement Agencies are establishments engaged in listing employment vacancies and in selecting, referring and placing applicants in employment on either a permanent or temporary basis. A separate industry, Temporary Help Services, is included for establishments that supply workers to client businesses for limited periods of time to supplement the work force of the client. Another industry, Employee Leasing Services, is

included for establishments that acquire all or part of a client's work force and "lease back" the employees to the client organization. Both industries are large and growing in the United States, reflecting the increasing specialization and complexity of the U.S. economy. Employee leasing is not significant in Canada and Mexico.

The Administrative Support Services industry group includes establishments engaged in document preparation, telephone call center operation, copy or quick printing services, and mail center operation, bill collection and similar activities. These activities are those ongoing routine, administrative support functions that all businesses and organizations must do and that they have traditionally done for themselves. Recent trends are to contract or purchase such services from businesses that specialize in such activities and can therefore provide the services more efficiently. While most of the industries in this group are relatively small, some are growing rapidly and are expected to continue to grow.

The Travel Arrangement and Reservation Services industry group includes travel agents, tour operators and providers of other travel arrangement services such as hotel and restaurant reservations, and arranging the purchase of tickets. Establishments in this industry serve many types of clients, including individual consumers, and the industries in this group cannot be viewed as strictly "support." However, this industry group was placed in this subsector because the services are often of the "support" nature (for example, travel arrangement) and businesses and other organizations are increasingly the ones purchasing such services.

The Security and Investigation Services industry group includes establishments engaged in a range of security related activities such as guard and patrol services and alarm monitoring services. The desire to contract out for such services and the impact of new, sophisticated electronic security systems has contributed to the size and growth of the industries in this industry group.

The Services to Buildings and Dwellings industry group includes establishments engaged in a range of general cleaning and upkeep services in and around buildings and dwellings. As in other subgroups, growth in this industry group is primarily from the increasing reliance of businesses and other organizations to contract out for building cleaning services.

Finally, Miscellaneous Support Services includes establishments engaged in such activities as packaging and labeling services, organizing conventions, etc. Establishments in the Packaging and Labeling Services industry are primarily engaged in packaging client owned materials such as food products, pharmaceuticals, household cleaners, toilet preparations and hardware using a variety of automated or manual packaging techniques, including blister forming and packaging, shrink or skin wrapping, form filling and sealing, pouch filling and aerosol packaging. The packaging service may include the labeling or imprinting of the package. Although the types of establishments in this industry group are not similar in nature, each industry in its own way provides some form of support service to businesses and organizations.

*Limitations and Constraints of the Classification*

Differences in the organization of activities within establishments, and differences in the economic significance of individual industries from country to country were the major issues faced in the development of a common classification structure for this sector. These issues were dealt with by grouping activities in a manner that recognized the different levels of integration and diversification of establishments while allowing each country to add industries where necessary to reflect the greater level of specialization or economic significance of particular industries in their national economy. Still, in some instances, proposed NAICS industries do not exist in all countries.

This subsector is not as homogeneous across all industry groups as other proposed subsectors in NAICS.

The identification of new and emerging industries is one of the principle goals of the NAICS project. Many users have expressed the wish that this goal be achieved while minimizing breaks in time series. However, these two objectives are more often than not conflicting, and the degree to which proposed NAICS industries relate to existing national classification systems varies from country to country.

*Relationship to ISIC*

Seventeen of the NAICS industries in this subsector can be assigned entirely to ISIC Division 74, Other Business Activities, of the current International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) of the United Nations. Landscaping Care and Maintenance Services are included in ISIC Division 01, Agriculture, Hunting and Related Service Activities; the Travel Arrangement and Reservation Services industries are included in ISIC Division 63, Supporting and Auxiliary Transport Activities; and Carpet and Upholstery Cleaning Services are included in ISIC Division 93, Other Service Activities. The following NAICS industries cannot be assigned to an ISIC division without being subdivided: Employment Placement Agencies (casting bureaus are in Division 92, Recreational, Cultural and Sporting Activities in ISIC) and Miscellaneous Support Services. However, the discrepancies between NAICS and ISIC are minor and do not have a significant impact on the comparability of data at 2-digit ISIC level.

#### *Changes to the National Classification*

For Canada, the proposed NAICS structure constitutes a restructuring and expansion of industries that are, for the most part, currently found in Major Group 77, Business Service Industries; Industry Group 995, Services to Buildings and Dwellings; and Industry Group 996, Travel Services, of the 1980 Canadian Standard Industrial Classification (CSIC). A few activities classified in other areas of the classification are now included in

this subsector. Fifteen of the twenty-two NAICS industries applicable in Canada are new or redefined. The most important new industries are: Management Services; Document Preparation Services; Telephone Call Centers; Business Service Centers; Investigation, Guard and Armored Car Services; Security Systems Services, Landscaping Care and Maintenance Services; Packaging and Labeling Services; and Convention and Trade Show Organizers.

The majority of proposed NAICS industries (15) relate to only one existing CSIC industry. In those cases, the task of linking statistics based on the old and new systems is relatively easy. For the remaining classes, this task is much more difficult since they are defined in terms of components of existing industries for which no data are available. However, many of these partial relationships are marginal in terms of economic activity.

For Mexico, this subsector that includes 24 industries contains 17 of the current CMAP classes. This increase in the number of classes results from the fact that there is now more specialization in Mexico in many service activities. Services that used to be performed in combination with others within a single establishment, including those performed as a secondary activity of the establishment, are now beginning to be carried out as a principal activity in establishments specializing in that particular service. For that reason, this new classification includes classes that were not even mentioned in the CMAP owing to their secondary status, and classes that had been included with other activities.

The activities being incorporated into this subsector are currently classified, for the most part, in CMAP Branch 9510, Provision of Professional, Technical, and Specialized

Services, excluding Agricultural Services. Nevertheless, in order to create the new subsector, some activities that had been in other branches or subsectors, and even in a different sector of activity, were relocated.

From CMAP Sector 7, Transportation and Communications, fax services that had been classified under CMAP Class 720006, Other Telecommunications Services, were reclassified. They were combined with Photocopying Services and Business Center Services to form a new NAICS industry.

From CMAP Subsector 94, Entertainment, Cultural, Recreational, and Athletic Services, there was a reclassification of establishments engaged in the hiring of personnel for cinematographic and theatrical production that had been included under CMAP Classes 941101, Private Production of Cinematographic Films; 941106 Private Services for the Promotion, Staging and Presentation of Artistic Productions; and 941204 Public Services of Promotion, Staging, and Presentation of Artistic Productions. These recruitment agencies were combined with personnel placement agencies to form a single NAICS industry.

From CMAP Subsector 97, Services Related to Agriculture, Stockraising, Construction, Transportation, Finance and Commerce, there was a reclassification of telemarketing establishments and establishments engaged in advance sales of tickets, that had been under class 975000, Financial Intermediary Services. Telemarketing services combined with establishments that make and receive telephone calls were placed in a single NAICS industry under the Administrative Support Services industry group. Services of establishments that sell tickets in advance gave rise to a new NAICS industry

when these services were combined with hotel reservations that had been classified under CMAP 951023, Professional, Technical, and Specialized Services Not Previously Mentioned.

From CMAP Branch 9530, Drycleaning and Laundering Services, there was a reclassification of carpet cleaning and furniture cleaning services that had previously been in CMAP Class 953002, Cleaning and Dyeing of Carpets and Curtains. This branch was combined with carpet cleaning that had been under CMAP 951021, Building Cleaning Services, to form a new NAICS class called Carpet and Upholstery Cleaning Services.

The current CMAP Class 951018, Services of Personnel Placement and Selection Agencies, was subdivided into three parts. Two of them resulted in the same number of NAICS industries, those being Temporary Help Services and Employee Leasing Services. The other part was combined with agencies for placement of personnel from television works, cinematography, and theaters, that had been classified under CAMP Subsector 94, Entertainment, Cultural, Recreational, and Athletic Services, to form a new NAICS industry called Employment Placement Agencies.

CMAP Class 951021, Building Cleaning Services, was subdivided into four parts. Three of them resulted in the same number of industries in NAICS, and another part was combined with Carpet and Upholstery Cleaning Services that had been classified in CMAP 953002, Cleaning and Dyeing of Carpets and Curtains, to create a new NAICS industry.



CMAP Class 951023, Other Professional, Technical, and Specialized Services Not Previously Mentioned, that had contained several very different types of services underwent a major realignment. The services of CMAP Class 951023 relating to this subsector were combined with activities that were similar in terms of their forms of production, and each combination produced a new NAICS class. Telephone answering services were combined with telemarketing services (the latter had been classified in the CMAP under 975000, Financial Intermediary Services); business center services were combined with photocopying establishments (the latter had been classified under CMAP Class 951017, Photocopying and Similar Services); and financial solvency agencies were combined with credit information offices. Finally, a NAICS industry was formed for Packaging and Labeling Services.

For the United States, eleven of the twenty-four proposed NAICS industries are new. Of the eleven new industries in this sector, eight were created from 1987 SIC 7389, Business Services, Not Elsewhere Classified. 1987 SIC 7389 was a “catchall” category that included some of the fastest growing services in the U.S. economy, and that had no natural interpretation or usefulness. This former NEC industry is significantly reduced by the creation of new industries. Examples of the new industries that were created from 1987 SIC 7389 are: Telephone Call Centers; Packaging and Labeling Services; and Convention and Trade Show Organizers. In addition, other activities formerly included in 1987 SIC 7389 were redistributed among the industries to create homogeneous industries or industry groupings. The redistributions out of 1987 SIC 7389 will reduce its overall size by approximately 40% of the establishments and receipts. In addition, the remainder

are redistributed into NAICS industry groups that have more logic and coherence than the 1987 SIC 73 major group, Business Services.

The NAICS industry group for Management and Facilities Support Services groups activities with similar production processes previously classified in 1987 SIC 8741, Management Services, and 1987 SIC 8744, Facilities Support Management Services. Separate industries are created for each.

The NAICS industry group for Employment Services includes one significant change for the United States by including Temporary Help Services and Employee Leasing Services as new industries. These services are included in 1987 SIC 7363, Help Supply Services.

The NAICS industry group for Administrative Support Services includes Document Preparation Services, Telephone Call Centers, Business Service Centers and Other Administrative Support Services as new industries. These services are included in 1987 SIC 7338, Secretarial and Court Reporting Services, and 1987 SIC 7389, Business Services, Not Elsewhere Classified.

The NAICS industry group for Services to Buildings and Dwellings includes one previously existing industry from 1987 SIC Major Group 72, Personal Services (1987 SIC 7217, Carpet and Upholstery Cleaning) and two industries from 1987 SIC Major Group 07, Agriculture Services (1987 SIC 0782, Lawn and Garden Services; and 1987 SIC 0783, Ornamental Shrub and Tree Services). A new industry for Other Services to Buildings and Dwellings has been created from part of 1987 SIC's 7389, Business

Services, Not Elsewhere Classified, and 1987 SIC 7699, Repair Shops and Related Services, Not Elsewhere Classified.

The NAICS industry group for Miscellaneous Support Services includes three new industries formed from part of 1987 SIC 7389, Business Services, Not Elsewhere Classified.

### *Achievement of Objectives*

The classification meets the objectives for the North American Industry Classification System (NAICS). It is comprised of industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept.

The classification achieves comparability for the three participating countries. Based on existing data, all three countries expect to be able to publish data regularly or in the near future at the industry (4-digit) level of the structure. All countries agree on the detailed definitions of the industries.

Other objectives of the NAICS project have been met. A significant number of new industries are established which is consistent with the goal of recognizing new and emerging industries.

The industries are economically significant. Some NAICS industries are much larger than others, but this was necessary to ensure comparability among the three countries.

*Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the NAICS industry subsector presented in *Part XII, Section A-- Attachment 1*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the NAICS industry subsector covered in Part XII of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry; R-revised industry; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS and U.S. description	Status code	1987 SIC Code	1987 SIC DESCRIPTION
XX Management and Support Services			
XXX Management and Facilities Support Services			
XXXX Management Services	R	*8741	Management Services (except construction management)
XXXX Facilities Support Management Services	E	8744	Facilities Support Management Services
XXX Employment Services			
XXXX Employment Placement Agencies	R	*7361	Employment Agencies (except executive placing services)
		*7819	Services Allied to Motion Pictures Production (casting bureaus)
		*7922	Theatrical Producers and Miscellaneous Theatrical Services (casting agencies)
XXXX Temporary Help Services	N	*7363	Help Supply Services (except employee leasing service )
XXXX Employee Leasing Services	N	*7363	Help Supply Services (except temporary help service )
XXX Administrative Support Services			
XXXX Document Preparation Services	N	*7338	Secretarial and Court Reporting (except court reporting)
XXXX Telephone Call Centers			
XXXXX Telephone Answering Services	N	*7389	Business Services, Not Elsewhere Classified (telephone answering)
XXXXX Telemarketing Bureaus	N	*7389	Business Services, Not Elsewhere Classified (telemarketing bureaus and telephone soliciting)
XXXX Business Service Centers			
XXXXX Photocopying and Duplicating Services	R	*2752	Commercial Printing, Lithographic (electrostatic, digital, and nonimpact quick printing)
		7334	Photocopying and Duplicating Services
XXXXX Private Mail Centers	N	*7389	Business Services, Not Elsewhere Classified (private mail box centers and mail box rental)
XXXX Collection Agencies	R	*7322	Adjustment and Collection Services (except adjustment bureaus)

XXXX	Credit Bureaus	E	7323	Credit Reporting Services
XXXX	Other Administrative Support Services			
XXXXXX	Repossession Services	N	*7322	Adjustment and Collection (adjustment bureaus)
			*7389	Business Services, Not Elsewhere Classified (recovery and repossession services)
XXXXXX	Court Reporting and Stenotype Services	N	*7338	Secretarial and Court Reporting (except secretarial)
XXXXXX	All Other Administrative Support Services	N	*7389	Business Services, Not Elsewhere Classified (administrative support services except telephone answering, telemarketing bureaus, private mail centers and repossession services)
XXX	Travel Arrangement and Reservation Services			
XXXX	Travel Agencies	E	4724	Travel Agencies
XXXX	Tour Operators	E	4725	Tour Operators
XXXX	Other Travel Arrangement and Reservation Services		4729	Arrangement of Passenger Transportation, Not Elsewhere Classified
XXXXXX	Convention and Visitor Bureaus	N	*7389	Business Services, Not Elsewhere Classified (convention and visitor bureaus, tourist information bureaus)
XXXXXX	All Other Travel Arrangement and Reservation Services	N	*7389	Business Services, Not Elsewhere Classified (reservation systems: hotel & restaurants)
			*7999	Amusement and Recreation Services, Not Elsewhere Classified (ticket agencies)
XXX	Security and Investigation Services			
XXXX	Investigation, Guard and Armored Car Services			
XXXXXX	Investigation Services	N	*7381	Detective and Armored Car Services (detective services)
XXXXXX	Security Guards and Patrol Services	N	*7381	Detective and Armored Car Services (guard services)
XXXXXX	Armored Car Services	N	*7381	Detective and Armored Car Services (armored car services)
XXXX	Security Systems Services			
XXXXXX	Security Systems Services, except Locksmiths	E	7382	Security Systems Services
XXXXXX	Locksmiths	N	*7699	Repair Shops and Related Services, Not Elsewhere Classified (locksmith shops)
XXX	Services to Buildings and Dwellings			
XXXX	Exterminating and Pest Control Services	R	*7342	Disinfecting and Pest Control Services (exterminating and pest control)
XXXX	Janitorial Services	R	*7342	Disinfecting and Pest Control Services (except exterminating)
			7349	Building Maintenance Services, Not Elsewhere Classified
			*4581	Airports, Flying Fields, and Airport Terminal Services (airplane cleaning and janitorial services)
XXXX	Landscaping Care and Maintenance Services			
XXXXXX	Lawn and Garden Services	E	0782	Lawn and Garden Services
XXXXXX	Ornamental Shrub and Tree Services	E	0783	Ornamental Shrub and Tree Services

XXXX	Carpet and Upholstery Cleaning Services	E	7217	Carpet and Upholstery Cleaning
XXXX	Other Services to Buildings and Dwellings	N	*7389	Business Services, Not Elsewhere Classified (swimming pool cleaning and maintenance)
			*7699	Repair Shops and Related Services, Not Elsewhere Classified (furnace, duct, chimney cleaning and furnace cleaning services)
XXX	Miscellaneous Support Services			
XXXX	Packaging and Labeling Services	N	*7389	Business Services, Not Elsewhere Classified (packaging and labeling services)
XXXX	Convention and Trade Show Organizers		*7389	Business Services, Not Elsewhere Classified (convention and trade show services)
XXXX	Other Miscellaneous Support Services	N	*7389	Business Services, Not Elsewhere Classified (business support services except packaging and labeling, convention and trade shows services, convention and visitor bureaus, tourist information bureaus)

TABLE 2

The abbreviation "pt" means "part of". @ means time series break has been created that is greater than 3% of the 1992 revenues for the 1987 SIC industry. The abbreviation NEC is used for Not Elsewhere Classified.

1987 SIC code	1987 SIC description	1997 U. S. description
0782	Lawn and Garden Services	Lawn and Garden Services
0783	Ornamental Shrub and Tree Services	Ornamental Shrub and Tree Services
2752@	Commercial Printing, Lithographic Electrostatic Digital and Nonimpact Quick Printing	Photocopying and Duplicating Services (pt)
4581	Airport, Flying Fields, and Airport Terminal Services Aircraft Cleaning and Janitorial Services	Janitorial Services (pt)
4724	Travel Agencies	Travel Agencies
4725	Tour Operators	Tour Operators
4729	Arrangement of Passenger Transportation, Not Elsewhere Classified	Other Travel Arrangement and Reservation Services (pt)
7217	Carpet and Upholstery Cleaning	Carpet and Upholstery Cleaning
7322	Adjustment and Collection Services Collection Services Adjustment Bureaus	Collection agencies Repossession Services (pt)
7323	Credit Reporting Services	Credit Bureaus
7334@	Photocopying and Duplicating Services	Photocopying and Duplicating Services (pt)
7338	Secretarial and Court Reporting Services Secretarial Services Court Reporting Services	Document Preparation Services Court Reporting and Stenotype Services
7342	Disinfecting and Pest Control Services Disinfecting Services Exterminating and Pest Control Services	Janitorial Services (pt) Exterminating and Pest Control Services
7349	Building Cleaning and Maintenance Services, Not Elsewhere Classified	Janitorial Services (pt)
7361@	Employment Agencies Executive Placing Services Except Executive Placing Services	Human Resources Consulting (pt) (Included in Professional, Scientific and Technical Services Subsector) Employment Placement Agencies (pt)
7363	Help Supply Services Temporary Help Supply	Temporary Help Services



	Employee Leasing Services	Employee Leasing Services
7381	Detective, Guard, and Armored Car Services	
	Detective Services	Investigation Services
	Guard Services	Security Guards and Patrol Services
	Armored Car Services	Armored Car Services
7382	Security Systems Services	Security Systems Services
7389@	Business Services, Not Elsewhere Classified	
	Telephone Answering Services	Telephone Answering Services
	Telemarketing Bureaus and Telephone Soliciting Services	Telemarketing Bureaus
	Private Mail Centers and Mail Box Rental	Private Mail Centers
	Recovery and Repossess	Repossession Services (pt)
	Packaging and Labeling Services	Packaging and Labeling Services
	Swimming Pool Cleaning and Maintenance	Other Services to Dwellings and Buildings (pt)
	Hotel and Restaurant Reservation Services	Other Travel Arrangement and Reservation Services
	Convention and Trade Show Services	Trade Show and Convention Organizers
	Convention and Visitors Bureaus and Tourist Information Service	Convention and Visitors Bureaus
	Administrative Support Services, Except Telephone Answering, Telemarketing Bureaus, Private Mail Centers, and Repossession Services	All Other Administrative Support Services
	Business Support Services, Except Packaging and Labeling Services	Other Miscellaneous Support Services
	Convention and Trade Show Services	Convention and Trade Show Organizers
7699	Repair Shops and Related Services, Not Elsewhere Classified.	
	Locksmith Shops	Locksmiths
	Furnace Ducts, Chimney and Gutter Cleaning Services	Other Services to Dwellings and Buildings (pt)
7819	Services Allied to Motion Pictures	
	Casting Bureaus	Employment Placement Agencies (pt.)
7922	Theatrical Producers and Services	
	Casting Agencies	Employment Placement Agencies (pt.)
7999	Amusement and Recreation Services, Not Elsewhere Classified	
	Ticket Agencies	Other Travel Arrangement and Reservation Services (pt)
8741@	Management Services	
	Construction Management	Construction Sector

*Description of Changes to the U.S. System*

Nineteen new industries are included in this subsector. Ten of the new industries were created by breaking apart old U.S. SIC 7389, Business Services, Not Elsewhere Classified. These are new and growing industries. New industries were created for:

Temporary Help Services from part of 1987 SIC 7363, Help Supply Services. This was requested by the industry and is supported by production process principles.

Employee Leasing Services from part of 1987 SIC 7363, Help Supply Services. This was requested by the industry and is supported by production process principles.

Document Preparation Services from part of 1987 SIC 7338, Secretarial and Court Reporting Services. This split provides for a better production process based industry.

Telephone Answering Services from part of 1987 SIC 7389, Business Services, Not Elsewhere Classified. This industry is based on production process principles.

Telemarketing Bureaus from part of 1987 SIC 7389, Business Services, Not Elsewhere Classified. This industry is based on production process principles.

Private Mail Centers from part of 1987 SIC 7389, Business Services, Not Elsewhere Classified. This industry is based on production process principles.

Repossession Services from part of 1987 SIC 7322, Adjustment and Collection Services, and part of 1987 SIC 7389, Business Services, Not Elsewhere Classified. This industry is based on production process principles.

Court Reporting and Stenotype Services from part of 1987 SIC 7338, Secretarial and Court Reporting Services. This split provides for a better production process industry.

All Other Administrative Support Services from part of 1987 SIC 7389, Business Services, Not Elsewhere Classified. This provides for a residual industry that includes related activities.

Other Travel Arrangement and Reservation Services from part of 1987 SIC 7389, Business Services, Not Elsewhere Classified; part of 1987 SIC 7999, Amusement and Recreation Services, Not Elsewhere Classified; and all of 1987 SIC 4729, Arrangement of Passenger Transportation, Not Elsewhere Classified. This change combines activities having similar production processes.

Investigation Service from part of 1987 7381, Detective and Armored Car Services. This split provides for a better production process industry.

Security Guard and Patrol Services from part of 1987 SIC 7381, Detective and Armored Car Services. This split provides for a better production process industry.

Armored Car Services from part of 1987 SIC 7381, Detective and Armored Car Services. This split provides for a better production process industry.

Locksmiths from part of 1987 SIC 7699, Repair Shops and Related Services, NEC. This split was requested by the industry and is supported by production process based principles.

Other Services to Buildings and Dwellings from part of 1987 SIC 7389, Business Services, Not Elsewhere Classified, and 1987 SIC 7699, Repair Shops and Related Services, Not Elsewhere Classified. This industry is supported by production process principles and improves international comparability.

Packaging and Labeling Services from part of 1987 SIC 7389, Business Services, Not Elsewhere Classified. This industry is supported by production process principles.

Trade Show and Convention Organizers from part of 1987 SIC 7389, Business Services, Not Elsewhere Classified. This industry is supported by production process principles.

Convention and Visitors Bureaus from part of 1987 SIC 7389, Business Services, Not Elsewhere Classified. This was requested by the industry and is supported by production process principles.

Other Miscellaneous Support Services from part of 1987 SIC 7389, Business Services, Not Elsewhere Classified. This provides for a residual industry that includes related activities.

Six industries included in this subsector were revised:

Construction management services were transferred from 1987 SIC 8741, Management Services, to the Construction Sector. This change was made to achieve international comparability and to combine activities having similar inputs.

Casting services were transferred from 1987 SIC 7819, Services Allied to Motion Picture Production, and from 1987 SIC 7922, Theatrical Producers and Miscellaneous Theatrical Services, to Employment Placement Agencies to form a better production process industry.

Quick printers that primarily use electrostatic, digital and nonimpact technologies were transferred from 1987 SIC 2752, Commercial Printing, Lithographic, based on industry requests. The activity was placed with Photocopying and Duplicating Services because the technologies were similar.

Adjustment services were transferred from 1987 SIC 7322, Adjustment and Collection Services, to Repossession Services to form a better production process industry.

Exterminating services were transferred from 1987 SIC 7342, Disinfecting and Exterminating Services, to Exterminating and Pest Control Services to form a better production process industry.

Disinfecting services, part of 1987 SIC 7342, Disinfecting and Exterminating Services, was combined with 1987 SIC 7349, Building Cleaning and Maintenance Services, Not Elsewhere Classified, to form a production process industry titled Janitorial Services.

**PART XIII--Proposed New Industry Structure for Air Transportation, Rail Transportation, Water Transportation, Truck Transportation, Transit and Ground Passenger Transportation, Pipeline Transportation, Scenic and Sightseeing Transportation, and Support Activities for Transportation**

*Section A--NAICS Structure*

North American Industry Classification System

(NAICS)

Agreement Number 23

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following subsectors:

Air Transportation

Rail Transportation

Water Transportation

Truck Transportation

Transit and Ground Passenger Transportation

Pipeline Transportation

Scenic and Sightseeing Transportation

Support Activities for Transportation

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on November 8 and November 9, 1995 in Washington, D.C.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	11/9/95
Mexico	/S/ Enrique Ordaz	11/9/95
United States	/S/ Jack E. Triplett	11/9/95

## ATTACHMENT 1--NAICS STRUCTURE

XX	Air Transportation
XXX	Scheduled Air Transportation
XXXX	Scheduled Air Transportation
XXX	Nonscheduled Air Transportation
XXXX	Nonscheduled Chartered Air Transportation
XXXX	Nonscheduled Specialty Air Transportation
XX	Rail Transportation
XXX	Rail Transportation
XXXX	Rail Transportation
XX	Water Transportation
XXX	Deep Sea, Coastal and Great Lakes Water Transportation
XXXX	Deep Sea, Coastal and Great Lakes Water Transportation
XXX	Inland Water Transportation

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XXXX	Inland Water Transportation
XX	Truck Transportation
XXX	General Freight Trucking
XXXX	General Freight Trucking, Local
XXXX	General Freight Trucking, Long Distance
XXX	Specialized Freight Trucking
XXXX	Used Household and Office Goods Moving
XXXX	Specialized Freight (except Used Goods) Trucking, Local
XXXX	Specialized Freight (except Used Goods) Trucking, Long Distance
XX	Transit and Ground Passenger Transportation
XXX	Urban Transit Systems
XXXX	Urban Transit Systems
XXX	Interurban and Rural Bus Lines
XXXX	Interurban and Rural Bus Lines
XXX	Taxi and Limousine Service
XXXX	Taxi Service
XXXX	Limousine Service
XXX	School and Employee Bus Industry
XXXX	School and Employee Bus Industry
XXX	Charter Bus Industry
XXXX	Charter Bus Industry



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XXX	Other Transit and Ground Passenger Transportation
XXXX	Other Transit and Ground Passenger Transportation
XX	Pipeline Transportation
XXX	Pipeline Transportation of Crude Oil
XXXX	Pipeline Transportation of Crude Oil
XXX	Pipeline Transportation of Natural Gas
XXXX	Pipeline Transportation of Natural Gas
XXX	Other Pipeline Transportation
XXXX	Pipeline Transportation of Refined Petroleum Products
XXXX	All Other Pipeline Transport
XX	Scenic and Sightseeing Transportation
XXX	Scenic and Sightseeing Transportation, Land
XXXX	Scenic and Sightseeing Transportation, Land
XXX	Scenic and Sightseeing Transportation, Water
XXXX	Scenic and Sightseeing Transportation, Water
XXX	Scenic and Sightseeing Transportation, Other
XXXX	Scenic and Sightseeing Transportation, Other
XX	Support Activities for Transportation
XXX	Support Activities for Air Transportation
XXXX	Airport Operations
XXXX	Other Support Activities for Air Transportation

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XXX	Support Activities for Rail Transportation
XXXX	Support Activities for Rail Transportation
XXX	Support Activities for Water Transportation
XXXX	Port and Harbor Operations
XXXX	Marine Cargo Handling
XXXX	Navigational Services to Shipping
XXXX	Other Support Activities for Water Transportation
XXX	Support Activities for Road Transportation
XXXX	Motor Vehicle Towing
XXXX	Other Support Activities for Road Transportation
XXX	Freight Transportation Arrangement
XXXX	Freight Transportation Arrangement
XXX	Storage Facilities
XXXX	Refrigerated Storage Facilities
XXXX	Farm Product Storage Facilities
XXXX	Other Storage Facilities
XXX	Other Support Activities for Transportation
XXXX	Other Support Activities for Transportation

**Attachment 2--North American Industry Classification System**

Draft Classification for:

Air Transportation

Rail Transportation

Water Transportation

Truck Transportation

Transit and Ground Passenger Transportation

Pipeline Transportation

Scenic and Sightseeing Transportation

Support Activities for Transportation

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industrial classification for these industries.

The draft classification provides for the subsectors Air Transportation, Rail Transportation, Water Transportation, Truck Transportation, Transit and Ground Passenger Transportation, Pipeline Transportation, Scenic and Sightseeing Transportation and Support Activities for Transportation. These subsectors are further subdivided into twenty-six industry groups and thirty-nine industries.

*A General Outline*

Establishments in the Transportation sector transport people and goods, and provide services to these establishments. The structure distinguishes these two basic types of

activities, providing a subsector for each mode of transportation and a subsector for establishments providing support activities for transportation. In addition, there is a subsector for establishments that provide passenger transportation for scenic and sightseeing purposes.

The modes of transportation are air, rail, water, trucking, transit and ground passenger, and pipeline. These are further subdivided according to the way in which businesses in each mode organize their establishments. The structure also reflects the degree of similarity of the industrial structures of the three countries.

An alternative structure was considered that would group services to a mode of transportation in the same subsector as the establishments carrying out the modal transportation activity. For example, support activities for air transportation would be an industry group in the same subsector as scheduled and nonscheduled air transportation. It was decided not to adopt this approach, because, first, many support activities for transportation are inherently multi-modal, such as freight transportation arrangement, or have multi-modal aspects. Secondly, there are production process similarities among the support activities. In any case, the structure allows the re-aggregation of the modal services with the modes of transportation.

In Air Transportation, the classification distinguishes scheduled from nonscheduled air transportation. Establishments included in Scheduled Air Transportation must operate flights even if only partially loaded. Nonscheduled operations also have more freedom to take off and land during non-peak time slots at busy airports. Nonscheduled Air Transportation is subdivided into charter and specialty activities. The former comprises fairly specialized establishments engaged in transporting freight and people, using

equipment designed for those purposes. Specialty air transportation establishments use small, general purpose aircraft to provide a variety of specialized flying services, with none predominating (if the establishment is specialized in one activity, it is placed elsewhere in the classification, e.g., a specialist crop dusting establishment is classified in support activities for agriculture). Consideration was given to separating passenger from freight in each of the air transportation industries, but too many establishments provide both services to allow this distinction in a NAICS establishment classification; it is preferable to collect such data using the commodity classification or at the national detail level as the United States will do.

The classification does not provide for any subdivision of Rail Transportation. In Mexico, most rail services are currently provided by a large national rail company that cannot be subdivided into establishments carrying out various processes. This is likely to change in the future, but the eventual establishment structure cannot be predicted now. This prevents the definition of any detail in Rail Transportation.

In Water Transportation, the underlying industrial structures in the three countries are quite different. In addition, the existing concepts used in national classifications are dissimilar. The only breakdown of water transportation that could be agreed to was inland (other than Great Lakes) and all other. This is a meaningful production process distinction in all countries, but inland shipping is an economically significant activity only in the United States. Each country can use national detail to define additional industrial detail.

The Truck Transportation subsector is first subdivided into general freight trucking and specialized freight trucking. Specialized freight transportation is the transportation of

articles that, because of size, weight, shape or other inherent characteristics require specialized equipment for transportation. Each of these industry groups is further subdivided based on distance traveled. Local trucking establishments primarily carry goods within a single metropolitan area and its hinterland. Long distance establishments carry goods between metropolitan areas. This distinction reflects differences in equipment used, type of load carried, and scheduling, terminal and other networking services. Long-distance trucking is of particular interest in the context of North American free trade, since it is this group of establishments that will be able to compete internationally. The Specialized Freight Trucking industry group provides an additional industry for the transportation of used household and office goods, whether local or long distance, because such establishments do not specialize on a distance basis, but on the transport of such goods.

The Transit and Ground Passenger Transportation subsector includes a variety of passenger transportation activities, such as urban transit systems, taxis and so on. These activities are distinguished based on such process factors as whether routes are scheduled, run over fixed routes, and charged on a per-seat or per-vehicle basis.

The Pipeline Transportation subsector is subdivided along product lines because pipelines are designed to carry specific products. Industries have been created to cover the pipeline transportation of crude oil, natural gas, refined petroleum products, and other products.

The Scenic and Sightseeing Transportation subsector activities have a production process distinct from passenger transportation carried out for the purpose of transportation. The process does not emphasize efficient transportation; in fact, such

activities often use obsolete vehicles such as steam trains, to provide some extra ambience. The activity is local in nature, usually involving a same-day return to the point of departure. Some examples are steam train excursions, urban horse-drawn tourist excursions and hot air balloons. Activities that are sporting in nature, and involve participation by the customer, such as white-water rafting, are generally excluded unless they impose a significant impact on the transportation infrastructure, such as charter fishing, which is included in the Scenic and Sightseeing Transportation, Water industry.

The Support Activities for Transportation subsector includes an industry group for services specific to each mode of transportation, and for the multi-modal activities of freight transportation arrangement, storage facilities and other support activities for transportation. The rental and leasing of transportation equipment, without operator, is included in a separate sector in NAICS.

#### *Limitations and Constraints of the Classification*

In the transportation industries proposed structure, most activities that were identified in one country exist in the others. However, often an activity is not carried out by specialized establishments in all countries. For example, a broad NAICS industry was created for Rail Transportation, because the various activities included here are carried out by the same establishments in Mexico.

For those users requiring detailed commodity information, each country will publish information on the products of these industries. Efforts are also underway to harmonize the commodity classifications to allow for greater comparability of these statistics.

*Relationship to ISIC*

Most of the NAICS 4-digit industries in these subsectors are contained in ISIC Divisions 60, Land Transport; Transport via Pipelines; Division 61, Water Transport; Division 62, Air Transport; Division 63, Supporting and Auxiliary Transport Activities; Activities of Travel Agencies; and Division 64, Post and Telecommunication Activities, of the current International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) of the United Nations. Thirty-two of the thirty-nine NAICS 4-digit industries in these subsectors are contained entirely within these divisions. There are, however, some differences between the two systems.

NAICS includes the storage of natural gas with the pipeline transportation of natural gas, because the storage is usually done by the pipeline establishments, and because a pipeline is inherently a network in which all the nodes are inter-dependent. ISIC includes the storage of natural gas in Storage and Warehousing. NAICS includes ship repair and maintenance, not done in a shipyard, in Other Support Activities for Water Transportation. An example would be a floating drydock service in a harbour. ISIC includes these in the Building and Repairing of Ships industry in Manufacturing. The five other NAICS industries that cannot be assigned to an ISIC Division without being subdivided are Nonscheduled Specialty Air Transportation; Scenic and Sightseeing Transportation, Water; Other Support Activities for Air Transportation; Support Activities for Rail Transportation and Navigational Services to Shipping.



ISIC includes some activities in Supporting and Auxiliary Transport Activities that NAICS classifies in other sectors. These include the operation of parking lots and garages and the operation of travel agencies and tour operators.

*Some Changes to the National Classifications*

For Canada, the coverage of the NAICS Transportation sector is largely the same as the current Canadian classification's Division G, Transportation and Storage Industries. Air courier activities, in Air Transport Industries in the Canadian Classification, are in the Postal Service and Couriers subsector of NAICS. Scenic and Sightseeing Transportation includes some activities, such as charter fishing, now found in Services. Other Support Activities for Water Transportation includes non-factory ship repairing, now classified in the Shipbuilding and Repair industry in Manufacturing. The Motor Vehicle Towing Industry, in Transportation in NAICS, is in Retail Trade in the Canadian classification. Customs Brokers are in Freight Transportation Arrangement in NAICS but in Business Services in the Canadian classification. The contract maintenance of roads, bridges and tunnels is in Other Service Industries Incidental to Transportation in the Canadian classification, but not in NAICS. Rental and leasing, without operator, of transportation equipment other than motor vehicles is in Transportation in the Canadian classification, but is grouped with the rental and leasing of other equipment in NAICS. The structure of this NAICS subsector is similar to that of the Canadian classification, except that services to transportation are arranged modally in the latter. The amount of detail is similar.

For Mexico, the Transportation subsectors are largely the same as the current Mexican classification's Transportation subsector, CMAP 71; which includes Services Related to Land Transport, CMAP 9731; Services Related to Water Transport, CMAP 9732; Services Related to Air Transport, CMAP 9733; and Storage and Refrigeration Services, CMAP 979002. Pipeline Transportation of Crude Oil and Natural Gas is included in CMAP 220000, Extraction of Crude Oil and Natural Gas. Other Pipeline Transportation is included in Manufacturing (parts of CMAP's 351100, Manufacture of Basic Petrochemicals, and 353000, Petroleum Refining). Non- factory repair and maintenance of aircraft is included in Repair and Maintenance in CMAP 961104, Transport Equipment Repair and Maintenance. Customs Brokers are in Freight Transportation Arrangement in NAICS but in subsector 9510, Professional, Technical and Specialized Services, excluding Agricultural Services, in the Mexican classification. The contract maintenance of roads, bridges and tunnels is in Services Related to Land Transport in the Mexican classification, but not in NAICS. Rental and leasing, without operator, of transportation equipment is in Transportation in the CMAP, but is grouped with the rental and leasing of other equipment in NAICS. The structure of NAICS adds pipelines and services to transportation to the Transportation Sector. These activities are in other sectors in CMAP. The amount of detail of these NAICS subsectors is similar to that of the corresponding areas of the Mexican classification.

For the United States, the coverage of the Transportation subsectors is largely contained in Division E, Transportation and Public Utilities of the 1987 SIC. While NAICS industries are much broader than the 1987 SIC, the U.S. has maintained most of the 1987 SIC industries in its NAICS 5-digit detail. Air transportation has been separated into industries based on the type of operation - scheduled, charter, specialty. This

involves adding an industry for Nonscheduled Specialty Air Transportation that is included in 1987 SIC 4522, Air Transportation, Nonscheduled. This is being added by the U.S. to improve the comparability with Canada and Mexico. NAICS also classifies air ambulance activity in the health sector rather than these subsectors.

Marina establishments that are included in 1987 SIC 4493, Marinas, are included in the NAICS Recreation, Amusement, and Gambling subsector. These changes are agreed to by the U.S. to improve international comparability with Mexico and Canada.

Truck Transportation is separated first into general freight and specialized freight. This distinction is principally based on the type of vehicle with general freight being hauled by standard vans and containers. General Freight Trucking is then broken down between local and long-distance. Specialized Freight Trucking is separated into Used Household and Office Goods Moving; Specialized Freight (except Used Goods) Trucking, Local; and Specialized Freight (except Used Goods) Trucking, Long-Distance. The household and office goods movers are separated because of the substantial network of establishments that has developed to deal with local and long-distance moving and the associated storage. In this area, the same establishment provides both local and long-distance services. Other specialized freight establishments generally limit their services to either local or long-distance hauling. This is a change from the existing classifications (1987 SIC 4212, Local Trucking Without Storage; 4213, Trucking, Except Local; and 4214, Local Trucking With Storage) that include storage as a criteria in the classifications. The collection of refuse and garbage is included in 1987 SIC 4212, Local Trucking Without Storage, but this activity will be included in the Utilities subsector.

The activities included in 1987 SIC 4215, Courier Services, Except by Air; 1987 SIC 4311, United States Postal Service; and SIC 4513, Air Courier Services, will be included in the NAICS subsectors, Postal Services and Couriers.

The remaining mode-specific subsector, Transit and Ground Passenger Transportation, includes commuter transportation and highway-based passenger transportation. In this subsector, the principal splits identify scheduled transportation as separate from nonscheduled transportation. The scheduled transportation industry groups are Urban and Suburban Transit Systems, Interurban and Rural Bus Lines, School and Employee Bus Industry. The nonscheduled industry groups are Charter Bus Industry; Taxi and Limousine Service; and Other Transit and Ground Passenger Transportation. The School and Employee Bus Industry was changed from 1987 SIC 4151, School Buses, to introduce the employee transport that is included in 1987 SIC 4119, Local Passenger Transportation, Not Elsewhere Classified. The Charter Bus industry combines the local and long-distance industries of the existing classification system, 1987 SIC 4141, Local Bus Charter Service, and 4142 Bus Charter Service, Except Local, because the production process and the equipment are similar. The change includes classifying ambulance services, included in 1987 SIC 4119, Local Passenger Transportation, Not Elsewhere Classified, as health services in NAICS.

The Scenic and Sightseeing Transportation subsector is separated into three industries based on the mode - land, water, and other.

The Support Activities for Transportation subsector includes all services to transportation but is separated by type of mode serviced. In the 1987 SIC, support activities were included in the same major group as the type of mode serviced.

The Support Activities for Rail Transportation industry is changed to include all of the services to the rail industry. This classification includes rail related activities included in 1987 SIC 4013, Railroad Switching and Terminal Establishments; SIC 4741, Rental of Railroad Cars; and SIC 4789, Transportation Services, Not Elsewhere Classified.

Travel agents and tour operators, currently included in 1987 SIC 4724, Travel Agencies, and SIC 4725, Tour Operators, respectively, will be included in the Management and Support Services subsector in NAICS.

### *Achievement of Objectives*

The classification meets the objectives for the North American Industry Classification System (NAICS). It includes industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept. The hierarchical structure of the classification also follows the production concept at each level.

Another objective of the NAICS project is the delineation of service industries. The transportation industries subsectors provide services, so the achievement of a common North American classification, with a reasonable amount of detail, satisfies that objective.

The objective of delineating new and emerging industries is not as relevant in this sector as in others, as it is relatively mature in its industrial structure.

The industries have high specialization ratios, and they are, in most cases, economically significant in all three countries. The detail (4-digit) level and structure of the classification are balanced in size. This enhances the classification's suitability for

sampling, data-publishing and other aspects of survey operations. Finally, while disruptions to time series exist, they have been minimized.

The classification achieves comparability for the three participating countries. All countries agree on the detailed definitions of the industries.

*Section B - Annex United States National Industry Detail*

As explained in the *structure* presentation of this notice, for a number of reasons 4-digit industries in the eight NAICS industry subsectors in *Part XIII, Section A-- Attachment I*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. SIC system. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the eight NAICS subsectors covered in Part XIII of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry; R-revised industry; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS and U.S. description		Status Code	1987 SIC Code	1987 SIC description
XX	Air Transportation			
XXX	Scheduled Air Transportation			
XXXX	Scheduled Air Transportation			
XXXXX	Scheduled Passenger Air Transportation	N	*4512	Air Transportation, Scheduled (passenger)
XXXXX	Scheduled Freight Air Transportation	N	*4512	Air Transportation, Scheduled (freight)
XXX	Nonscheduled Air Transportation			
XXXX	Nonscheduled Chartered Air Transportation			
XXXXX	Nonscheduled Chartered Passenger Air Transportation	N	*4522	Air Transportation, Nonscheduled (passenger)
XXXXX	Nonscheduled Chartered Freight Air Transportation	N	*4522	Air Transportation, Nonscheduled (freight)
XXXX	Nonscheduled Specialty Air Transportation	N		Establishments that use small, general purpose aircraft to provide a variety of specialized flying services, with none of them predominating, such as the following:

				*0721	Crop Planting, Cultivating, and Protecting (crop dusting)
				*0851	Forestry Services (aerial forest fighting)
				*1382	Oil and Gas Field Exploration Services (aerial geophysical exploration)
				*4522	Air Transportation, Nonscheduled (mixed operations)
				*7319	Advertising, Not Elsewhere Classified (aerial advertising)
				*7335	Commercial Photography (aerial photography)
				*7997	Membership Sports and Recreation Clubs (membership aviation clubs)
				*8299	Schools and Educational Services, Not Elsewhere Classified (flight school)
					Surveying Services (aerial surveying)
				*8713	
XX	Rail Transportation				
XXX	Rail Transportation				
XXXX	Rail Transportation				
XXXXX	Line-Haul Railroads	E		4011	Railroads, Line-Haul Operating
XXXXX	Short Line Railroads	N		*4013	Railroad Switching and Terminal Establishments (belt line and logging railroads)
XX	Water Transportation				
XXX	Deep Sea, Coastal and Great Lakes Water Transportation				
XXXX	Deep Sea, Coastal and Great Lakes Water Transportation				
XXXXX	Deep Sea Freight Transportation	E		4412	Deep Sea Foreign Transportation of Freight



XXXXX	Deep Sea Passenger Transportation	R	*4481	Deep Sea Transportation of Passengers, Except by Ferry (deep sea activities)
XXXXX	Coastal and Great Lakes Freight Transportation	R	4424	Deep Sea Domestic Transportation of Freight
			4432	Freight Transportation on the Great Lakes - St. Lawrence Seaway
			*4492	Towing and Tugboat Services (coastal barge operations)
XXXXX	Coastal and Great Lakes Passenger Transportation	R	*4481	Deep Sea Transportation of Passengers, Except by Ferry (coastal activities)
			*4482	Ferries (coastal and Great Lakes)
XXX	Inland Water Transportation			
XXXX	Inland Water Transportation			
XXXXX	Inland Water Freight Transportation	R	4449	Water Transportation of Freight, Not Elsewhere Classified
			*4492	Towing and Tugboat Services (inland barge operations)
XXXXX	Inland Water Passenger Transportation	R	*4482	Ferries (inland)
			*4489	Water Transportation of Passengers, Not Elsewhere Classified (water taxi)
XX	Truck Transportation			
XXX	General Freight Trucking			
XXXX	General Freight Trucking, Local	N	*4212	Local Trucking without Storage (general freight)
			*4214	Local Trucking with Storage (general freight)
XXXX	General Freight Trucking, Long-Distance			
XXXXX	General Freight Trucking, Long-Distance, Truckload	N	*4213	Trucking, Except Local (general freight, truckload)

XXXXX	General Freight Trucking, Long-Distance, Less Than Truckload	N	*4213	Trucking, Except Local (general freight, less than truckload)
XXX	Specialized Freight Trucking			
XXXX	Used Household and Office Goods Moving	N	*4212	Local Trucking Without Storage (household goods moving)
			*4213	Trucking, Except Local (household goods moving)
			*4214	Local Trucking With Storage (household goods moving)
XXXX	Specialized Freight (except Used Goods) Trucking, Local	N	*4212	Local Trucking without Storage (specialized freight)
			*4214	Local Trucking with Storage (specialized freight)
XXXX	Specialized Freight (except Used Goods) Trucking, Long-Distance	N	*4213	Trucking, Except Local (specialized freight)
XX	Transit and Ground Passenger Transportation			
XXX	Urban Transit Systems			
XXXX	Urban Transit Systems			
XXXXX	Mixed Mode Transit Systems	N	*4111	Local and Suburban Transit (mixed mode)
XXXXX	Commuter Rail Systems	N	*4111	Local and Suburban Transit (commuter rail)
XXXXX	Bus and Motor Vehicle Transit Systems	N	*4111	Local and Suburban Transit (bus and motor vehicle)
XXXXX	Other Urban Transit Systems	N	*4111	Local and Suburban Transit (other than mixed mode, commuter rail, and bus and motor vehicle)
XXX	Interurban and Rural Bus Lines			
XXXX	Interurban and Rural Bus Lines	E	4131	Intercity and Rural Bus Transportation
XXX	Taxi and Limousine Service			
XXXX	Taxi Service	E	4121	Taxicabs
XXXX	Limousine Service	N	*4119	Local Passenger Transportation, Not Elsewhere Classified (limousine rental with driver and automobile rental with driver)

XXX	School and Employee Bus Industry			
XXXX	School and Employee Bus Industry	R	*4151	School Buses
			4119	Local Passenger Transportation, Not Elsewhere Classified (employee transportation)
XXX	Charter Bus Industry			
XXXX	Charter Bus Industry	R	4141	Local Bus Charter Service
			4142	Bus Charter Services, Except Local
XXX	Other Transit and Ground Passenger Transportation			
XXXX	Other Transit and Ground Passenger Transportation			
XXXXX	Special Needs Transportation	N	*4119	Local Passenger Transportation, Not Elsewhere Classified (special needs transportation)
XXXXX	All Other Transit and Ground Passenger Transportation	R	*4111	Local and Suburban Transit (airport transportation service)
			*4119	Local Passenger Transportation, Not Elsewhere Classified (hearse rental with driver and carpool and vanpool operation)
XX	Pipeline Transportation			
XXX	Pipeline Transportation of Crude Oil			
XXXX	Pipeline Transportation of Crude Oil	E	4612	Crude Petroleum Pipelines
XXX	Pipeline Transportation of Natural Gas			
XXXX	Pipeline Transportation of Natural Gas	E	4922	Natural Gas Transmission
XXX	Other Pipeline Transportation			

XXXX	Pipeline Transportation of Refined Petroleum Products	E	4613	Refined Petroleum Pipelines
XXXX	All Other Pipeline Transport	E	4619	Pipelines, Not Elsewhere Classified
XX	Scenic and Sightseeing Transportation			
XXX	Scenic and Sightseeing Transportation, Land			
XXXX	Scenic and Sightseeing Transportation, Land	N	*4119	Local Passenger Transportation, Not Elsewhere Classified (cable cars and cog railways, except scenic and amusement and sightseeing buses)
			*4789	Transportation Services, Not Elsewhere Classified (horse-drawn cabs and carriages)
			*7999	Amusement and Recreation Services, Not Elsewhere Classified (scenic railroads)
XXX	Scenic and Sightseeing Transportation, Water			
XXXX	Scenic and Sightseeing Transportation, Water	N	*4489	Water Transportation of Passengers, Not Elsewhere Classified (airboats, excursion boats, and sightseeing boats)
XXX	Scenic and Sightseeing Transportation, Other			
XXXX	Scenic and Sightseeing Transportation, Other	N	*4522	Air Transportation, Non-Scheduled (sightseeing planes)
			*7999	Amusement and Recreation Services, Not Elsewhere Classified (aerial tramways, scenic and amusement)
XX	Support Activities for Transportation			
XXX	Support Activities for Air Transportation			
XXXX	Airport Operations			

XXXXX	Air Traffic Control	N	*4581	Airports, Flying Fields, and Airport Terminal Services (private air traffic control)
			*9621	Regulation and Administration of Transportation Programs (government air traffic control)
XXXXX	Air Operations, Except Air Traffic Control	N	*4581	Airports, Flying Fields, and Airport Terminal Services (airfreight handling at airports, hangar operations, airport terminal services, aircraft storage, airports, and flying fields)
			*4959	Sanitary Services, Not Elsewhere Classified (vacuuming of runways)
XXXX	Other Support Activities for Air Transportation	N	*4581	Airports, Flying Fields, and Airport Terminal Services (aircraft servicing and repairing)
XXX	Support Activities for Rail Transportation			
XXXX	Support Activities for Rail Transportation	R	*4013	Railroad Switching and Terminal Establishments (all but short line railroads)
			*4741	Rental of Railroad Cars (grain leveling in railroad cars, grain trimming for railroad equipment, precooling of fruits and vegetables in connection with transportation, and railroad car cleaning, icing, ventilating, and heating)
			*4789	Transportation Services, Not Elsewhere Classified (car loading and unloading; cleaning of railroad ballasts; dining, parlor, sleeping, and other car operations; and railroad maintenance)
XXX	Support Activities for Water Transportation			
XXXX	Port and Harbor Operations	N	*4491	Marine Cargo Handling (dock and pier operations)
			*4499	Water Transportation Services, Not Elsewhere Classified (seaway and lighthouse operations)

XXXX	Marine Cargo Handling	R	*4491	Marine Cargo Handling (all but dock and pier operations)
XXXX	Navigational Services to Shipping	N	*4492	Towing and Tugboat Services (all but barge operations)
			*4499	Water Transportation Services, Not Elsewhere Classified (piloting vessels in and out of harbors and marine salvage)
XXXX	Other Support Activities for Water Transportation	R	*4499	Water Transportation Services, Not Elsewhere Classified (all but seaway and lighthouse operations, piloting vessels in and out of harbors, and marine salvage)
			*4785	Fixed Facilities and Inspection and Weighing Services for Motor Vehicle Transportation (marine cargo checkers)
			*7699	Repair Shops and Related Services, Not Elsewhere Classified (ship scaling)
XXX	Support Activities for Road Transportation			
XXXX	Motor Vehicle Towing	N	*7549	Automotive Services, Except Repair and Carwashes (towing)
XXXX	Other Support Activities for Road Transportation	R	4173	Terminal and Service Facilities for Motor Vehicle Passenger Transportation
			4231	Terminal and Joint Terminal Maintenance Facilities for Motor Freight Transportation
			*4785	Fixed Facilities and Inspection and Weighing Services for Motor Vehicle Transportation (all but marine cargo checkers)
XXX	Freight Transportation Arrangement			
XXXX	Freight Transportation Arrangement	E	4731	Arrangement of Transportation of Freight and Cargo

XXX	Storage Facilities				
XXXX	Refrigerated Storage Facilities	R	4222	Refrigerated Warehousing and Storage	
			*4226	Special Warehousing and Storage, Not Elsewhere Classified (fur storage)	
XXXX	Farm Product Storage Facilities	E	4221	Farm Product Warehousing and Storage	
XXXX	Other Storage Facilities				
XXXXXX	General Storage Facilities	R	*4225	General Warehousing and Storage (all but self-storage miniwarehouse warehousing)	
XXXXXX	All Other Storage Facilities	R	4226	Special Warehousing and Storage, Not Elsewhere Classified (all but fur storage)	
XXX	Other Support Activities for Transportation				
XXXX	Other Support Activities for Transportation				
XXXXXX	Packing and Crating	E	4783	Packing and Crating	
XXXXXX	All Other Support Activities for Transportation	R	*4729	Arrangement of Passenger Transportation, Not Elsewhere Classified (arrangement of carpools and vanpools)	
			*4789	Transportation Services, Not Elsewhere Classified (pipeline terminals and stockyards for transportation)	

TABLE 2

The abbreviation "pt" means "part of". @ means time series break has been created that is greater than 3% of the 1992 revenues for the 1987 industry. The abbreviation NEC is used for Not Elsewhere Classified.

1987 SIC code	1987 SIC description	1997 NAICS and U.S. description
0721	Crop Planting, Cultivating and Protecting Crop dusting when combined with a variety of aircraft-based services	Nonscheduled Speciality Air Transportation
0851	Other Forestry Services Aerial forest fighting when combined with a variety of aircraft-based services	(Included in the Crop Production subsector) Nonscheduled Speciality Air Transportation
1382	Other Oil and Gas Field Exploration Services Aerial geophysical exploration combined with a variety of aircraft-based services	(Included in the Forestry subsector) Nonscheduled Speciality Air Transportation
4011	Other Railroads, Line-haul Operating	(Included in the Mining subsector) Line-Haul Railroads
4013@	Railroad Switching and Terminal Establishments	
4111@	Beltline and logging railroads Other Local and Suburban Transit	Short Line Railroads Support Activities for Rail Transportation (pt.)
	Mixed mode transit systems Commuter rail systems Bus and motor vehicle transit systems	Mixed Mode Transit Systems Commuter Rail Systems Bus and Motor Vehicle Transit Systems



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	Other urban transit systems Airport limousine transportation	Other Urban Transit Systems All Other Transit and Ground Passenger Transportation (pt)
4119@	Local Passenger Transportation, Not Elsewhere Classified	
	Ambulances Employee transportation Sightseeing buses and cable and cog  railways, except scenic Special needs transportation Hearse rental with driver and carpool and  vanpool operations	Ambulance Service (Included in Health and Social Assistance sector) School and Employee Bus Industry (pt.) Scenic and Sightseeing Transportation , Land (pt.)  Special Needs Transportation All Other Transit and Ground Passenger Transportation (pt)
	Automobile rental with driver and  limousine rental with driver	Limousine Service
4121	Taxicabs	
	Taxicabs	Taxi Service
4131	Intercity and Rural Bus Transportation	Interurban and Rural Bus Lines
4141@	Local Charter Bus Service	
	Local charter bus service	Charter Bus Industry (pt.)
4142@	Bus Charter Service, Except Local	
	Long-distance charter bus service	Charter Bus Industry (pt.)
4151	School Buses	School and Employee Bus Industry (pt..)
4173@	Terminal and Service Facilities for Motor Vehicle Passenger Transportation	
	Independent bus terminals	Other Support Activities for Road Transportation (pt..)

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4212@

Local Trucking Without Storage

Garbage collection  
Local general freight trucking without  
storage  
Household goods moving without storage  
Local specialized freight trucking without  
storage

Garbage Collection (Included in subsector related to sanitary services)  
General Freight Trucking, Local (pt.)

Used Household and Office Goods Moving (pt.)  
Specialized Freight (except Used Goods) Trucking, Local (pt.)

4213@

Trucking, Except Local

Long-distance truckload general freight  
trucking  
Long-distance less than truckload general  
freight trucking  
Long-distance household goods moving  
Long-distance specialized freight trucking

General Freight Trucking, Long-Distance, Truckload

General Freight Trucking, Long-Distance, Less Than Truckload

Used Household and Office Goods Moving (pt.)  
Specialized Freight (except Used Goods) Trucking, Long-Distance

4214@

Local Trucking with Storage

Local general freight trucking with storage  
Local household goods moving  
Local specialized freight trucking with  
storage

General Freight Trucking, Local (pt.)  
Used Household and Office Goods Moving (pt.)  
Specialized Freight (except Used Goods) Trucking, Local

4215@

Couriers Services Except by Air

Courier services Except by Air

Courier Services (Included in Couriers subsector)

4221

Farm Product Warehousing and Storage

Farm Product Storage Facilities

4222

Refrigerated Warehousing and Storage

Refrigerated Storage Facilities (pt.)

332

4225	General Warehousing and Storage	
	General Warehousing and Storage	General Storage Facilities (pt)
	Self-Storage Miniwarehouse Warehousing	Operators of Miniwarehouses (included in Real Estate subsector)
4226	Special Warehousing and Storage, Not Elsewhere Classified	
	Fur storage	Refrigerated Storage Facilities (pt.)
	Other	All Other Storage Facilities
4231@	Terminal and Joint Terminal Maintenance Facilities for Motor Freight Transportation	
	Independent truck terminals	Other Support Activities for Road Transportation (pt.)
4311@	United States Postal Service	
	United States Postal Service	Postal Services (Included in Postal Services subsector)
4412	Deep Sea Foreign Transportation of Freight	Deep Sea Freight Transportation
4424@	Deep Sea Domestic Transportation of Freight	
	Coastal freight operations	Coastal and Great Lakes Freight Transportation (pt.)
4432@	Freight Transportation on the Great Lakes - St. Lawrence Seaway	
	Great Lakes freight operations	Coastal and Great Lakes Freight Transportation (pt.)
4449	Water Transportation of Freight, Not Elsewhere Classified	Inland Water Freight Transportation (pt.)

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4481	Deep Sea Transportation of Passengers, Except by Ferry  Deep sea passenger transportation  Costal and Great Lakes passenger transportation	Deep Sea Passenger Transportation  Coastal and Great Lakes Passenger Transportation (pt.)
4482@	Ferries Coastal and Great Lakes ferries Inland water ferries	Coastal and Great Lakes Passenger Transportation (pt.) Inland Water Passenger Transportation (pt.)
4489	Water Transportation of Passengers, Not Elsewhere Classified  Water taxis  Airboats, excursion boats, and sightseeing boats	Inland Water Passenger Transportation (pt.)  Scenic and Sightseeing Transportation, Water
4491	Marine Cargo Handling  Dock and pier operations  Other	Port and Harbor Operations (pt.)  Marine Cargo Handling
4492@	Towing and Tugboat Services Coastal and Great Lakes barge operations Inland water barge operations Other	Coastal and Great Lakes Freight Transportation (pt.) Inland Water Freight Transportation (pt.) Navigational Services to Shipping (pt.)
4493@	Marinas  Marinas	Marinas (Included in Recreation, Amusement, and Gambling subsector)

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4499@

Water Transportation Services, Not

Elsewhere Classified

Boat rental

Boat rental (Included in Rental and Leasing subsector)

Seaway and lighthouse operations

Port and Harbor Operations (pt.)

Marine salvage and piloting vessels in and

Navigational Services to Shipping (pt.)

out of harbors

Other

Other Supporting Activities for Water Transportation (pt.)

4512

Air Transportation, Scheduled

Scheduled passenger air transportation

Scheduled Passenger Air Transportation

Scheduled freight air transportation

Scheduled Freight Air Transportation

4513@

Air Courier Services

Air courier operations

Couriers and Messengers (Included in Couriers subsector)

4522@

Air Transportation, Nonscheduled

Air ambulance

Ambulance Services (Included in Health and Social Assistance sector)

Nonscheduled charter freight air

Nonscheduled Chartered Freight Air Transportation

transportation

Nonscheduled charter passenger air

Nonscheduled Chartered Passenger Air Transportation

transportation

Nonscheduled specialty air transportation

Nonscheduled Specialty Air Transportation

Sightseeing airplanes

Scenic and Sightseeing Transportation , Other (pt.)

335

4581	Airports, Flying Fields, and Airport Terminal Services	
	Air traffic control	Air Traffic Control
	Airfreight handling at airports, hangar operations, airport terminal services, aircraft storage, airports, and flying fields	Airport Operations, Except Air Traffic Control
	Other	Other Support Activities for Air Transportation
4612	Crude Petroleum Pipelines	Pipeline Transportation of Crude Oil
4613	Refined Petroleum Pipelines	Pipeline Transportation of Refined Petroleum Products
4619	Pipelines, Not Elsewhere Classified	All Other Pipeline Transport
4724@	Travel Agents	
	Travel agents	Travel Agencies (Included in Management and Support Services subsector)
4725@	Tour Operators	
	Tour operators	Tour Operators (Included in Management and Support Services subsector)
4729@	Arrangement of Passenger Transportation, Not Elsewhere Classified	
	Arrangement of carpools and vanpools	All Other Support Activities for Transportation (pt.)
	Other	(Included in Management and Support Services subsector)
4731	Arrangement of Transportation of Freight and Cargo	
	Freight rate auditors and tariff consultants	Other Management Consulting Services (Included in Professional, Scientific, and Technical Services subsector)
	Other	Freight Transportation Arrangement

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4741@	Rental of Railroad Cars	
	Railcar rental	Railroad Car Rental (Included in Rental and Leasing subsector)
	Other	Support Activities for Rail Transportation (pt.)
4783	Packing and Crating	Packing and Crating
4785	Fixed Facilities and Inspection and Weighing	
	Services for Motor Vehicle Transportation	
	Marine cargo checkers	Other Support Activities for Water Transportation (pt.)
	Other	Other Support Activities for Road Transportation (pt.)
4789	Transportation Services, Not Elsewhere	
	Classified	
	Pipeline terminals and stockyards for	All Other Support Activities for Transportation (pt.)
	transportation	
	Horse-drawn cabs and carriages	Scenic and Sightseeing Transportation, Land (pt.)
	Other	Support Activities for Rail Transportation (pt.)
4922	Natural Gas Transmission	Pipeline Transportation of Natural Gas
4959	Sanitary Services, Not Elsewhere Classified	
	Vacuuming of airport runways	Airport Operations, Except Air Traffic Control
	Other	(Included in subsector related to sanitary services)
7319	Advertising , Not Elsewhere Classified	
	Aerial advertising when combined with a	Nonscheduled Specialty Air Transportation
	variety of aircraft-based services	
	Other	(Included in the Professional, Scientific and Technical Services subsector)
7335	Commercial Photography	
	Aerial photography when combined with a	Nonscheduled Specialty Air Transportation
	variety of aircraft-based services	

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	Except when combined with a variety of aircraft-based services	Commercial Photography (Included in the Professional, Scientific and Technical Services subsector)
7549	Automotive Services, Except Repair and Carwashes Motor Vehicle Towing Except Motor Vehicle Towing	Motor Vehicle Towing (Included in the Repair and Maintenance subsector)
7699	Repair Shops and Related Services, Not Elsewhere Classified Ship scaling Other	Other Supporting Activities for Water Transportation (Included in Repair and Maintenance subsector)
7997	Membership Sports and Recreation Clubs Membership aviation clubs when combined with a variety of aircraft-based services Other	Nonscheduled Specialty Air Transportation (Included in the Recreation, Amusement, and Gambling subsector)
7999	Amusement and Recreation Services, Not Elsewhere Classified Aerial tramways, scenic and amusement Scenic railroads Other	Scenic and Sightseeing Transportation, Other Scenic and Sightseeing Transportation, Land (Included in the Recreation, Amusement, and Gambling subsector)
8299	Schools and Educational Services, Not Elsewhere Classified Flight schools when combined with a variety of aircraft-based services Other	Nonscheduled Specialty Air Transportation (Included in the Education Services subsector)
8713	Surveying Services Aerial surveying when combined with a variety of aircraft-based services Other	Nonscheduled Specialty Air Transportation (Included in the Professional, Scientific and Technical Services subsector)
9621	Regulation and Administration of Transportation Programs	



Government air traffic control  
Other

Air Traffic Control  
(Included in Public Administration subsector)

*Description of Changes to the U.S. System*

1. Air Transportation - There are five new classifications added to the 1997 industry structure for this subsector. New industries are the following:

Scheduled Passenger Air Transportation from part of 1987 SIC 4512, Air Transportation, Scheduled.

Scheduled Freight Air Transportation from part of 1987 SIC 4512, Air Transportation, Scheduled.

Nonscheduled Chartered Passenger Air Transportation from part of 1987 SIC 4522, Air Transportation, Nonscheduled.

Nonscheduled Chartered Freight Air Transportation from part of 1987 SIC 4522, Air Transportation, Nonscheduled.

Nonscheduled Specialty Air Transportation establishments that use small, general purpose aircraft to provide a variety of specialized flying services, with none of them predominating, from parts of 1987 SIC 0721, Crop Planting, Cultivating, and Protecting; 1987 SIC 0851, Forestry Services; 1987 SIC 1382, Oil and Gas Field Exploration Services; 1987 SIC 4522, Air Transportation, Nonscheduled; 1987 SIC 7319, Advertising, Not Elsewhere Classified; 1987 SIC 7335, Commercial Photography; 1987 SIC 7997, Membership Sports and Recreation Clubs; 1987 SIC 8299, Schools and Educational Services, Not Elsewhere Classified; and 1987 SIC 8713, Surveying Services. The changes to air transportation to separate passenger transportation from freight transportation were requested by the industry and are supported by production-based principles.

2. One new industry has been added for Rail Transportation. Short Line Railroads was created from part of 1987 SIC 4013, Railroad Switching and Terminal Establishments. This change was made because of the differences in the production process between short line and line-haul railroads..

3. Water Transportation - The Water Transportation subsector now includes six industries, five of which have been revised from 1987.

Deep Sea Passenger Transportation now excludes coastal activities.

Coastal and Great Lakes Freight Transportation includes 1987 SIC 4424, Deep Sea Domestic Transportation of Freight; 1987 SIC 4432, Freight Transportation on the Great Lakes-St. Lawrence Seaway; and part of 1987 SIC 4492, Towing and Tugboat Services.

Coastal and Great Lakes Passenger Transportation now includes part of 1987 SIC 4481, Deep Sea Transportation of Passenger, Except by Ferry, and part of 1987 SIC 4482, Ferries.

Inland water transportation has been split between freight and passenger transportation. These changes were made to achieve international comparability with Canada and Mexico and to also recognize the split between freight and passenger transportation.

3. Truck Transportation - The trucking industry has been redefined in terms of the type of equipment used. This regroups 1987 SIC 4212, Local Trucking Without Storage; 1987 SIC 4213, Trucking, Except Local; and 1987 SIC 4214, Local Trucking with Storage. The new classifications are: General Freight Trucking Local; General Freight Trucking, Long-Distance, Truckload; General Freight Trucking, Long-Distance, Less than Truckload; Used Household and Office Goods Moving; Specialized Freight (except

Used Goods) Trucking, Local; and Specialized Freight (except Used Goods) Trucking, Long-Distance. This change was requested by the industry and is supported on production-based principles.

4. Transit and Ground Passenger Transportation - There were four industries created from 1987 SIC 4111, Local and Suburban Transit. They are: Mixed Mode Transit Systems, Commuter Rail Systems, Bus and Motor Vehicle Transit Systems, and Other Urban Transit Systems. These classifications were identified to separate the industry based on the mode of transportation.

Limousine Service was created from part of 1987 SIC 4119, Local Passenger Transportation, Not Elsewhere Classified. This industry was created from an NEC industry to recognize its production process and to group it in the same industry group as taxis, an industry that provides similar services, with a similar production process.

Special Needs Transportation was created from part of 1987 SIC 4119, Local Passenger Transportation, Not Elsewhere Classified. This industry identifies a separate process involving the use of specially equipped vehicles and special services not found in other passenger transportation.

A residual industry, All Other Transit and Ground Passenger Transportation, was created from part of 1987 SIC 4111, Local and Suburban Transit; and part of 1987 SIC 4119, Local Passenger Transportation, Not Elsewhere Classified.

5. Pipeline Transportation - There were no changes to these industries for NAICS

6. Scenic and Sightseeing Transportation - Three new industries were created for this subsector as follows:

Scenic and Sightseeing Transportation, Land from part of 1987 SIC 4119, Local Passenger Transportation, Not Elsewhere Classified; part of 1987 SIC 4789, Transportation Services Not Elsewhere Classified; and part of 1987 SIC 7999, Amusement and Recreation Services, Not Elsewhere Classified.

Scenic and Sightseeing Transportation, Water from 1987 SIC 4489, Water Transportation of Passengers, Not Elsewhere Classified.

Scenic and Sightseeing Transportation, Other from part of 1987 SIC 4522, Air Transportation, non-scheduled, and part of 1987 SIC 7999, Amusement and Recreation Services, Not Elsewhere Classified. These industries were agreed to by the U.S. to improve international comparability with Mexico and Canada, and because scenic and sightseeing involves different activities from other forms of transportation, as noted in Section A.

7. Support Activities for Transportation - Three new industries have been created for Support Activities for Air Transportation. Activities included in 1987 SIC 4581, Airports, Flying Fields and Airport Terminal Services, are now included in three new industries: Air Traffic Control also including government operations included in 1987 SIC 9621, Regulation and Administration of Transportation Programs; Air Operations, Except Air Traffic Control; and Other Support Activities for Air Transportation. Air Operations, Except Air Traffic Control also includes runway vacuuming included in 1987 SIC 4959, Sanitary Services, Not Elsewhere Classified. These changes improve comparability with Mexico and Canada and are supported based on production principles.

Two new industries are included in Support Activities for Water Transportation. These are Port and Harbor Operations and Navigational Services to Shipping. Port and

Harbor Operations is a combination of dock and pier activities formerly included in 1987 SIC 4491, Marine Cargo Handling, and part of 1987 SIC 4499, Water Transportation Services, Not Elsewhere Classified (lighthouse and seaway operations). Navigational Services to Shipping is a combination of the activities from 1987 SIC 4492, Towing and Tugboat Services (all but the barge activities), and 1987 SIC 4499, Water Transportation Services, Not Elsewhere Classified (piloting vessels in and out of harbors and marine salvage). These changes were made to improve international comparability.

In Support Activities for Road Transportation, Motor Vehicle Towing has been created from part of 1987 SIC 7549, Automotive Services, Except Repair and Carwashes. This activity was moved from automotive services because the processes are similar to transportation activities. Other changes include the combination of activities from 1987 SIC 4173, Terminal and Service Facilities for Motor Vehicle Passenger Transportation; other road services from 1987 SIC 4231, Terminal and Joint Terminal Maintenance Facilities for Motor Freight Transportation; and most of the activities included in 1987 SIC 4785, Fixed Facilities and Inspection and Weighing Services for Motor Vehicle Transportation (all but marine cargo checkers). The new industry, Other Support Activities for Road Transportation, was created because the production process of these activities is similar regardless of the input that produces these services.

The number of industries in this sector has increased from forty-five in 1987 to fifty-four in 1997. For time series linkage twelve of the forty-five 1987 industries are directly comparable. Another twelve are comparable within three percent of the 1997 industries. Yet another four 1987 industries have changes that resulted in twelve 1997 NAICS industries that can be summed for comparable classifications.

**Part XIV--Proposed New Industry Structure for Retail Trade and Wholesale Trade**

*Section A--NAICS Structure*

(NAICS)

Agreement Number 25

This Document represents the proposed agreement on the boundaries of the North American Industry Classification System (NAICS) for the following sectors:

Retail Trade

Wholesale Trade

A brief description of the boundaries for Retail Trade and Wholesale Trade is attached. Each country agrees to release a copy of the proposed NAICS boundaries to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the boundaries is made. The structure and detailed definitions of the industries within the boundaries will be determined by each country's national requirements. The NAICS boundaries for these

sectors were presented and provisionally accepted at the NAICS Committee meeting held on November 8 and November 9, 1995 in Washington D.C.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	11/9/95
Mexico	/S/ Enrique Ordaz	11/9/95
United States	/S/ Jack E. Triplett	11/9/95

## ATTACHMENT 1--NAICS STRUCTURE

### **Attachment 2--North American Industry Classification System**

Draft Classification For:

Retail Trade

Wholesale Trade

*Summary*



In most sectors of the North American Industry Classification System (NAICS), the statistical agencies of Canada, Mexico, and the United States have agreed to a detailed structure that includes subsectors, industry groups, and detailed industry definitions. However, in the cases of the Retail Trade sector and the Wholesale Trade sector, the three statistical agencies have agreed that only the boundaries of the sectors will be made comparable internationally at the present time. The structure and detailed definitions of the industries within the boundaries will be determined by national requirements.

For the Retail Trade and Wholesale Trade sectors, determining internationally comparable boundaries was vital. Internationally comparable boundaries make it possible to compare the relative size of the Retail Trade and Wholesale Trade sectors in the economies of the three countries. Moreover, achieving international comparability on the boundaries of the Retail Trade and Wholesale Trade sectors was necessary to obtain internationally comparable data for the other sectors of NAICS. For example, previously the three countries had different and inconsistent boundaries between retail trade and manufacturing for some activities, between retail trade and services for others, and between retail trade and wholesale trade for still others.

Because resources and time for constructing NAICS were limited, the three countries decided to place priority on determining internationally comparable boundaries for the Retail Trade and Wholesale Trade sectors. This agreement does not preclude further work toward internationally comparable retail trade and wholesale trade industries in the future.

### *General Outline*

The NAICS definitions of Retail Trade and Wholesale Trade differ from the previous definitions in all three countries. The new definitions of Retail Trade and Wholesale Trade follow. They result from a new criterion to separate these sectors.

Retail establishments are primarily engaged in selling merchandise, generally without transformation, for end use. These establishments attract customers using methods such as advertising, point-of-sale location, and display of merchandise for ease of selection.

Two type of retailers are distinguished:

(1) Store retailers attempt to attract a high volume of walk-in customers through site location and/or advertising. In general, retail stores have extensive merchandise displays to promote product accessibility and sales. Other store retailers include catalog sales showrooms, gasoline service stations, and mobile home dealers.

(2) Non-store retailers -- those selling by other means -- include:

Mail order houses

Vending machine operators

Telemarketing sales

Home delivery (e.g., milk, newspapers)

Door-to-door sales

Party plans

Electronic shopping

Sales through temporary stands or stalls

Sales of capital or durable nonconsumer goods used in the production of goods and services, such as farm machinery, medium and heavy duty trucks, and industrial

machinery, as well as the sale of raw materials used in production, are included in wholesale trade. These goods are virtually never sold through the methods outlined above.

Wholesale establishments are primarily engaged in selling or arranging the purchase or sale of a) goods for resale, b) capital or durable nonconsumer goods, and c) raw and intermediate materials and supplies used in production. Wholesale establishments have most or all of the following characteristics:

Wholesalers normally operate from a warehouse or office. These warehouses and offices are characterized by having little or no display of merchandise. In addition, neither the design nor the location of the premises is intended to solicit walk-in traffic. Wholesalers do not normally use advertising directed to the general public. Customers are generally reached initially via telephone, in-person marketing, or by specialized advertising that may include internet and other electronic means.

While sales are normally in large volumes, durable nonconsumer goods may be sold in single units.

Sales of capital or durable nonconsumer goods used in the production of goods and services, such as farm machinery, medium and heavy duty trucks, and industrial machinery, as well as the sale of raw materials used in production, are always included in wholesale trade.

Two types of wholesalers may be distinguished:

(1) Establishments selling goods, generally without transformation, on their own account are known as “merchant wholesalers” or “distributors.” Sales of products may include integral services such as sorting, packaging and labeling, and marketing.

Merchant wholesalers typically maintain their own warehouses. Merchant wholesalers also include drop shippers and import/export merchants.

(2) Establishments arranging for the purchase or sale of goods owned by others or purchasing on a commission basis are known as “agents and brokers.” Agents and brokers operate from offices and rarely own and handle goods. Commission merchants, auction agents, import/export agents, and manufacturers’ representatives are included in agents and brokers.

The redefinition of the criterion to separate retail trade and wholesale trade is a change for all three countries. In the past, the criterion was based on the class of customer (though specific exceptions were listed). That is, if the business was primarily engaged in selling merchandise for personal or household consumption, the establishment was classified in Retail Trade. If the establishment was primarily selling to business or farm customers for business use, the establishment was included in Wholesale Trade. This led to anomalies, for example, the classification into wholesale trade of businesses perceived to be retail trade, the classification of similar businesses to different sectors, and contrary interpretations of the rule by the various statistical agencies.

The new wholesale-retail definition emphasizes what the establishment does, rather than to whom it sells. A store retailer, for example, has the attributes of a store: A selling place open to the public, merchandise on display or available through sales clerks, facilities for making cash or credit card transactions, and services provided to retail customers. The store provides a place to purchase commodities and is a location where customers may go to obtain information about commodities that are available in retail markets. The new rule is an implementation of the production-oriented criterion for

classification adopted for NAICS. But it also agrees with common sense and the normal usage of the word “retailing” among the public and by business within the sector itself. The old class of customer rule did not correspond to the usual meaning of the word “retailing.”

### *Relationship to ISIC*

The International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) does not include separate aggregates for Retail Trade and Wholesale Trade. Rather, it combines these activities into three ISIC divisions as follows: Division 50, Sale, Maintenance and Repair of Motor Vehicles and Motorcycles; Retail Sale of Automotive Fuel; Division 51, Wholesale Trade and Commission Trade, Except of Motor Vehicles and Motorcycles; and Division 52, Retail Trade, Except of Motor Vehicles and Motorcycles; Repair of Personal and Household Goods. The Retail Trade and Wholesale Trade sectors proposed for NAICS are equivalent to those ISIC divisions minus class 5020, Maintenance and Repair of Motor Vehicles; class 5260, Repair of Personal and Household Goods; and part of class 5040, Sale, Maintenance and Repair of Motorcycles and Related Parts and Accessories.

### *Some Changes To The National Classifications*

For Canada, the agreement on new definitions for retail trade and wholesale trade results in the transfer of a number of establishments from wholesale trade to retail trade, manufacturing, and services, and from retail trade to manufacturing and services. The most important of these changes are outlined below.

Although the main criterion to distinguish Retail Trade establishments from Wholesale Trade in the 1980 Standard Industrial Classification (SIC) is the class of customer, particular types of trade establishments are assigned to wholesale trade irrespective of their main class of customer. The most important of these are building materials dealers, computer and software stores, office supplies stores and home fuel dealers. NAICS assigns many of these establishments in Retail Trade, that is, those establishments that meet the conditions specified in the Retail Trade definition. Establishments that supply these products to retailers will remain in Wholesale Trade.

The Wholesale Trade division currently includes some activities that are moved to the NAICS manufacturing sector. These activities are tire retreading, the rebuilding on a factory basis of some automotive parts and the converting of fabric (piece goods converters). Piece goods converters are establishments primarily engaged in purchasing fabric in the grey and arranging to have a separate establishment dye the fabric on a contract basis. As well, establishments primarily engaged in the repair of various types of machinery and equipment are transferred from Wholesale Trade to a newly created Repair and Maintenance subsector. These changes affect a relatively small number of establishments currently found in sixteen wholesale industries.

A number of activities currently in Retail Trade in the Canadian classification are assigned to other sectors in NAICS, including establishments engaged in the

transformation and sale of products on the premises. Therefore, retail bakeries and candy shops that produce most of their products on the premises and tailor shops that produce custom garments are being moved to manufacturing. Also, the repair and maintenance of automobiles, home appliances, consumer electronics, furniture, recreational vehicles, bicycles, musical instruments and watches and jewelry is transferred from Retail Trade to the newly created Repair and Maintenance subsector. This change implies the relocation of entire industries, CSIC 6213, Furniture Refinishing and Repair Shops; CSIC 6223, Appliance, Television, Radio and Stereo Repair Shops; CSIC 635, Motor Vehicle Repair Shops; most of CSIC 639, Other Motor Vehicle Services; CSIC 6562, Watch and Jewelry Repair Shops; and parts of CSIC 6323, Motorcycle and Snowmobile Dealers; CSIC 6542, Bicycle Shops; and CSIC, 6551, Musical Instrument Stores.

For Mexico, the change from class of customer to production characteristics changes a number of industries. These include such things as office supplies, farm supplies, building materials, paint, and hardware that existed only in wholesale in CMAP. In NAICS these activities, are in both Wholesale Trade and Retail Trade . The biggest change in this area is including the sales of computers and office furniture in Retail Trade. CMAP does not include classifications in Retail Trade for these activities.

There are a number of activities that will be included in Retail Trade and Wholesale Trade for NAICS that are included in other areas of CMAP. These include vending operations and establishments selling on a commission basis. The vending machine operators are included in CMAP 931011, Restaurants and Eateries. Commissionaires are included in CMAP 97500, Business Intermediation.

The sales of lottery tickets that is included in CMAP 623089, Retail Trade in Lottery Tickets, Etc., will be excluded from Retail Trade in NAICS.

For the United States, restaurants and bars, formerly included in retail trade in the U.S., have been moved and combined with hotels and other accommodations (See Agreement No. 3). This affects all of 1987 SIC Major Group 58 and part of the retail food industry, including such establishments as doughnut shops, cookie shops, pretzel shops, etc. that are primarily engaged in the preparation of food and drink for immediate consumption. These establishments were previously classified in 1987 SIC 5461, Retail Bakeries, and 1987 SIC 5499, Miscellaneous Food Stores. It also includes mobile food services that were previously included in 1987 SIC 5963, Direct Selling Establishments.

The handling of the combination of sales and service is also a change. In the past, establishments that were primarily engaged in service activities were included in Services. This resulted in many businesses that engaged in both sales and service changing classification from year to year based on the condition of the market for the sales of the product. This was particularly evident in the area of bicycle sales and service. In NAICS, establishments that are selling and providing services for the products sold will be included in retail trade even if more of their revenue is in service receipts. An establishment that only has incidental sales or that provides services for products they do not sell such as automobile repair by an independent repair shop are still classified in NAICS as a service establishment.

Another example of change is the print and frame shop. Establishments that frame pictures usually also sell prints and framing materials to their customers. Such an establishment was classified either in Services or Retail based on the share of revenue



derived from the framing activity versus the sales activity. NAICS specifies that these establishments are to be classified in Retail Trade.

There is also a change in the classification of some activities involving making and selling goods to the public at the same location. Establishments engaged in producing candy, baked goods, custom clothing, furniture, cabinets, and crafts are included in the Manufacturing sector of NAICS. These activities are included in Division G, Retail Trade, of the 1987 SIC.

The change from class of customer to production characteristics will affect establishments in industries such as computer stores, office furniture dealers, and office suppliers which will move from wholesale to retail.

Another change to Wholesale Trade is the treatment of piece goods converters. In the past, these piece goods converters have been included in Wholesale Trade. But in NAICS, converters will be included in Manufacturing.

### *Achievement of Objectives*

The classification meets the objectives for the North American Industrial Classification System (NAICS). It groups establishments with similar production processes, that is, it applies production-oriented economic concepts. It achieves comparability for the three participating countries. Based on the existing data, all three countries expect to be able to publish data regularly at the total level for Retail and Wholesale trade sectors.

Other objectives of the NAICS project were not as relevant in this area of the classification as in others. These objectives are the delineation of new and emerging

industries, expansion of the service industries, and industries engaged in the production of advanced technologies. Therefore, the emphasis was on the objectives listed above.

*Section B--Annex: United States National Industry Detail*

The U.S. national detail industries will be shown in the next **Federal Register** notice.

**Part XV--Proposed New Industry Structure for Oil and Gas Extraction; Mining, except Oil and Gas; Support Activities for Mining**

*Section A-- Structure*

NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM

(NAICS)

Agreement Number 26

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following industries:

Oil and Gas Extraction

## Mining, Except Oil and Gas

## Support Activities for Mining

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on November 8 and November 9, 1995 in Washington, D.C.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	11/9/95
Mexico	/S/ Enrique Ordaz	11/9/95
United States	/S/ Jack E. Triplett	11/9/95

## ATTACHMENT 1-- NAICS STRUCTURE

XX Oil and Gas Extraction

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XXX	Oil and Gas Extraction
XXXX	Oil and Gas Extraction
XX	Mining, Except Oil and Gas
XXX	Coal Mining
XXXX	Coal Mining
XXX	Metal Ore Mining
XXXX	Iron Mining
XXXX	Gold and Silver Mining
XXXX	Copper, Nickel, Lead, and Zinc Mining
XXXX	Other Metal Ore Mining
XXX	Non-Metallic Mineral Mining and Quarrying
XXXX	Stone Mining and Quarrying
XXXX	Sand, Gravel, Clay, Ceramic, and Refractory Mineral Mining and Quarrying
XXXX	Other Non Metallic Mineral Mining and Quarrying
XX	Support Activities for Mining
XXX	Support Activities for Mining
XXXX	Support Activities for Mining

Draft Classification for:

Mining

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industry classification for these industries.

This draft classification applies to the sector Mining. This sector is subdivided into three subsectors and five industry groups: Oil and Gas Extraction, Coal Mining, Metal Ore Mining, Non-Metallic Mineral Mining and Quarrying, and Support Activities for Mining. The five industry groups are subdivided into 10 industries.

*A General Outline*

The Mining sector includes the extraction of liquids and gases such as petroleum and natural gas by the operation of wells and the extraction of naturally occurring minerals through underground or surface mining. Also included is the beneficiating of the ores by crushing, grinding, washing, drying, leaching, and other means. The sector is divided into three subsectors, two being based on the types of minerals extracted and beneficiated and one being support activities for the extraction.

The existing industry classifications of Canada, Mexico, and the United States were remarkably similar in their overall structure for mining. There were significant differences in the classifications at the detailed level, as the detailed level varied because of the specific mineral deposits that were significant to each country. The existing

classifications were for the most part inherently production oriented and satisfactory to data users. The structure maximizes the comparability between the three countries and makes modest enhancements to the production orientation of the classification.

### *Limitations and Constraints of the Classification*

The extraction of any mineral is conditional on the presence of a suitable mineral deposit. Generally, the extraction method varies according to the type of deposit mined as does the beneficiating process.

An approach that distinguished surface and underground mining as a basis for defining industry groups was considered but in the case of many metals and non-metals the activity in each was too small to permit separation. On the other hand the difference in the beneficiating processes (agglomerating, crushing, chemical, leaching etc.) required for different ores provided the basis for distinguishing production processes. The type of mineral deposit was therefore considered to be a good proxy for the production process in most cases of metal mining. However, these deposits vary significantly among the three countries. For many types of minerals the number of deposits in any one country may be too small to permit publishing data on that industry for that country. This limited the number of possible industries. The industries are therefore based on the type of minerals that generally occur together in a mineral deposit in all three countries. For example, the occurrence of combinations of copper, lead, zinc and nickel in the same mineral deposit is common among the three countries. In the case of non-metal mining, the quarrying of stone, above ground, requires precision cutting of large blocks of stone which is a process

very different from the process of extracting sand, gravel, clay, ceramic and refractory minerals.

### *Relationship to ISIC*

Most 4-digit industries in this sector are contained within Divisions 10-14, Mining and Quarrying, of the current International Standard Industrial Classification of all Economic Activities (ISIC Revision 3) of the United Nations. Generally, the industries can be reaggregated to the ISIC divisions. However, there are some differences: ISIC includes peat with coal in Division 10, Mining of Coal and Lignite, Extraction of Peat, whereas peat extraction is included in NAICS industry Non Metallic Mineral Mining and Quarrying. Although peat is similar to coal in that it can be used as a fuel, the extraction and beneficiating processes are distinctly different from coal and are similar to the processes involved with non metallic minerals. It should be noted that in North America peat is seldom used as fuel but rather as a soil conditioner. ISIC Division 12, Mining of Uranium and Thorium Ores, is not supportable as a NAICS industry.

### *Some Changes to the National Classifications*

For Canada, CSIC 0611, Gold Mines, has been combined with the silver part of CSIC 0614, Silver-Lead-Zinc Mines, to form the NAICS four digit industry Gold and Silver

Mining. Gold mining and silver mining are separated at the national five digit level. Silver mining becomes a null set as it does not exist in Canada. Silver is mined only as a by product of lead and zinc mining in Canada.

CSIC 0612, Copper and Copper-Zinc Mines, has been combined with CSIC 0613, Nickel-Copper Mines, plus the lead and zinc part of CSIC 0614 to form NAICS industry Copper, Nickel, Lead, and Zinc Mining.

CSIC 0615, Molybdenum Mines, was combined with CSIC 0616, Uranium Mines, and CSIC 0619, Other Metal Mines, to form NAICS Other Metal Mining.

CSIC 0811, Granite Quarries; CSIC 0812, Limestone Quarries; CSIC 0813, Marble Quarries; and CSIC 0814, Sandstone Quarries, becomes NAICS industry Mining and Quarrying of Stone. However these 4 digit industries are restored for national detail.

CSIC 0821, Sand and Gravel Pits, has been combined with CSIC 0815, Shale Quarries, and the crude clays from clay pits part of CSIC 3511, Clay Products, to form NAICS industry Sand, Gravel, Clay, Ceramic and Refractory Mineral Mining and Quarrying. However, CSIC 0821, Sand and Gravel Pits, is restored at the level of national detail. There are no known establishments primarily engaged in extracting clay in Canada, although extraction of clay exists by the manufacturers of clay products.

For Mexico, peat mining has been split from CMAP 210000, Mining and /or Beneficiation of Coal, to be included in NAICS industry Non Metallic Mineral Mining and Quarrying. The remaining portion of CMAP 21000 is equivalent to NAICS industry Coal Mining. Peat extraction is of little statistical significance in Mexico.

For Mexico, the nickel part of CMAP 232006, Mining and /or Beneficiation of Other Nonferrous Metallic Ores, has been split out. This split will have little statistical impact as



there is only a very small amount of nickel mining in Mexico. The split is combined with CMAP 232003, Mining and /or Beneficiation of Industrial Ore with a High Lead and Zinc Content, and CMAP 232005, Mining and /or Beneficiation of Ore with a High Copper Content, to form the NAICS four digit industry Copper, Nickel, Lead, and Zinc Mining.

The creation of the Support Activities for Mining subsector in is an important change for Mexico, since such activities are not represented in the Mexican classification. However, the coverage of the mining sector is very close to the current mining sector in CMAP.

For the United States, a structural change involved moving the support activity industries from their respective 1987 SIC Major Groups and bringing them all together in the NAICS structure under the subsector Support Activities for Mining.

The nickel ore mining part of 1987 SIC 1061, Ferroalloy Ores, Except Vanadium, has been combined with 1987 SIC 1021, Copper Ores, at the national level. This has a small statistical impact as production is relatively insignificant. This national level industry plus 1987 SIC 1031, Lead and Zinc Ores, also maintained at the national level, form NAICS industry Copper, Nickel, Lead, and Zinc Mining.

The bituminous limestone and bituminous sandstone part of 1987 SIC 1499, Miscellaneous Nonmetallic Minerals, Except Fuels, is moved out of Non Metallic Minerals Mining to NAICS industry Mining and Quarrying of Stone.

### *Achievement of Objectives*

The classification meets the objectives for the North American Industry Classification System (NAICS). It includes industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept. In the main, the hierarchical structure of the classification also follows the production concept.

Other objectives of the project are not as relevant in this area of the classification as in others. These objectives are the delineation of new and emerging industries, service industries and industries engaged in the production of advanced technologies. The industrial sector in question is relatively mature and uses relatively stable technology for extraction.

The industries are highly specialized, and they are economically significant. Disruptions to time series are minimal. The classification achieves comparability for the three participating countries. All countries agree on the detailed definitions of the industries.

#### *Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the three NAICS industry subsectors presented in *Part XV, Section A-- Attachment 1*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed

industries below the NAICS industry level, so long as the national detail can be aggregated to the classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the three NAICS industry subsectors covered in Part XV of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry R-revised industry; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

		1987		
		Status	SIC	
1997 NAICS and U.S. description		code	code	1987 SIC description
XX	Oil and Gas Extraction			
XXX	Oil and Gas Extraction			
XXXX	Oil and Gas Extraction			
XXXXX	Crude Petroleum and Natural Gas Extraction	E	1311	Crude Petroleum and Natural Gas
XXXXX	Natural Gas Liquid Extraction	E	1321	Natural Gas Liquids
XX	Mining except Oil and Gas			
XXX	Coal Mining			
XXXX	Coal Mining			
XXXXX	Bituminous Coal and Lignite Surface Mining	E	1221	Bituminous Coal and Lignite Surface Mining
XXXXX	Bituminous Coal Underground Mining	E	1222	Bituminous Coal Underground Mining
XXXXX	Anthracite Mining	E	1231	Anthracite Mining
XXX	Metal Ore Mining			
XXXX	Iron Mining	E	1011	Iron Ores
XXXX	Gold and Silver Mining			
XXXXX	Gold Mining	E	1041	Gold Ores
XXXXX	Silver Mining	E	1044	Silver Ores
XXXX	Copper, Nickel, Lead and Zinc Mining			
XXXXX	Copper and Nickel Mining	R	1021	Copper Ores

			*1061	Ferroalloy Ores, Except Vanadium (nickel)
XXXXX	Lead and Zinc Mining	E	1031	Lead and Zinc Ores
XXXX	Other Metal Ore Mining			
XXXXX	Uranium-Radium-Vanadium Ores Mining	E	1094	Uranium-Radium-Vanadium Ores
XXXXX	Other Metal Ore Mining	R	*1061	Ferroalloy Ores, Except Vanadium (other ferroalloys except nickel)
			1099	Miscellaneous Metal Ores, NEC
XXX	Non-Metallic Mineral Mining and Quarrying			
XXXX	Stone, Mining and Quarrying			
XXXXX	Dimension Stone Mining and Quarrying	E	1411	Dimension Stone
XXXXX	Crushed and Broken Limestone Mining and Quarrying	E	1422	Crushed and Broken Limestone
XXXXX	Crushed and Broken Granite Mining and Quarrying	E	1423	Crushed and Broken Granite
XXXXX	Other Crushed and Broken Stone Mining and Quarrying	R	1429	Crushed and Broken Stone, NEC
			*1499	Miscellaneous Nonmetallic Minerals, Except Fuels (bituminous limestone and bituminous sandstone)
XXXX	Sand, Gravel, Clay, Ceramic and Refractory Mineral Mining and Quarrying			
XXXXX	Construction Sand and Gravel Mining	E	1442	Construction Sand and Gravel
XXXXX	Industrial Sand Mining	E	1446	Industrial Sand
XXXXX	Kaolin and Ball Clay Mining	E	1455	Kaolin and Ball Clay
XXXXX	Clay, Ceramic, and Refractory Mineral Mining	E	1459	Clay, Ceramic, and Refractory Minerals, NEC
XXXX	Other Non-Metallic Mineral Mining and Quarrying			
XXXXX	Potash, Soda, and Borate Mineral mining	E	1474	Potash, Soda, and Borate Minerals
XXXXX	Phosphate Rock Mining	E	1475	Phosphate Rock
XXXXX	Other Chemical and Fertilizer Mineral Mining	E	1479	Chemical and Fertilizer Mineral Mining, NEC

XXXXX	All Other Non-Metallic Mineral Mining	R	*1499	Miscellaneous Non-Metallic Minerals, Except Fuels (except bituminous limestone and bituminous sandstone)
XX	Support Activities for Mining			
XXX	Support Activities for Mining			
XXXX	Support Activities for Mining			
XXXXX	Support Activities for Metal Mining	E	1081	Metal Mining Services
XXXXX	Support Activities for Coal Mining	E	1241	Coal Mining Services
XXXXX	Drilling Oil and Gas Wells	E	1381	Drilling Oil and Gas Wells
XXXXX	Support Activities for Oil and Gas Field Exploration	E	1382	Oil and Gas Field Exploration Services
XXXXX	Other Oil and Gas Field Support Activities	E	1389	Oil and Gas Field Services, NEC
XXXXX	Support Activities for Non-Metallic Minerals Except Fuels	E	1481	Non-Metallic Minerals Services, Except Fuels

TABLE 2

The abbreviation “pt” means “part of”. @ means time series break has been created that is greater than 3% of the 1992 revenues for the 1987 SIC industry.

1987 SIC code	1987 SIC description	1997 U.S. description
1011	Iron Ores	Iron Ore Mining
1021	Copper Ores	Copper Mining
1031	Lead and Zinc Ores	Lead and Zinc Mining
1041	Gold Ores	Gold Mining
1044	Silver Ores	Silver Mining
1061	Ferroalloy Ores, Except Vanadium	
	Nickel Ore Mining	Copper and Nickel Mining (pt)
	Other Ferroalloys	Other Metal Ore Mining (pt)
1081	Metal Mining Services	Support Activities for Metal Mining
1094	Uranium-Radium-Vanadium Ores	Uranium-Radium-Vanadium Ore Mining
1099	Miscellaneous Metal Ores, NEC	Other Metal Ore Mining (pt)
1221	Bituminous Coal and Lignite Surface Mining	Bituminous Coal and Lignite Surface Mining
1222	Bituminous Coal Underground Mining	Bituminous Coal Underground Mining
1231	Anthracite Mining	Anthracite Mining
1241	Coal Mining Services	Support Activities for Coal Mining
1311	Crude Petroleum and Natural Gas	Crude Petroleum and Natural Gas Extraction
1321	Natural Gas Liquids	Natural Gas Liquid Extraction
1381	Drilling Oil and Gas Wells	Drilling Oil and Gas Wells
1382	Oil and Gas Field Exploration Services	Support Activities for Oil and Gas Field Exploration

1389	Oil and Gas Field Services, NEC	Other Oil and Gas Field Support Activities
1411	Dimension Stone	Dimension Stone Mining or Quarry
1422	Crushed and Broken Limestone	Crushed and Broken Limestone Mining or Quarrying
1423	Crushed and Broken Granite	Crushed and Broken Granite Mining or Quarrying
1429	Crushed and Broken Stone, NEC	Other Crushed and Broken Stone Mining or Quarrying (pt)
1442	Construction Sand and Gravel	Construction Sand and Gravel Mining
1446	Industrial Sand	Industrial Sand Mining
1455	Kaolin and Ball Clay	Kaolin and Ball Clay Mining
1459	Clay, Ceramic, and Refractory Minerals, NEC	Clay, Ceramic, and Refractory Mineral Mining
1474	Potash, Soda, and Borate Minerals	Potash, Soda, and Borate Mineral Mining
1475	Phosphate Rock	Phosphate Rock Mining
1479	Chemical and Fertilizer Mineral Mining, NEC	Other Chemical and Fertilizer Mineral Mining
1481	Non-Metallic Mineral Services, Except Fuels	Support Activities for Non-Metallic Minerals, Except Fuels
1499	Miscellaneous Non-Metallic Minerals, Except Fuels	
	Bituminous Limestone and Bituminous Sandstone	Other Crushed and Broken Stone Mining or Quarrying (pt)
	Except Bituminous Limestone and Bituminous Sandstone	All Other Non-Metallic Mineral Mining



*Description of Changes to the U.S. System*

There were no new industries added to the 1997 industry structure for this industry sector.

Oil and Gas Extraction - All oil and gas field services (1987 SIC's 1381, 1382, 1389) were transferred to the new 1997 subsector Services Incidental to Mining. There were no changes in the existing 1987 industries.

Coal Mining - 1987 SIC 1241, Coal Mining Services, was transferred to the new 1997 subsector Services Incidental to Mining. There were no changes in the existing 1987 industries.

Metal Ore Mining - 1987 SIC 1061, Ferroalloy Ores, Except Vanadium, has been split into two new industries, Copper and Nickel Mining and Other Metal Ore Mining. 1987 SIC 1081, Metal Mining Services, was transferred to the 1997 subsector Services Incidental to Mining. There were no changes in the other existing 1987 industries.

Non-Metallic Mineral Mining and Quarrying - 1987 SIC 1499, Miscellaneous Non-Metallic Minerals, except Fuels, has been split between Other Crushed and Broken Stone Quarrying and Mining (bituminous limestone and bituminous sandstone) and All Other Non-Metallic Mineral Mining (all other miscellaneous non-metallic minerals). 1987 SIC 1481, Non-Metallic Mineral Services, except Fuels, was transferred to the 1997 subsector Services Incidental to Mining. There were no changes in the other existing 1987 industries.

Support Activities for Mining - This new subsector was created to include all incidental mining services. No new industries were created within this subsector;

however, six existing industries were transferred out of the 1987 SIC industry groups based upon the mineral/ore mined into this subsector.

The number of Mining Industries decreased from 31 in 1987 to 30 in 1997. For time series linkage 30 of the 31 1987 industries are comparable within three percent of the 1997 industries.

## **Part XVI--Proposed New Industry Structure for Paper Manufacturing**

### *Section A--NAICS Structure*

North American Industry Classification System

(NAICS)

Agreement Number 27

This document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following industries:

Paper Manufacturing

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the

countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on November 8 and November 9, 1995 in Washington, D.C.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	11/9/95
Mexico	/S/ Enrique Ordaz	11/9/95
United States	/S/ Jack E. Triplett	11/9/95

#### ATTACHMENT 1--NAICS STRUCTURE

XX	Paper Manufacturing
XXX	Pulp, Paper, and Paperboard Mills
XXXX	Pulp Mills
XXXX	Paper Mills
XXXX	Paperboard Mills
XXX	Converted Paper Product Manufacturing
XXXX	Paperboard Container Manufacturing

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XXXX Paper Bag and Coated and Treated Paper Manufacturing

XXXX Stationery Product Manufacturing

XXXX Other Converted Paper Product Manufacturing

## **Attachment 2--North American Industry Classification System**

Draft Classification for:

Paper Manufacturing

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industrial classification for these industries.

The draft classification provides for the subsector, Paper Manufacturing. This subsector is further subdivided into two industry groups and seven industries. The subsector will be part of the Manufacturing sector of the classification.

### *A General Outline*

The Paper Manufacturing industries produce pulp, paper and converted paper products. The manufacture of these products is grouped together because they constitute a series of vertically connected processes. More than one is often carried out in a single establishment. There are essentially three activities. The manufacture of pulp involves separating the cellulose fibers from other impurities in wood or used paper. The

manufacture of paper involves matting these fibers into a sheet. Converted paper products are produced from paper and other materials by various cutting and shaping techniques.

The Paper Manufacturing subsector is subdivided into two industry groups, the first for the manufacture of pulp and paper and the second for the manufacture of converted paper products. Paper making is treated as the core activity of the subsector. Therefore, any establishment that makes paper (including paperboard), either alone or in combination with pulp manufacture or paper converting, is classified as a Paper or Paperboard Mill. Establishments that make pulp but no paper are classified as Pulp Mills. Pulp Mills, Paper Mills and Paperboard Mills comprise the first industry group.

Establishments that make products from purchased paper and other materials make up the second industry group, Converted Paper Product Manufacturing. This general activity is then subdivided based, for the most part, on process distinctions. Paperboard Container Manufacturing uses corrugating and cutting machinery to form paperboard into containers. Paper Bag and Coated and Treated Paper Manufacturing establishments cut and coat paper. Stationery Product Manufacturing establishments produce a variety of paper products used for writing, filing and similar applications. Other Converted Paper Product Manufacturing includes in particular the conversion of sanitary paper stock into such things as tissue paper and disposable diapers.

An important process used in the Paper Bag and Coated and Treated Paper Manufacturing industry is lamination, often combined with coating. Lamination and coating produces a composite material with improved properties of strength, impermeability and so on. The laminated materials may be paper, metal foil or plastic film. While paper is often one of the components, it is not always. However, lamination

of plastic film to plastic film is classified in Rubber and Plastic Product Manufacturing because establishments that do this often first produce the film. The same situation holds with respect to bags. The manufacture of bags from plastic only, whether or not laminated, is classified in Rubber and Plastic Product Manufacturing, but all other bag manufacturing is classified in this industry.

#### *Limitations and Constraints of the Classification*

In the Paper Manufacturing industry, most activities that were identified in one country exist in the others. However, often an activity is not economically significant to the same degree in all three countries. For example, a relatively broad NAICS industry was created for Paper Mills, because the possible subdivisions are small in Mexico.

An operating rule has therefore been adopted for this industry subsector that the NAICS industries must be economically significant and publishable in all three countries. Each country will publish additional categories that comprise subdivisions of NAICS industries, to present data for activities that are nationally significant.

For those users requiring detailed commodity information, each country will publish information on the products of these industries. Efforts are also underway to harmonize the commodity classifications to allow for greater comparability of these statistics.

#### *Relationship to ISIC*

Most 4-digit NAICS industries in this subsector are contained in Division 21, Manufacture of Paper and Paper Products, of the current International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) of the United Nations. Four of the seven NAICS 4-digit industries in this subsector are contained entirely in this Division. There are, however, some differences between the two systems.

NAICS includes the manufacture of some products that are made from non-paper materials, such as multi-web plastic bags, in Paper Bag and Coated and Treated Paper Manufacturing, because the production processes are similar regardless of the material. ISIC classifies these articles according to their principal component material.

The other differences with ISIC are minor, but they do result in the following NAICS industries not being entirely contained within ISIC Division 21. Paper Mills in NAICS includes the manufacture of saturated papers, if the paper is made in the same establishment. ISIC treats this activity in manufacture of Non-Metallic Mineral Products. It is a minor difference. Other Converted Paper Product Manufacturing includes some minor activities, such as the manufacture of paper novelties, that are classified elsewhere in ISIC.

#### *Some Changes to the National Classifications*

For Canada, the Paper Manufacturing subsector is largely the same as the current Canadian classification's Paper and Allied Products Industries major group. There are two major differences. The Canadian classification includes the manufacture of building board in Paper Manufacturing, whereas NAICS includes it in Wood Manufacturing,

except Furniture because it is in fact made from wood fibers and not paper. The saturation of paper products with asphalt is classified in NAICS Petroleum and Coal Product Manufacturing, because the saturation process is more important to the activity than the material being saturated. The structure of this NAICS subsector is similar to that of the Canadian classification, but there is less detail.

For Mexico, the Paper Manufacturing subsector is largely the same as the current Mexican classification's Manufacture of Pulp, Paper and Paper Products. The main difference is the classification of some sanitary products, such as disposable paper diapers, in Textile Products. The structure and amount of detail of this NAICS subsector is similar to that of the corresponding area of the Mexican classification.

For the United States, there is little difference between the Paper Manufacturing subsector of NAICS and the current Paper and Allied Products Major Group. Converted foil containers are included in the NAICS subsector; they are classified in Metal Fabricating in the 1987 SIC.

### *Achievement of Objectives*

The classification meets the objectives for the North American Industry Classification System (NAICS). It includes industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept. The hierarchical structure of the classification also follows the production concept. Pulp and paper manufacturing are much more capital intensive operations than paper converting, and the material inputs are different.



Other objectives of the NAICS project are not as relevant in this area of the classification as in others. These objectives are the delineation of new and emerging industries and service industries. The industrial sector in question is relatively mature and generally produces goods. At the product level, there are numerous developments, such as the use of recycled paper in pulp making; however, these do not form the basis of establishment organization and hence of industries. Therefore, the emphasis is on the objectives listed above.

The industries have high specialization ratios, and they are economically significant. The detail (4-digit) level and structure of the classification are balanced in size. This enhances the classification's suitability for sampling, data-publishing and other aspects of survey operations. Finally, while disruptions to time series exist, they have been minimized. The statistical agencies can develop statistical "links" to enable the re-tabulation of time series on the new NAICS classification structure.

The classification achieves comparability for the three participating countries. Based on existing data, all three countries expect to be able to publish data regularly at the industry (4-digit) level of the structure. All countries agree on the detailed definitions of the industries.

*Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the NAICS industry subsector presented in *Part XVI, Section A-- Attachment 1*, contain less detail than is currently in the U.S. SIC system, and less detail

than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the NAICS industry subsector covered in Part XVI of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; L-null industry for the U.S.; N-new industry R-revised industry;; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS and U.S. Description		Status code	1987 SIC code	1987 SIC DESCRIPTION
XX	Paper Manufacturing			
XXX	Pulp, Paper and Paperboard Mills			
XXXX	Pulp Mills	R	*2611	Pulp Mills (pulp producing mills only)
XXXX	Paper Mills			
XXXXX	Paper Mills, except Newsprint Mills	R	*2611	Pulp Mills (pulp mills producing paper)
			*2621	Paper Mills (pt) (except newsprint mills)
XXXXX	Newsprint Mills	N	*2621	Paper Mills (pt) (newsprint mills)
XXXX	Paperboard Mills	E	*2631	Paperboard Mills
XXX	Converted Paper Product Manufacturing			
XXXX	Paperboard Container Manufacturing			
XXXXX	Setup Paperboard Box Manufacturing	E	2652	Setup Paperboard Boxes
XXXXX	Corrugated and Solid Fiber Box Manufacturing	E	2653	Corrugated and Solid Fiber Boxes
XXXXX	Fiber Can, Tube, Drum, and Similar Product	E	2655	Fiber Cans, Tubes, Drums, and Similar Products
	Manufacturing			
XXXXX	Non-Folding Sanitary Food Container	R	2656	Sanitary Food Containers, Except Folding
	Manufacturing			
			*2679	Converted Paper and Paperboard Products, NEC (egg cartons and other containers from purchased paper)
XXXXX	Folding Paperboard Box Manufacturing	E	2657	Folding Paperboard Boxes, Including Sanitary
XXXX	Paper Bag and Coated and Treated Paper			
	Manufacturing			

XXXXX	Coated and Laminated Packaging Paper and Plastic Film Manufacturing	R	*2671	Packaging Paper and Plastics Film, Coated and Laminated (single-web paper, paper multiweb laminated rolls and sheets for packaging uses)
XXXXX	Coated and Laminated Paper Manufacturing	R	2672 *2679	Coated and Laminated Paper, NEC Converted Paper and Paperboard Products, NEC (wallpaper and gift wrap paper)
XXXXX	Plastic, Foil, and Coated Paper Bag Manufacturing	R	*2673	Plastics, Foil, and Coated Paper Bags (coated or multiweb laminated bags)
XXXXX	Uncoated Paper and Multiwall Bag Manufacturing	E	2674	Uncoated Paper and Multiwall Bags
XXXXX	Laminated Aluminum Foil Manufacturing for Flexible Packaging Uses	N	*3497	Metal Foil and Leaf (laminated aluminum foil rolls and sheets for flexible packaging uses)
XXXX	Stationery Product Manufacturing			
XXXXX	Die-Cut Paper and Paperboard Office Supply Manufacturing	N	*2675	Die-Cut Paper and Paperboard and Cardboard (file folders, tabulating cards, and other paper and paperboard office supplies)
			*2679	Converted Paper and Paperboard Products, NEC (paper supplies for business machines and other paper office supplies)
XXXXX	Envelope Manufacturing	E	2677	Envelopes
XXXXX	Stationery, Tablet, and Related Product Manufacturing	E	2678	Stationery, Tablets, and Related Products
XXXX	Other Converted Paper Product Manufacturing			
XXXXX	Surface-Coated Paperboard Manufacturing	N	*2675	Die-Cut Paper and Paperboard and Cardboard (pasted, lined, laminated, or surface-coated paperboard)
XXXXX	Sanitary Paper Product Manufacturing	E	2676	Sanitary Paper Products
XXXXX	Other Converted Paper and Paperboard Product Manufacturing	R	*2675	Die-Cut Paper and Paperboard and Cardboard (die-cut paper and paperboard products, except office supplies)
			*2679	Converted Paper and Paperboard Products, NEC ( Other converted paper and paperboard products such as paper filters, crepe paper, and laminated and tiled wallboard)

TABLE 2

The abbreviation "pt" means "part of". @ means time series break has been created that is greater than 3% of the 1992 revenues for the 1987 SIC industry.

1987 SIC code	1987 SIC code	1997 U.S. description
2611	Pulp Mills Pulp Producing Mills Only Pulp and Paper Producing Mills	Pulp Mills Paper Mills, except Newsprint Mills (pt)
2621@	Paper Mills Except Newsprint Mills	Paper Mills, except Newsprint Mills (pt)
2631	Newsprint Mills	Newsprint Mills
2652	Paperboard Mills	Paperboard Mills
2653	Setup Paperboard Boxes	Setup Paperboard Box Manufacturing
2655	Corrugated and Solid Fiber Boxes	Corrugated and Solid Fiber Box Manufacturing
	Fiber Cans, Tubes, Drums, and Similar Products	Fiber Can, Tube, Drum, and Similar Product
2656	Sanitary Food Containers, Except Folding	Manufacturing Non-Folding Sanitary Food Container
2657	Folding Paperboard Boxes, Including Sanitary	Manufacturing (pt) Folding Paperboard Box Manufacturing
2671@	Packaging Paper and Plastics Film, Coated and Laminated Single-Web Paper, Paper Multiweb Laminated Rolls and  Sheets for Packaging Uses Plastic Packaging Film and Sheet	Coated and Laminated Packaging Paper and  Plastic Film Manufacturing Unsupported Plastic Packaging Film and Sheet  Manufacturing (Included in Rubber and Plastic Product Manufacturing subsector)
2672	Coated and Laminated Paper, NEC	Coated and Laminated Paper Manufacturing (pt)
2673@	Plastics, Foil, and Coated Paper Bags	

	Coated or Multiweb Laminated Bags	Plastic, Foil, and Coated Paper Bag
	Plastics Bags	Manufacturing Unsupported Plastic Bag Manufacturing  (Included in Rubber and Plastic Product  Manufacturing subsector)
2674	Uncoated Paper and Multiwall Bags	Uncoated Paper and Multiwall Bag
2675@	Die-Cut Paper and Paperboard and Cardboard File Folders, Tabulating Cards, and Other Paper and  Paperboard Office Supplies Pasted, Lined, Laminated, or Surface-Coated Paperboard Die-Cut Paper and Paperboard Products, Except Office  Supplies	Manufacturing  Die-Cut Paper and Paperboard Office Supply  Manufacturing (pt) Surface-Coated Paperboard Manufacturing Other Converted Paper and Paperboard Product  Manufacturing (pt)
2676	Sanitary Paper Products	Sanitary Paper Product Manufacturing
2677	Envelopes	Envelope Manufacturing
2678	Stationery, Tablets, and Related Products	Stationery, Tablet, and Related Product
2679@	Converted Paper and Paperboard Products, NEC Egg Cartons and Other Containers from Purchased Paper  Wallpaper and Gift Wrap Paper Paper Supplies for Business Machines and Other Paper  Office Supplies Other Converted Paper and Paperboard Products such as  Paper Filters, Crepe Paper, and Laminated and Tiled  Wallboard	Manufacturing  Non-Folding Sanitary Food Container  Manufacturing (pt) Coated and Laminated Paper Manufacturing (pt) Die-Cut Paper and Paperboard Office Supply  Manufacturing (pt) Other Converted Paper and Paperboard Product  Manufacturing (pt)
3497@	Metal Foil and Leaf Laminated Aluminum Foil Rolls and Sheets for Flexible  Packaging Uses Foil and Foil Containers	Laminated Aluminum Foil Manufacturing for  Flexible Packaging Uses All Other Fabricated Metal Product  Manufacturing (pt) (Included in Fabricated  Metal Product Manufacturing subsector)

*Description of Changes to the U.S. System*

Four new industries were added to the 1997 industry structure for this industry subsector. The industries created were:

Newsprint Mills from part of 1987 SIC 2621, Paper Mills, to achieve international comparability with Canada.

Laminated Aluminum Foil Manufacturing for Flexible Packaging Uses from part of 1987 SIC 3497, Metal Foil and Leaf, to achieve international comparability, and because the production processes are similar, regardless of the material used. This is the lamination, not creation of foil. Canada has this in CSIC 27, Paper and Allied Products.

Die-Cut Paper and Paperboard Office Supply Manufacturing from part of 1987 SIC 2675, Die-Cut Paper and Paperboard and Cardboard, and 1987 SIC 2679, Converted Paper and Paperboard Products, NEC. These two 1987 SIC industries (SIC 2675 and SIC 2679) were split and recombined in order to achieve international comparability with Canada and Mexico; as a result of this split, it was possible for the U.S. to form this new industry, which is justified on the production-oriented criterion and has the effect of reducing the size of an “NEC” category in the 1987 SIC.

Surface-Coated Paperboard Manufacturing from part of 1987 SIC 2675, Die-Cut Paper and Paperboard and Cardboard, to achieve international comparability.

Two activities were transferred out of 1987 Major Group 26, Paper and Allied Products, into the 1997 NAICS Rubber and Plastic Product Manufacturing subsector, because of similarities of production process. These were:

Plastic packaging film and sheet from 1987 SIC 2671, Packaging Paper and Plastics Film, Coated and laminated plastic bags from 1987 SIC 2673, Plastics, Foil, and Coated Paper Bags.

Also, several activities were transferred within the Paper Manufacturing subsector. The number of paper manufacturing industries increased from 17 in 1987 to 20 in 1997. For time series linkage, 13 of the 17 1987 industries are comparable within three percent of the 1997 industries.

## **Part XVII--Proposed New Industry Structure for Nonmetallic Mineral Product Manufacturing**

### *Section A--NAICS Structure*

North American Industry Classification System

(NAICS)

Agreement Number 28

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following industries:

Nonmetallic Mineral Product Manufacturing



The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on November 8 and November 9, 1995 in Washington, D.C.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	11/9/95
Mexico	/S/ Enrique Ordaz	11/9/95
United States	/S/ Jack E. Triplett	11/9/95

#### ATTACHMENT 1--NAICS STRUCTURE

XX	Nonmetallic Mineral Product Manufacturing
XXX	Clay Product and Refractories Manufacturing
XXXX	Pottery, Ceramics, and Plumbing Fixture Manufacturing

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XXXX	Clay Building Material and Refractories Manufacturing
XXX	Glass, Glass Product and Glass Container Manufacturing
XXXX	Glass and Glass Product Manufacturing
XXXX	Glass Container Manufacturing
XXX	Cement and Concrete Product Manufacturing
XXXX	Hydraulic Cement Manufacturing
XXXX	Ready-Mix Concrete Manufacturing
XXXX	Concrete Pipe, Brick, and Block Manufacturing
XXXX	Other Precast Concrete Product Manufacturing
XXX	Lime, Gypsum and Gypsum Product Manufacturing
XXXX	Lime Manufacturing
XXXX	Gypsum and Gypsum Product Manufacturing
XXX	Miscellaneous Nonmetallic Mineral Product Manufacturing
XXXX	Abrasive Product Manufacturing
XXXX	Other Miscellaneous Nonmetallic Mineral Product Manufacturing

## **Attachment 2--North American Industry Classification System**

Draft Classification for:

Nonmetallic Mineral Product Manufacturing

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industrial classification for these industries.

The draft classification provides for the subsector Nonmetallic Mineral Product Manufacturing. The subsector is sub-divided into five industry groups and twelve industries. This subsector will be part of the Manufacturing sector of the classification.

### *A General Outline*

The Nonmetallic Mineral Product Manufacturing industries produce such products as bricks, refractories, and ceramic products, and glass and glass products, such as plate glass, fiberglass and containers. Also included are cement and concrete products, lime, gypsum and other nonmetallic mineral products, including abrasive products, cut stone and mineral wool. The products are used in a wide range of activities from construction and heavy and light manufacturing to articles for personal consumption.

Processes used in the Nonmetallic Mineral Product Manufacturing industries include grinding, mixing, cutting, shaping, and honing sand, stone, ceramic, and other nonmetallic raw material inputs. Heat often is used in the process, and chemicals are frequently mixed to change the composition, purity, and chemical properties of the intended product. For example, glass is produced by heating silica sand to the melting point (sometimes combined with cullet or recycled glass) and then drawn or blow molded to the desired shape or thickness. Refractory materials are heated and then formed to brick or other shapes for use in industrial applications.

*Limitations and Constraints of the Classification*

A few factors constrained the structure and detail of the classification in the area under consideration. Most of the activities that take place in one country exist in the others. However, often an activity is not economically significant to the same degree in all countries. Another constraint is the small number of producers in some countries. For example, separate NAICS industries could not be created for refractories or concrete pipe because of confidentiality problems in Canada. Similar limitations prevent creation of more detailed industries for glass and glass products, mineral wool and other nonmetallic minerals products. Each country will publish additional categories that comprise subdivisions of NAICS industries, to present data for activities that are nationally significant.

For those users requiring detailed commodity information, each country will publish information on the products of these industries. Efforts are also underway to harmonize the commodity classifications to allow for greater comparability of these statistics.

*Relationship to ISIC*

All NAICS 4-digit industries in this subsector are contained in Division 26, Manufacture of Nonmetallic Mineral Products, of the current International Standard Industrial Classification of All Economic Activities (ISIC, Revision 3) of the United Nations. This means that one can combine the industries of this NAICS subsector and be comparable to ISIC Division 26.

*Some Changes to the National Classifications*

For Canada, the production of glass yarn was moved from CSIC 1811, Man-Made Fiber and Filament Yarn, and mirrors from CSIC 3259, Other Motor Vehicle Accessories and Parts. Other changes consist of a restructuring of the existing Canadian subsector for Nonmetallic Minerals Product Manufacturing. For example, the production of glass products was separated for establishments producing glass, and those that purchase glass, then manufacture glass products.

For Mexico, all changes are within the existing CMAP class for Nonmetallic Minerals. Changes include the separation of glass fibers (in primary glass production in NAICS) from glass insulation; moving the production of dead burned dolomite from the refractory industry to the NAICS Lime Manufacturing industry; separating decorative glass from glass containers; and moving articles made from plaster of Paris to the Other Nonmetallic Mineral Product Manufacturing industry.

For the United States, little change was made to this subsector. The most important change was the elimination of the all but non-existent asbestos product industry. Two remaining products are made by establishments formerly classified in this industry: (1) brake linings were moved to the brake parts industry in the Transportation Equipment Manufacturing subsector and (2) gaskets were moved to the Other Nonmetallic Mineral Product Manufacturing industry. Other changes within the subsector were to move dry mix cement from the concrete products industry, to move steel wool from the abrasives industry, to move some plaster work into the NAICS industry for Gypsum and Gypsum Product Manufacturing, and to create new industries for cast concrete products.

*Achievement of Objectives*

The classification meets the objectives for the North American Industry Classification System (NAICS). It includes industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept. In the main, the hierarchical structure of the classification also follows the production concept.

Other objectives of the NAICS project are not as relevant in this area of the classification as in others. These objectives are the delineation of new and emerging industries, service industries and industries engaged in the production of advanced technologies. The industrial sector in question is relatively mature, generally produces goods, and has employed relatively stable technology. Therefore, the emphasis is on the objectives listed above.

The industries have high specialization ratios, and they are economically significant. The detail (4-digit) level and structures of the classification are balanced in size. This enhances the classification's suitability for sampling, data publishing and other aspects of survey operations. Finally, while disruptions to time series exist, they have been minimized.

The classification achieves comparability for the three participating countries. Based on existing data, all three countries expect to be able to publish data regularly at the industry (4-digit) level of the structure. All countries agree on the detailed definitions of the industries.

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the NAICS industry subsector presented in *Part XVII, Section A-- Attachment 1*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the NAICS industry subsector covered in Part XVII of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; L-null industry for the U.S.; N-new industry R-revised industry;; and \* means “part of”. The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS & U.S. description		Status	1987 SIC	1987 SIC description
Code		Code	Code	
XX	Nonmetallic Mineral Product Manufacturing			
XXX	Clay Product and Refractories Manufacturing			
	Pottery, Ceramics and Plumbing Fixture			
XXXX	Manufacturing			
XXXXX	Vitreous China Plumbing Fixture and China and	E	3261	Vitreous China Plumbing Fixtures and China and Earthenware
	Earthenware Fitting and Bathroom			Fittings and Bathroom Accessories
	Accessory Manufacturing			
XXXXX	Vitreous China, Fine Earthenware and Other	N	3262	Vitreous China Table and Kitchen Articles
	Pottery Product Manufacturing			
			3263	Fine Earthenware (Whiteware) Table and Kitchen Articles
			3269	Pottery Products, NEC
XXXXX	Porcelain Electrical Supply Manufacturing	E	3264	Porcelain Electrical Supplies
XXXX	Clay Building Material and Refractories			
	Manufacturing			
XXXXX	Brick and Structural Clay Tile Manufacturing	E	3251	Brick and Structural Clay Tile
XXXXX	Ceramic Wall and Floor Tile Manufacturing	E	3253	Ceramic Wall and Floor Tile
XXXXX	Other Structural Clay Product Manufacturing	E	3259	Structural Clay Products, NEC
XXXXX	Clay Refractory Manufacturing	E	3255	Clay Refractories
XXXXX	Nonclay Refractory Manufacturing	E	3297	Nonclay Refractories



XXX	Glass, Glass Product and Glass Container				
	Manufacturing				
XXXX	Glass and Glass Product Manufacturing				
XXXXX	Flat Glass Manufacturing	E	3211	Flat Glass	
XXXXX	Other Pressed and Blown Glass and Glassware	E	3229	Pressed and Blown Glass and Glassware, NEC	
	Manufacturing				
XXXXX	Glass Product Manufacturing Made of Purchased	E	3231	Glass Products, Made of Purchased Glass	
	Glass				
XXXX	Glass Container Manufacturing	E	3221	Glass Containers	
XXX	Cement and Concrete Product Manufacturing				
XXXX	Hydraulic Cement Manufacturing	E	3241	Cement, Hydraulic	
XXXX	Ready-Mix Concrete Manufacturing	E	3273	Ready-Mixed Concrete	
XXXX	Concrete Pipe, Brick and Block Manufacturing				
XXXXX	Concrete Block and Brick Manufacturing	E	3271	Concrete Block and Brick	
XXXXX	Concrete Pipe Manufacturing	N	3272*	Concrete Products, Except Block and Brick (concrete pipe)	
XXXX	Other Precast Concrete Product Manufacturing	N	3272*	Concrete Products, Except Block and Brick (concrete products, except dry mix concrete, pipe, bricks and blocks)	
XXX	Lime, Gypsum and Gypsum Product Manufacturing				
XXXX	Lime Manufacturing	E	3274	Lime	
XXXX	Gypsum and Gypsum Product Manufacturing	R	3275 3299*	Gypsum Products Nonmetallic Mineral Products, NEC (moldings, ornamental and architectural plaster work)	
XXX	Miscellaneous Nonmetallic Mineral Product				
	Manufacturing				
XXXX	Abrasive Product Manufacturing	R	3291*	Abrasive Products (except metallic scouring sponges and scouring pads)	
XXXX	Other Miscellaneous Nonmetallic Mineral Product				
	Manufacturing				
XXXXX	Cut Stone and Stone Product Manufacturing	E	3281	Cut Stone and Stone Products	
XXXXX	Ground or Treated Mineral and Earth	E	3295	Minerals and Earths, Ground or Otherwise Treated	
	Manufacturing				
XXXXX	Mineral Wool Manufacturing	E	3296	Mineral Wool	
XXXXX	All Other Miscellaneous Nonmetallic	R	3272*	Concrete Products, Except Block and Brick (dry mixture concrete)	
	Mineral Product Manufacturing				
			3292*	Asbestos Products (except brake pads and linings)	

3299\* Nonmetallic Mineral Products, NEC (except moldings, ornamental and architectural plaster work)

TABLE 2

The abbreviation "pt" means "part of". @ means time series break has been created that is greater than 3% of the 1992 revenues for the 1987 SIC industry.

1987 SIC Code	1987 SIC description	1997 U.S. description
3211	Flat Glass	Flat Glass Manufacturing
3221	Glass Containers	Glass Container Manufacturing
3229	Pressed and Blown Glass and Glassware, NEC	Other Pressed and Blown Glass and Glassware
3231	Glass Products, Made of Purchased Glass	Manufacturing Glass Product Manufacturing Made of Purchased Glass
3241	Cement, Hydraulic	Hydraulic Cement Manufacturing
3251	Brick and Structural Clay Tile	Brick and Structural Clay Tile Manufacturing
3253	Ceramic Wall and Floor Tile	Ceramic Wall and Floor Tile Manufacturing
3255	Clay Refractories	Clay Refractory Manufacturing
3259	Structural Clay Products, NEC	Other Structural Clay Product Manufacturing
3261	Vitreous China Plumbing Fixtures and China and Earthenware Fittings and Bathroom Accessories	Vitreous China Plumbing Fixture and China and Earthenware Fitting and Bathroom Accessory Manufacturing
3262	Vitreous China Table and Kitchen Articles	Vitreous China, Fine Earthenware and Other
3263	Fine Earthenware (Whiteware) Table and Kitchen Articles	Pottery Product Manufacturing (pt) Vitreous China, Fine Earthenware and Other
3264	Porcelain Electrical Supplies	Pottery Product Manufacturing (pt) Porcelain Electrical Supply Manufacturing
3269	Pottery Products, NEC	Vitreous China, Fine Earthenware, and Other
3271	Concrete Block and Brick	Pottery Product Manufacturing (pt) Concrete Block and Brick Manufacturing
3272@	Concrete Products, Except Block and Brick Dry Mixture Concrete	Other Miscellaneous Nonmetallic Mineral Product Manufacturing (pt)

	Concrete Pipes	Concrete Pipe Manufacturing
	Other Concrete Products	Other Precast Concrete Product Manufacturing
3273	Ready-Mixed Concrete	Ready-Mix Concrete Manufacturing
3274	Lime	Lime Manufacturing
3275	Gypsum Products	Gypsum and Gypsum Product Manufacturing
		(pt)
3281	Cut Stone and Stone Products	Cut Stone and Stone Product Manufacturing
3291	Abrasive Products	
	Metallic Scouring Sponges and Scouring Pads	Other Metal Product Manufacturing (pt)
		(Included in Fabricated Metal Product
		Manufacturing subsector)
	Other Abrasive Products	Abrasive Product Manufacturing
3292@	Asbestos Products	
	Asbestos Brake Linings and Pads	Motor Vehicle Brake System Manufacturing
		(pt) (Included in Transportation Equipment
		Manufacturing subsector)
	Other Asbestos Products	Other Miscellaneous Nonmetallic Mineral
		Product Manufacturing
3295	Minerals and Earths, Ground or Otherwise Treated	Ground or Treated Mineral and Earth
		Manufacturing
3296	Mineral Wool	Mineral Wool Manufacturing
3297	Nonclay Refractories	Nonclay Refractory Manufacturing
3299@	Nonmetallic Mineral Products, NEC	
	Moldings, Ornamental and Architectural Plaster Work	Gypsum and Gypsum Product Manufacturing
		(pt)
	Other Nonmetallic Mineral Products	Other Miscellaneous Nonmetallic Mineral
		Product Manufacturing (pt)

*Description of Changes to the U.S. System*

1987 SIC 3272, Concrete Products, Except Block and Brick, was split into three new industries in the 1997 structure for this industry subsector as follows:

Concrete Pipe Manufacturing for international comparability.

Other Precast Concrete Product Manufacturing.

Other Miscellaneous Nonmetallic Mineral Product Manufacturing.

Two activities were transferred out of 1987 Major Group 32, Stone, Clay, Glass and Concrete Products:

Metallic scouring sponges and scouring pads from 1987 SIC 3291, Abrasive Products, were moved into the 1997 NAICS Fabricated Metal Product Manufacturing subsector to achieve comparability with Canada and Mexico and to better meet production concept criteria.

Asbestos brake linings and pads from 1987 SIC Code 3292, Asbestos Products, were moved into the 1997 NAICS Transportation Equipment Manufacturing subsector to match Canada and Mexico, and because the production of brake linings from asbestos and non-asbestos materials are similar processes.

1987 SIC 3262, Vitreous China Table and Kitchen Articles; 1987 SIC 3263, Fine Earthenware (Whiteware) and Kitchen Articles; and 1987 SIC 3269, Pottery Products, Not Elsewhere Classified, were combined into the new Vitreous China, Fine Earthenware and Other Pottery Product Manufacturing national industry. The combination was made because the 1987 SIC's were too small to warrant separation. The new national industry, however, shows strong production concept characteristics.

Also, some activities were transferred within the Nonmetallic Mineral Product Manufacturing subsector. The number of nonmetallic mineral product manufacturing industries decreased by two to 24, from the 1987 SIC. For time series linkage, 23 of the 26 1987 industries are comparable within three percent of the 1997 industries.

## **Part XVIII--Proposed New Industry Structure for Primary Metal Manufacturing**

### *Section A--NAICS Structure*

#### North American Industry Classification System

(NAICS)

#### Agreement Number 29

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following industry:

#### Primary Metal Manufacturing

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is

made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries.

This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on November 8 and November 9, 1995 in Washington, D.C.

Accepted:	Signature	Date
Canada	/S/ Jacob Ryten	11/9/95
Mexico	/S/ Enrique Ordaz	11/9/95
United States	/S/ Jack E. Triplett	11/9/95

#### ATTACHMENT 1--NAICS STRUCTURE

XX	Primary Metal Manufacturing
XXX	Iron and Steel Mills and Ferroalloy Manufacturing
XXXX	Iron and Steel Mills and Ferroalloy Manufacturing
XXX	Steel Products Made from Purchased Steel
XXXX	Iron and Steel Pipe and Tube Manufacturing from Purchased Steel
XXXX	Rolling and Drawing of Purchased Steel
XXX	Smelting, Refining, Rolling, Drawing, and Extruding of Aluminum

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XXXX	Smelting, Refining Rolling, Drawing and Extruding of Aluminum
XXX	Smelting, Refining, Rolling, Drawing, and Extruding of Other Nonferrous Metal
XXXX	Smelting and Refining of Nonferrous Metal Except Aluminum
XXXX	Rolling, Drawing and Extruding Copper
XXXX	Rolling, Drawing and Extruding of Nonferrous Metal Except Copper or Aluminum
XXX	Metal Castings
XXXX	Ferrous Castings
XXXX	Nonferrous Castings

## **Attachment 2--North American Industry Classification System**

Draft Classification for:

Primary Metal Manufacturing

Representatives of the statistical agencies of Canada, Mexico and the United States agree to a draft industry classification for these industries

The draft classification provides for the subsector, Primary Metal Manufacturing. This subsector is divided into five industry groups and nine industries. The subsector is part of the Manufacturing sector.



*A General Outline*

The Primary Metal Manufacturing industries are well defined and include the production of steel and steel products; the smelting, refining, and rolling of nonferrous metals; and the production of metal castings. The processes employed in these industries include the use of blast furnaces to produce iron, and the use of basic oxygen and other steel making furnaces to produce steel. Rolling, drawing, and extruding processes to produce such products as pipe and tube, wire, and sheet are also used in this subsector. Similar processes are used to produce the nonferrous metal and metal products also included in this subsector.

A structure along the lines of function or process ( refining and smelting, or rolling, drawing, and extruding) for all metals was considered for this subsector. It was not adopted, because: (1) the processes, although they have some similarity, are clearly distinct for steel versus nonferrous metals. Within nonferrous metal manufacturing, the processes are also different. For example, the primary reduction of aluminum involves the massive use of electricity, where the primary reduction of copper is accomplished by using heat and chemicals; (2) establishments that roll, draw or extrude are highly specialized by type of nonferrous metal; (3) due to the combination of process activities in aluminum manufacture in Mexico, a separate trilateral NAICS industry could not be created that would split primary aluminum from aluminum, rolling, drawing, and extrusion. For this reason, a separate NAICS 3-digit and 4-digit industry group and industry was created for Smelting, Refining, Rolling, Drawing and Extruding Aluminum, and a 3-digit NAICS group, Smelting, Refining, Rolling, Drawing, and Extruding of Other Nonferrous Metal, that parallels the 3-digit structure for Aluminum. The “Other”

nonferrous group, however, contains 4-digit levels for process industries for copper and for nonferrous metals, except aluminum and copper.

The Iron and Steel Mills and Ferroalloy Manufacturing industry group comprises establishments that produce steel products, beginning with the treatment of iron ore, using furnaces or direct reduction techniques and establishments that begin their process with the purchase of iron, pig iron, or scrap. Establishments that produce ferroalloys are also included in this subsector. Establishments classified in the NAICS industry Rolling and Drawing of Purchased Steel produce sheet and plate, pipe and tube, and wire drawn from purchased steel. The subsector also includes establishments that produce wire rods, bars, plates, sheet, wire, from purchased primary shapes.

The Smelting, Refining, Rolling, Drawing, and Extruding of Aluminum and Other Nonferrous Metal industry groups include establishments that produce primary nonferrous metals and those that produce nonferrous metal products such as sheet, foil, shapes, etc..

#### *Limitations and Constraints of the Classification*

In the Primary Metal Manufacturing subsector, most activities that were identified in one country exist in the others. However, the combination of activities within establishments varied across the three countries resulting in higher aggregations of some NAICS industries. For example, broad NAICS classes were created for nonferrous castings, due to production overlap in Mexico. Similarly, often an activity is not economically significant to the same degree in all countries. For example, a separate

NAICS industry cannot be created for the smelting and refining of copper, because the resulting industries are too small in Canada.

Each country may publish additional national industries that comprise subdivisions of NAICS industries, to present data for activities that are nationally significant. For those users requiring detailed commodity information, each country will publish information on the products of these industries. Efforts are also underway to harmonize the commodity classifications to allow for greater comparability of these statistics.

#### *Relationship to ISIC*

Each of the NAICS industries created in this subsector can be assigned without any subdivision to Division 27, Manufacture of Basic Metals, of the current International Standard Industrial Classification of all Economic Activities (ISIC Revision 3) of the United Nations. The movement of steel and nonferrous wire drawing (CSIC's 3052 & 3381), and precious metal refining (CSIC 3922), for Canada; of molding of metal castings (CMAP 381100) for Mexico; and of the production of alumina (1987 SIC 2819 pt), for the United States are all changes that enhance the NAICS/ISIC relationship. This means that one can combine the industries of this subsector and be comparable to ISIC Division 27.

*Some Changes to the National Classifications*

For Canada, an important improvement for both production precepts and for international comparability was the movement of ferrous and nonferrous wire drawing to this subsector from other areas. Smelting and refining of precious metals was moved for the same reasons. Other changes for Canada were internal to the existing subsector structure. These changes generally involved realignment of industries to achieve three country comparability, as well as to better meet the production process principle. Some examples are the split of the Other Primary Steel industry to match the NAICS industries for Iron and Steel Mills and Ferroalloy Manufacturing and Rolling and Drawing of Purchased Steel, and the separation of various types of castings from other ferrous or nonferrous manufacturing to match agreed upon NAICS classes.

For Mexico, the only structural modification was to move the production of ferrous and nonferrous castings from the current CMAP classes for machinery. This change allows for three country comparability, and improves the production definition of this subsector. Other changes are internal to the existing Mexican structure, but like those made for Canada above, they were made to both achieve an international NAICS level, while at the same time, they are sound production industry moves. An example is splitting the production of rods and structural shapes, pipe and tube and wire made in a steel making facility from those made from purchased primary steel shapes.

In the United States, a significant structural change was to move the production of alumina from the Chemical Product Manufacturing subsector. This change both matches the Canadian and Mexican treatment, and groups the basic reduction of this ore with metal manufacturing rather than in a chemical processing group. Other changes entailed

the realignment of internal nonferrous smelting, rolling and drawing, mostly to achieve three country compatibility.

### *Achievement of Objectives*

The classification meets the objectives for the North American Industry Classification System. It includes industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept. The hierarchical structure of the classification also follows the production concept.

The classification achieves comparability for the three participating countries. Based on existing data, all three countries expect to be able to publish data regularly at the industry (4-digit) level of the structure. All countries agree on the definitions of industries.

Other objectives of the NAICS project are not as relevant in this area of the classification as in others. These objectives are the delineation of new and emerging industries, service industries and industries engaged in the production of advanced technologies. The industrial sector in question is relatively mature, generally produces goods and employs relatively stable technology. Therefore, the emphasis is on the objectives listed above.

The industries have high specialization ratios, and they are economically significant. The classification is suitable for sampling, data-publishing, and other aspects of survey operations.

*Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the NAICS industry subsector presented in *Part XIX, Section A-- Attachment 1*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the NAICS industry subsector covered in Part XIX of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.

TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry; R-revised industry; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS & U.S. description	Status	1987	1987 SIC description
	Code	SIC	
		Code	
XX Primary Metal Manufacturing			
XXX Iron and Steel Mills and Ferroalloy Manufacturing			
XXXX Iron and Steel Mills and Ferroalloy Manufacturing			
XXXXX Iron and Steel Mills	N	3312	Steel Works, Blast Furnaces, and Rolling Mills (except stand-alone cake ovens)
		3399*	Primary Metal Products, NEC (ferrous powder, paste, flakes, etc.)
XXXXX Electrometallurgical Ferroalloy Product Manufacturing	R	3313*	Electrometallurgical Products, except Steel (ferroalloys)
XXX Steel Products Made from Purchased Steel			
XXXX Iron and Steel Pipe and Tube Manufacturing from Purchased Steel	E	3317	Steel Pipe and Tubes
XXXX Rolling and Drawing of Purchased Steel			
XXXXX Cold-Rolled Steel Shape Manufacturing	E	3316	Cold-Rolled Steel Sheet, Strip, and Bars
XXXXX Steel Wire Drawing	R	3315*	Steel Wiredrawing and Steel Nails and Spikes (steel wire drawing)

XXX	Smelting, Refining, Rolling, Drawing and Extruding of Aluminum			
XXXX	Smelting, Refining, Rolling, Drawing and Extruding of Aluminum			
XXXXX	Primary Refining of Aluminum	E	3334	Primary Production of Aluminum
XXXXX	Secondary Smelting of Aluminum	N	3341*	Secondary Smelting and Refining of Nonferrous Metals (aluminum)
			3399*	Primary Metal Products, NEC (aluminum powder, paste, flakes, etc.)
XXXXX	Alumina Manufacturing	N	2819*	Industrial Inorganic Chemicals, NEC (alumina)
XXXXX	Aluminum Sheet, Plate, and Foil Manufacturing	E	3353	Aluminum Sheet, Plate, and Foil
XXXXX	Aluminum Extruded Product Manufacturing	E	3354	Aluminum Extruded Products
XXXXX	Other Aluminum Rolling and Drawing	R	3355	Aluminum Rolling and Drawing, NEC
			3357*	Drawing and Insulating of Nonferrous Wire (aluminum wire drawing)
XXX	Smelting, Refining, Rolling, Drawing, and Extruding of Other Nonferrous Metal			
XXXX	Smelting and Refining of Nonferrous Metal Except Aluminum			
XXXXX	Primary Smelting and Refining of Copper	E	3331	Primary Smelting and Refining of Copper
XXXXX	Primary Smelting and Refining of Nonferrous Metal, Except Copper and Aluminum	E	3339	Primary Smelting and Refining of Nonferrous Metals, Except Copper and Aluminum
XXXXX	Secondary Smelting and Refining of Nonferrous Metals	R	3313*	Electrometallurgical Products, Except Steel (except ferrous alloys)
			3341*	Secondary Smelting and Refining of Nonferrous Metals (except aluminum)
			3399*	Primary Metal Products, NEC (nonferrous powders, flakes, paste, etc., except aluminum)
XXXX	Rolling, Drawing and Extruding Copper			



XXXXX	Rolling, Drawing and Extruding Copper	R	3351	Rolling, Drawing, and Extruding of Copper
XXXXX	Drawing of Copper Wire	N	3357*	Drawing and Insulating of Nonferrous Wire (copper wire drawing)
XXXX	Rolling, Drawing, and Extruding of Nonferrous Metal Except Copper or Aluminum	R	3356	Rolling, Drawing, and Extruding of Nonferrous Metals, Except Copper and Aluminum
			3357*	Drawing and Insulating of Nonferrous Wire (wire drawing except copper or aluminum)
XXX	Metal Castings			
XXXX	Ferrous Castings			
XXXXX	Gray, Malleable, and Ductile Iron Foundries	R	3321	Gray and Ductile Iron Foundries
			3322	Malleable Iron Foundries
XXXXX	Steel Investment Foundries	E	3324	Steel Investment Foundries
XXXXX	Steel Foundries	E	3325	Steel Foundries, NEC
XXXX	Nonferrous Castings			
XXXXX	Aluminum Die-Castings	E	3363	Aluminum Die-Castings
XXXXX	Nonferrous Die-Castings, Except Aluminum	E	3364	Nonferrous Die-Castings, Except Aluminum
XXXXX	Aluminum Foundries	E	3365	Aluminum Foundries
XXXXX	Copper Foundries	E	3366	Copper Foundries
XXXXX	Nonferrous Foundries, Except Aluminum and Copper	E	3369	Nonferrous Foundries, Except Aluminum and Copper

TABLE 2

The abbreviation "pt" means "part of", @ means time series break has been created that is greater than 3% of the 1992 value of shipments for the 1987 SIC industry. The abbreviation NEC is used for Not Elsewhere Classified.

1987 SIC code	1987 SIC description	1997 U.S. description
2819@	Industrial Inorganic Chemicals, NEC	
	Alumina	Alumina Manufacturing (pt)
	Activated Carbon and Charcoal	Other Miscellaneous Chemical Preparation Manufacturing (pt) ( Included in Chemical Product Manufacturing subsector)
	Inorganic Dyes	Inorganic Dyes and Pigments Manufacturing (pt) (Included in Chemical Product Manufacturing subsector)
	Other	Other Miscellaneous Inorganic Chemical Manufacturing (pt) (Included in Chemical Manufacturing subsector)
3312@	Steel Works, Blast Furnaces (Including Coke Ovens), and Rolling Mills	Iron and Steel Mills
	Coke Ovens, not Integrated With Steel Mills	Other Petroleum and Coal Product Manufacturing (pt) (Included in Petroleum and Coal Product Manufacturing subsector)

3313@

## Electrometallurgical Products, Except Steel

Ferroalloys

Electrometallurgical Ferroalloy Product Manufacturing

Nonferrous Alloys

Secondary Smelting and Refining of Nonferrous Metal

(pt)

3315@

## Steel Wiredrawing and Steel Nails and Spikes

Steel Wire Drawing

Steel Wire Drawing

Nails, Spikes, Paper clips, Wire, Not Made in Wire Drawing

Miscellaneous Fabricated Wire Product Manufacturing

Plants

(pt) ( Included in Fabricated Metal Product

Manufacturing subsector)

3316

## Cold-Rolled Steel Sheet, Strip, and Bars

Cold-Rolled Steel Shape Manufacturing

3317

## Steel Pipe and Tubes

Iron and Steel Pipe and Tube Manufacturing from

Purchased Steel

3321

## Gray and Ductile Iron Foundries

Gray, Malleable, and Ductile Iron Foundries (pt)

3322

## Malleable Iron Foundries

Gray Malleable and Ductile Iron Foundries (pt)

3324

## Steel Investment Foundries

Steel Investment Foundries

3325

## Steel Foundries, NEC

Steel Foundries (pt)

3331

## Primary Smelting and Refining of Copper

Primary Smelting and Refining of Copper (pt)

3334

## Primary Production of Aluminum

Primary Refining of Aluminum

3339

## Primary Smelting and Refining of Nonferrous Metals, Except

Primary Smelting and Refining of Nonferrous Metals,

Copper and Aluminum

Except Copper and Aluminum (pt)

3341@

## Secondary Smelting and Refining of Nonferrous Metals

Aluminum

Secondary Smelting of Aluminum (pt)

Except Aluminum

Secondary Smelting and Refining of Nonferrous

Metals (pt)

3351	Rolling, Drawing, and Extruding of Copper	Rolling, Drawing, and Extruding of Copper
3353	Aluminum Sheet, Plate, and Foil	Aluminum Sheet, Plate, and Foil Manufacturing
3354	Aluminum Extruded Products	Aluminum Extruded Product Manufacturing
3355	Aluminum Rolling and Drawing, NEC	Other Aluminum Rolling and Drawing, (pt)
3356	Rolling, Drawing, and Extruding of Nonferrous Metals, Except Copper and Aluminum	Rolling, Drawing, and Extruding of Nonferrous Metals Except Copper or Aluminum (pt)
3357@	Drawing and Insulating of Nonferrous Wire	
	Aluminum Wire Drawing	Other Aluminum Rolling and Drawing (pt)
	Copper Wire Drawing	Drawing of Copper Wire
	Wire Drawing Except Copper or Aluminum	Rolling, Drawing, and Extruding of Nonferrous Metals Except Copper or Aluminum (pt)
	Communication and Energy Wire - Insulating Only	Communication and Energy Wire Manufacturing (Included in Electrical Equipment, Appliance and Component Manufacturing subsector)
3363	Aluminum Die-Castings	Aluminum Die-Castings
3364	Nonferrous Die-Castings, Except Aluminum	Nonferrous Die-Castings, Except Aluminum
3365	Aluminum Foundries	Aluminum Foundries
3366	Copper Foundries	Copper Foundries
3369	Nonferrous Foundries, Except Aluminum and Copper	Nonferrous Foundries, Except Aluminum and Copper
3398	Metal Heat Treating	Metal Heat Treating ( Included in Fabricated Metal Product Manufacturing subsector)
3399@	Primary Metal Products, NEC	
	Ferrous Powder, Paste, Flakes, etc.	Steel Mills (pt)
	Aluminum Powder, Paste, Flakes, etc.	Secondary Smelting of Aluminum (pt)
	Other Nonferrous Powder, Paste, Flakes, etc.	Secondary Smelting and Refining of Nonferrous Metals (pt)

Nonferrous Nails, Brads, Staples, etc.

Miscellaneous Fabricated Wire Product Manufacturing

(pt) ( Included in Fabricated Metal Product

Manufacturing subsector)

Laminated Steel

Electroplating, Plating, Polishing, Anodizing, and

Coloring (pt) (Included in Fabricated Metal Product

Manufacturing subsector)

*Description of Changes to the U.S. System*

A number of the changes listed in this section were made for reasons of international comparability. Where one or more of the three North American countries had different definitions of an industry classification, adjustments to the definitions in one or more countries were required. In constructing NAICS, the three countries agreed to move, where change was required to attain international comparability, in the direction of the country or countries whose existing classification definitions most closely corresponded to the production-oriented concept adopted for NAICS. Cases where the U.S. changed are listed below; other cases where Canada or Mexico moved toward the U.S. classification are not, of course, listed in this section.

Four new industries were added to the 1997 industry structure for this industry subsector. New industries were created for:

Iron and Steel Mills, from 1987 SIC 3312, Steel Works, Blast Furnaces, and Rolling Mills, and part of 1987 SIC 3399, Primary Metal Products, NEC, for comparability with Canada and Mexico, and because the production processes include direct reduction and other furnace processes similar to those used in manufacturing steel.

Secondary Smelting of Aluminum from part of 1987 SIC 3341, Secondary Smelting and Refining of Nonferrous Metals, and part of 1987 SIC 3399, Primary Metal Products, NEC, because of specialized production processes involved, and for international comparability.

Alumina Manufacturing from part of 1987 SIC 2819, Industrial Inorganic Chemicals, in the 1987 Major Group 28, Chemicals and Allied Products, to achieve international comparability. Canada has this in CSIC 2951, Primary Production of Aluminum.

Drawing of Copper Wire from part of 1987 SIC 3357, Drawing and Insulating of Nonferrous Wire, for international comparability, and because it is a specialized production process.

One complete industry was transferred out of 1987 Major Group 33, Primary Metals.

Metal Heat Treating was transferred into the 1997 subsector Fabricated Metal Product Manufacturing. The move improves the production process classification for this activity.

Five activities were transferred out of 1987 Major Group 33, Primary Metals, and are described more fully in their new respective NAICS subsectors.

Nails, spikes, paper clips, and wire, not made in wire drawing plants, were transferred from 1987 SIC 3315, Steel Wiredrawing and Steel Nails and Spikes, into Miscellaneous Fabricated Wire Product Manufacturing in the 1997 subsector Fabricated Metal Product Manufacturing.

Communication and energy wire - insulating only, was transferred from 1987 SIC 3357, Drawing and Insulating of Nonferrous Wire, into Communication and Energy Wire Manufacturing in 1997 subsector Electrical Equipment, Appliance and Component Manufacturing.

Nonferrous nails, brads, staples, etc. were transferred from 1987 SIC 3399, Primary Metal Products, NEC, into Miscellaneous Fabricated Wire Product Manufacturing in the 1997 subsector Fabricated Metal Product Manufacturing.

Laminated steel was transferred from 1987 SIC 3399, Primary Metal Products, NEC, into Electroplating, Polishing, Anodizing, and Coloring in 1997 subsector Fabricated Metal Product Manufacturing.

Coke ovens, not operated with a blast furnace were transferred from part of 1987 SIC 3312, Blast Furnaces and Steel Mills, into Other Petroleum and Coal Product Manufacturing in the 1997 NAICS subsector, Petroleum and Coal Product Manufacturing.

Also, several activities were transferred within the subsector for Primary Metal Manufacturing. The number of primary metal industries remained the same between 1997 and 1987 at 26. For time series linkage, 20 of the 26 1987 industries are comparable within three percent of the 1997 industries.



*Section A--NAICS Structure*

North American Industry Classification System

(NAICS)

Agreement Number 30

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following industries:

Miscellaneous Manufacturing

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on November 8 and November 9, 1995 in Washington, D.C.

Accepted	Signature	Date
Canada	/S/ Jacob Ryten	11/9/95
Mexico	/S/ Enrique Ordaz	11/9/95
United States	/S/ Jack E. Triplett	11/9/95

## ATTACHMENT 1--NAICS STRUCTURE

XX	Miscellaneous Manufacturing
XXX	Medical Equipment and Supply Manufacturing
XXXX	Medical Equipment and Supply Manufacturing
XXX	Cotton Ginning
XXXX	Cotton Ginning
XXX	Other Miscellaneous Manufacturing
XXXX	Jewelry and Silverware Manufacturing
XXXX	Sporting and Athletic Good Manufacturing
XXXX	Doll, Toy, and Game Manufacturing
XXXX	Office Supply, Except Paper Manufacturing
XXXX	All Other Miscellaneous Manufacturing

## **Attachment 2--North American Industry Classification System**

Draft Classification for:

### Miscellaneous Manufacturing

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industrial classification for these industries.

The draft classification provides for the subsector, Miscellaneous Manufacturing. This subsector contains three industry groups and seven industries. The subsector will be part of the Manufacturing sector of the classification.

### *A General Outline*

The Miscellaneous Manufacturing industries produce a wide range of products that cannot be logically classified in other, specific subsectors in manufacturing. Products as diverse as medical equipment and supplies, ginned cotton, jewelry, sporting goods, toys and office supplies are produced by the industries in the subsector.

Because this subsector is an "other" grouping, the processes used vary significantly. For example, for cotton ginning, the separation of the seed from the cotton lint, differs significantly from the fabrication processes in making dolls or toys. Other processes used

in this subsector include the melting and shaping of precious metals to make jewelry, and the bending, forming and assembly used in making medical products.

### *Limitations and Constraints of the Classification*

In the Miscellaneous Manufacturing industries, most activities that were identified in one country exist in the others. However, often an activity is not economically significant to the same degree in all countries. In some instances, separate industries could not be created due to size constraints. For example, a separate industry for musical instruments was too small in Canada to support a separate NAICS industry. Each country will publish additional categories that comprise subdivisions of NAICS industries, to present data for activities that are nationally significant.

For those users requiring detailed commodity information, each country will publish information on the products of these industries. Efforts are also underway to harmonize the commodity classifications to allow for greater comparability of these statistics.

### *Relationship to ISIC*

Three of the seven NAICS industries created in this subsector are contained in a single division of the International Standard Industrial Classification of all Economic Activities (ISIC Revision 3) of the United Nations, without any subdivision. Two 4-digit

NAICS industries in this subsector, Sporting and Athletic Good Manufacturing and Doll, Toy and Game Manufacturing, are contained within ISIC Division 36, Miscellaneous Manufacturing, and the third, Cotton Ginning, is contained within ISIC Division 01, Agriculture, Hunting and Related Service Activities.

The following NAICS industries cannot be assigned to a single ISIC division without being sub-divided: Medical Equipment and Supply Manufacturing; Jewelry and Silverware Manufacturing; Office Supply, Except Paper, Manufacturing; and Other Miscellaneous Manufacturing. The Jewelry and Silverware industry would fall within a single ISIC division, except for watch jewels and watch bands.

#### *Some Changes to the National Classifications*

The most significant change for Canada are the activities that moved out of Miscellaneous Manufacturing and into Computer and Electronic Product Manufacturing. These are the manufacturing of navigational, measuring and control instruments. Another significant change is the creation of the Medical Equipment and Supply Manufacturing industry. This industry is created by combining activities from nine separate industries in six different major groups. Other industries that moved from the Miscellaneous Manufacturing subsector include the Sign and Display industry and the Floor Tile Linoleum and Coated Fabrics industry.

The creation of Medical Equipment and Supply Manufacturing industries is the most significant change for Mexico. For Mexico, this industry is created by combining activities from 14 separate industries in three subsectors. Another structural change for Mexico is the movement of cotton ginning from Basic Textile Manufacturing to Miscellaneous Manufacturing. The NAICS industry, Doll, Toy and Game Manufacturing, includes the manufacture of wood and plastic toys that the Mexican classification places in wood products and plastics products, respectively.

The most significant changes for the United States are two structural changes. The Medical Equipment and Supply Manufacturing industry group moves from Instruments and Related Products to Miscellaneous Manufacturing and cotton ginning, formerly in 1987 SIC Major Group, Agricultural Services, is moved to Miscellaneous Manufacturing. In addition, several activities moved out of miscellaneous manufacturing. Hard Surface Floor Covering was moved from Miscellaneous Manufacturing to Rubber and Plastic Product Manufacturing. Signs and Advertising Specialties was eliminated as a separate industry and the activities moved to various industries.

### *Achievement of Objectives*

At the industry level, the classification meets the objectives for the North American Industry Classification System (NAICS). It includes industries that group establishments

with similar production processes, that is, it applies the production-oriented economic concept. Since this is the miscellaneous subsector, the hierarchical structure is not truly a production concept.

Other objectives of the NAICS project are not as relevant in this area of the classification as in others. These objectives are the delineation of new and emerging industries, service industries and industries engaged in the production of advanced technologies. The industrial sector in question is relatively mature, generally produces goods and has employed relatively stable technology. Therefore, the emphasis is on the objectives listed above.

The industries have high specialization ratios, and they are economically significant. The detail (4-digit) level and structure of the classification are balanced in size. This enhances the classification's suitability for sampling, data-publishing and other aspects of survey operations. Finally, while disruptions to time series exist, they have been minimized.

The classification achieves comparability for the three participating countries. Based on existing data, all three countries expect to be able to publish data regularly at the industry (4-digit) level of the structure. All countries agree on the detailed definitions of the industries.

*Section B-Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the NAICS industry subsector presented in *Part XIX, Section A-- Attachment 1*, contain less detail than is currently in the U.S. SIC system, and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the NAICS industry subsector covered in Part XIX of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.



TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry; R-revised industry; and \*means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS and U.S. Description		Status	1987 SIC Code	1987 SIC description
XX	Miscellaneous Manufacturing			
XXX	Medical Equipment and Supply Manufacturing			
XXXX	Medical Equipment and Supply Manufacturing			
XXXXX	Laboratory Apparatus and Furniture Manufacturing	E	3821	Laboratory Apparatus and Furniture
XXXXX	Surgical and Medical Instrument Manufacturing	E	3841	Surgical and Medical Instruments and Apparatus
XXXXX	Surgical Appliance and Supply Manufacturing	R	*2599	Furniture and Fixtures, NEC (hospital beds)
			*3829	Measuring and Controlling Devices, NEC (medical thermometers)
			*3842	Orthopedic, Prosthetic, and Surgical Appliances and Supplies (except electronic hearing aids)
XXXXX	Dental Equipment and Supply Manufacturing	E	3843	Dental Equipment and Supplies
XXXXX	Ophthalmic Good Manufacturing	E	3851	Ophthalmic Goods
XXXXX	Dental Laboratories	E	8072	Dental Laboratories
XXXXX	Eyeglass and Contact Lens Manufacturing	E	*5995	Optical Goods Stores (grinding of lenses to prescription)
XXX	Cotton Ginning			
XXXX	Cotton Ginning	E	0724	Cotton Ginning
XXX	Other Miscellaneous Manufacturing			
XXXX	Jewelry and Silverware Manufacturing			
XXXXX	Jewelry Manufacturing, including Precious Metal	R	*3469	Metal Stamping, NEC (stamping coins)

			*3479	Coating, Engraving, and Allied Services, NEC (silver and plated ware engraving and etching)
			3911	Jewelry, Precious Metal
XXXXXX	Silverware and Plated Ware Manufacturing	R	*3479	Coating, Engraving, and Allied Services, NEC (silver and plated ware engraving and etching)
			*3914	Silverware, Plated Ware, and Stainless Steel Ware (excludes nonprecious metal cutlery and flatware)
XXXXXX	Jewelers' Material and Lapidary Work Manufacturing	E	3915	Jewelers' Findings and Materials, and Lapidary Work
XXXXXX	Costume Jewelry and Novelty Manufacturing	R	*3479	Coating, Engraving, and Allied Services, NEC (costume jewelry engraving and etching)
			*3499	Fabricated Metal Products, NEC (trophies of nonprecious metals)
			3961	Costume Jewelry and Costume Novelties, Except Precious Metal
XXXXX	Sporting and Athletic Good Manufacturing	E	3949	Sporting and Athletic Goods, NEC
XXXXX	Doll, Toy, and Game Manufacturing			
XXXXXX	Doll and Stuffed Toy Manufacturing	E	3942	Dolls and Stuffed Toys
XXXXXX	Game, Toy, and Children's Vehicle Manufacturing	R	*3944	Games, Toys, and Children's Vehicles, Except Dolls and Bicycles (except metal tricycles)
XXXXX	Office Supply , Except Paper, Manufacturing			
XXXXXX	Pen and Mechanical Pencil Manufacturing	E	3951	Pens, Mechanical Pencils, and Parts
XXXXXX	Lead Pencil and Art Good Manufacturing	R	*2531	Public Building and Related Furniture (blackboards)
			*3579	Office Machines, NEC (pencil sharpeners, staplers and other office equipment)
			*3952	Lead Pencils, Crayons, and Artists' Materials (except drawing and india ink, and drafting tables and boards)

XXXXX	Marking Device Manufacturing	E	3953	Marking Devices
XXXXX	Carbon Paper and Inked Ribbon Manufacturing	E	3955	Carbon Paper and Inked Ribbons
XXXX	All Other Miscellaneous Manufacturing			
XXXXX	Musical Instrument Manufacturing	E	3931	Musical Instruments
XXXXX	Fastener, Button, Needle, and Pin Manufacturing	E	3965	Fasteners, Buttons, Needles, and Pins
XXXXX	Broom, Brush, and Mop Manufacturing	R	3991	Brooms and Brushes
			*2392	Housefurnishings, Except Curtains and Draperies (mops, floor and dust)
XXXXX	Burial Casket Manufacturing	E	3995	Burial Caskets
XXXXX	All Other Miscellaneous Manufacturing	R	*2499	Wood Products, NEC (wood and metal frames for mirrors and pictures)
			*3999	Manufacturing Industries, NEC (other miscellaneous products not specially provided for previously)

TABLE 2

The abbreviation "pt" means "part of", @ means time series break has been created that is greater than 3% of the 1992 value of shipments for the 1987 SIC industry. The abbreviation NEC is used for Not Elsewhere Classified.

1987 SIC code	1987 SIC description	1997 U.S. description
0724	Cotton Ginning	Cotton Ginning
2392@	Housefurnishings, Except Curtains and Drapes	
	Blanket and Wardrobe Bags	Textile Bag Manufacturing (pt) (Included in Textile Mills subsector)
	Dusting Rags	Other Household Product Mills (pt) (Included in Textile Mills subsector)
	Mops, Floor and Dust	Broom, Brush and Mop Manufacturing (pt)
	Other	Other Household Textile Product Mills (pt) (Included in Textile Mills subsector)
2499	Wood Products, NEC	
	Mirror and Picture Frames	All Other Miscellaneous Manufacturing (pt)
	Laundry Hampers Made from Rattan, Reed or Willow	Other Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)
	Wood Laundry Hampers	Household Wood Furniture Manufacturing, Except Upholstered (pt) (Included in Furniture Manufacturing subsector)
	Wood Tubs and Vats, Jewelry and Cigar Boxes	Other Wood Container Manufacturing (pt) (Included in Wood Product Manufacturing, except Furniture subsector)
	Other Wood Products	Other Wood Product Manufacturing (pt) (Included in Wood Product Manufacturing, except Furniture subsector)
2531@	Public Building and Related Furniture	
	Blackboards	All Other Miscellaneous Manufacturing (pt)
	Metal Public Building Furniture	Metal Office Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)

	Seats for Motor Vehicles	Motor Vehicle Fabric Accessory and Seat Manufacturing (pt) (Included in Transportation Equipment Manufacturing subsector)
	Wood Public Building Furniture	Wood Office Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)
	Other Public Building Furniture	Other Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)
2599@	Furniture and Fixtures, NEC	
	Furniture such as Ship Furniture, Metal Industrial Work Benches and Stools	Other Metal Office Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)
	Hospital Beds	Surgical Appliance and Supply Manufacturing (pt)
	Wood Industrial Work Benches and Stools, and Other	Wood Office Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)
	Other Furniture or Fixtures	Other Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)
3469	Metal Stamping, NEC	
	Stamping of Coins	Jewelry Manufacturing, including Precious Metal (pt)
	Metal Stamping, except Kitchen Utensils, Pots and Pans for Cooking and Coins	Metal Stamping and Powder Metallurgical Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)
	Kitchen Utensils and Pots and Pans for Cooking	Kitchen Utensil, Pot and Pan Manufacturing (Included in Fabricated Metal Product Manufacturing subsector)
3479	Coating, Engraving, and Allied Services, NEC	
	Jewelry Engraving and Etching, Costume Jewelry	Costume Jewelry and Novelty Manufacturing (pt)
	Jewelry Engraving and Etching, Precious Metal	Jewelry Manufacturing, Precious Metal (pt)
	Silverware and Flatware Engraving and Etching	Silverware and Plated Ware Manufacturing (pt)
	Other	Metal Coating, Engraving, and Allied Services, Except Jewelry and Silverware (Included in Fabricated Metal Product Manufacturing subsector)
3499@	Fabricated Metal Products, NEC	
	Metal Aerosol Valves	Other Valve and Pipe Fitting Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)

	Metal Boxes	Metal Shipping Container, Barrel, Drum, Keg, Pail, Bin, Box, etc. Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)
	Metal Furniture Parts, Household	Household Metal Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)
	Metal Furniture Parts, Office	Office Metal Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)
	Powder Metallurgy	Metal Stampings and Powder Metallurgy Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)
	Safe and Vault Locks	Hardware Manufacturing, Including Locks (pt) (Included in Fabricated Metal Product Manufacturing subsector)
	Trophies of Nonprecious Metals	Costume Jewelry and Novelty Manufacturing (pt)
	Other Metal Products	All Other Fabricated Metal Product Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)
3579@	Office Machines, NEC	
	Pencil Sharpeners, Staplers and Other Office Equipment	Lead Pencil and Art Good Manufacturing (pt)
	Timeclocks and Time Stamps	Watch, Clock, and Part Manufacturing (pt) (Included in Computer and Electronic Product Manufacturing subsector)
	Other Office Machines	Office Machine Manufacturing (pt) (Included in Machinery Manufacturing subsector)
3821	Laboratory Apparatus and Furniture	Laboratory Apparatus and Furniture Manufacturing
3827	Optical Instruments and Lenses	Optical Instrument and Lens Manufacturing (Included in Machinery Manufacturing subsector)
3829	Measuring and Controlling Devices, NEC	
	Medical Thermometers	Surgical Appliance and Supply Manufacturing (pt)
	Other Measuring and Controlling Devices	Other Measuring and Controlling Device Manufacturing (Included in Computer and Electronic Product Manufacturing subsector)
3841	Surgical and Medical Instruments and Apparatus	Surgical and Medical Instrument Manufacturing
3842@	Orthopedic, Prosthetic, and Surgical Appliances and Supplies	

	Orthopedic, Prosthetic, and Surgical Appliances and Supplies, except Electronic Hearing Aids	Surgical Appliance and Supply Manufacturing (pt)
	Electronic Hearing Aids	Electromedical Equipment Manufacturing (pt) (Included in Computer and Electronic Product Manufacturing)
3843	Dental Equipment and Supplies	Dental Equipment and Supply Manufacturing
3844	X-Ray Apparatus and Tubes and Related Irradiation Apparatus	X-Ray Apparatus and Tube Manufacturing (Included in Computer and Electronic Product Manufacturing subsector)
3845	Electromedical and Electrotherapeutic Apparatus	Electromedical Equipment Manufacturing (Included in Computer and Electronic Product Manufacturing subsector)
3851	Ophthalmic Goods	Ophthalmic Good Manufacturing
3911	Jewelry, Precious Metal	Jewelry Manufacturing, except Precious Metal (pt)
3914	Silverware, Plated Ware, and Stainless Steel Ware	
	Nonprecious Cutlery and Flatware	Cutlery and Flatware Manufacturing, Except Precious (pt) (Included in Fabricated Metal Product Manufacturing subsector)
	Silverware, Plated Ware, and Stainless Steel Ware (Except Nonprecious Flatware and Cutlery)	Silverware and Plated Ware Manufacturing
3915	Jewelers' Findings and Materials, and Lapidary Work	Jewelers' Material and Lapidary Work Manufacturing
3931	Musical Instruments	Musical Instrument Manufacturing
3942	Dolls and Stuffed Toys	Doll and Stuffed Toy Manufacturing
3944	Games, Toys, and Children's Vehicles, Except Dolls and Bicycles	
	Tricycles and	Motorcycle, Bicycle, and Part Manufacturing (pt) (Included in Transportation Equipment Manufacturing subsector)
	Other	Game, Toy, and Children's Vehicle Manufacturing
3949	Sporting and Athletic Goods, NEC	Sporting and Athletic Good Manufacturing
3951	Pens, Mechanical Pencils and Parts	Pen and Mechanical Pencil Manufacturing

3952@	Lead Pencils, Crayons, and Artists' Materials	
	Drawing and India Ink	Printing Ink Manufacturing (pt) (Included in Chemical Product Manufacturing subsector)
	Metal Drafting Tables and Boards	Metal Office Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)
	Wood Drafting Tables and Boards	Wood Office Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)
	Other	Lead Pencil and Art Good Manufacturing (pt)
3953	Marking Devices	Marking Device Manufacturing
3955	Carbon Paper and Inked Ribbons	Carbon Paper and Inked Ribbon Manufacturing
3961	Costume Jewelry and Costume Novelties, Except Precious Metals	Costume Jewelry and Novelty Manufacturing (pt)
3965	Fasteners, Buttons, Needles, and Pins	Fastener, Button, Needle and Pin Manufacturing
3991	Brooms and Brushes	Broom, Brush and Mop Manufacturing
3993@	Signs and Advertising Specialties	
	Flexographic Printing of Advertising Specialties	Commercial Flexographic Printing (pt) (Included in Printing and Related Support Activities subsector)
	Gravure Printing of Advertising Specialties	Commercial Gravure Printing (pt) (Included in Printing and Related Support Activities subsector)
	Lithographic Printing of Advertising Specialties	Commercial Lithographic Printing (pt) (Included in Printing and Related Support Activities subsector)
	Screen Printing of Advertising Specialties	Commercial Screen Printing (pt) (Included in Printing and Related Support Activities subsector)
	Other Printing of Advertising Specialties	Other Commercial Printing (pt) (Included in Printing and Related Support Activities subsector)
	Electric Signs	Electric Sign Manufacturing (Included in Electrical Equipment, Appliance and Component Manufacturing subsector)
	Metal Signs	All Other Fabricated Metal Product Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)
	Wood Signs	Other Wood Product Manufacturing (pt) (Included in Wood Product Manufacturing, except Furniture subsector)



3995	Burial Caskets	Burial Casket Manufacturing
3996	Linoleum, Asphalted-Felt-Base, and Other Hard Surface Floor Coverings, NEC	Resilient Floor Coverings Manufacturing (pt) (Included in Rubber and Plastic Product Manufacturing subsector)
3999@	Manufacturing Industries, NEC	
	Beauty and Barber Chairs	Metal Office Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector)
	Burnt Wood Articles	Other Wood Product Manufacturing (pt) (Included in Wood Product Manufacturing, except Furniture subsector)
	Fur Bleaching, Currying, Scraping, Tanning and Dyeing	Leather and Hide Tanning and Finishing Manufacturing (pt) (Included in Leather and Allied Product Manufacturing subsector)
	Lamp Shades of Paper and Textile	Other Lighting Equipment Manufacturing (pt) (Included in Electrical Equipment, Appliance and Component Manufacturing subsector)
	Matches	Other Miscellaneous Chemical Product Manufacturing (pt) (Included in Chemical Manufacturing subsector)
	Metal Products, such as Combs, Hair Curlers, etc.	All Other Fabricated Metal Product Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)
	Plastics Products, such as Combs, Hair Curlers, etc.	All Other Plastic Product Manufacturing (pt) (Included in Rubber and Plastic Product Manufacturing subsector)
	Flexographic Printing Eyeglass Frames for the Trade	Commercial Flexographic Printing (pt) (Included in Printing and Related Support Activities subsector)
	Gravure Printing Eyeglass Frames for the Trade	Commercial Gravure Printing (pt) (Included in Printing and Related Support Activities subsector)
	Lithographic Printing Eyeglass Frames for the Trade	Commercial Lithographic Printing (pt) (Included in Printing and Related Support Activities subsector)
	Screen Printing Eyeglass Frames for the Trade	Commercial Screen Printing (pt) (Included in Printing and Related Support Activities subsector)
	Other Printing Eyeglass Frames for the Trade	Other Commercial Printing (pt) (Included in Printing and Related Support Activities subsector)

	Tape Measures	Hand and Edge Tool Manufacturing (pt) (Included in Fabricated Metal Product Manufacturing subsector)
	Other	All Other Miscellaneous Manufacturing (pt)
5995	Optical Goods Stores	
	Grinding of lenses to prescription only	Eyeglass and Contact Lens Manufacturing
	Other	Optical Goods Stores (Included in Retail sector)
8072	Dental Laboratories	Dental Laboratories

*Description of Changes to the U.S. System*

Two complete industries were transferred out of 1987 Major Group 39, Miscellaneous Manufacturing Industries.

Signs and Advertising Specialties was transferred out as follows: printing advertising specialities were transferred into the 1997 subsector Printing and Related Support Activities, in response to an industry proposal; electric signs were transferred into the 1997 subsector, Electrical Equipment, Appliance and Component Manufacturing; metal signs were transferred into the 1997 subsector, Fabricated Metal Product Manufacturing; and wood signs were transferred into the 1997 subsector Wood Product Manufacturing, except Furniture.

Linoleum, Asphalted-Felt-Base, and Other Hard Surface Floor Coverings, NEC was transferred into the 1997 subsector Rubber and Plastic Product Manufacturing.

Seven complete industries were transferred into the 1997 Miscellaneous Manufacturing subsector.

Cotton Ginning was transferred from 1987 SIC Industry Group 072, Crop Services, for international comparability. This is a nonexistent activity for Canada.

The following five industries were transferred from the discontinued 1987 SIC Major Group 38, Measuring, Analyzing, and Controlling Instruments; Photographic, Medical and Optical Goods; Watches and Clocks:

Laboratory Apparatus and Furniture Manufacturing (1987 SIC 3821).

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Surgical and Medical Instrument Manufacturing (1987 SIC 3841).

Surgical Appliance and Supply Manufacturing (1987 SIC 3842).

Dental Equipment and Supply Manufacturing (1987 SIC 3843).

Ophthalmic Good Manufacturing (1987 SIC 3851).

Dental Laboratories were transferred from 1987 SIC Major Group 807, Medical and Dental Laboratories.

Eyeglass and Contact Lens Manufacturing was transferred from part of 1987 SIC 5995, Optical Goods Stores.

Fourteen activities were transferred out of 1987 Major Group 39, Miscellaneous Manufacturing and are described more fully in their new respective NAICS subsectors.

Nonprecious cutlery and flatware were transferred from 1987 SIC 3914, Silverware, Plated and Stainless Steel Ware, into Cutlery and Flatware Manufacturing in the 1997 subsector Fabricated Metal Product Manufacturing.

Metal tricycles were transferred from 1987 SIC 3944, Games, Toys and Children's Vehicles, Except Dolls and Bicycles, into Motorcycle, Bicycle, and Part Manufacturing in 1997 subsector Transportation Equipment Manufacturing.

Drawing and india ink were transferred from 1987 SIC 3952, Lead Pencils, Crayons, and Artists' Materials, into Printing Ink Manufacturing in the 1997 subsector Chemical Product Manufacturing.

Drafting tables and boards were transferred from 1987 SIC 3952, Lead Pencils, Crayons and Boards, with metal going into Metal Office Furniture Manufacturing and

wood going into Wood Office Furniture Manufacturing in the 1997 subsector Furniture Manufacturing.

Beauty and barber chairs were transferred from 1987 SIC 3999, Manufacturing Industries, NEC, into Metal Office Furniture Manufacturing in the 1997 subsector Furniture Manufacturing.

Burnt wood articles were transferred from 1987 SIC Code 3999, Manufacturing Industries, NEC, into Other Wood Product Manufacturing in the 1997 subsector Wood Product Manufacturing, Except Furniture.

Fur bleaching, currying, scraping, tanning and dyeing were transferred from 1987 SIC 3999, Manufacturing Industries, NEC, into Allied and Hide Tanning and Finishing Manufacturing in the 1997 subsector Leather and Allied Product Manufacturing.

Lamp shades of paper and textile were transferred from 1987 SIC 3999, Manufacturing Industries, NEC, into Other Lighting Equipment Manufacturing in the 1997 subsector Electrical Equipment, Appliance, and Component Manufacturing.

Matches were transferred from 1987 SIC 3999, Manufacturing Industries, NEC, into Other Miscellaneous Chemical Manufacturing in the 1997 subsector Chemical Product Manufacturing.

Metal products such as combs, hair curlers, etc. were transferred from 1987 SIC 3999, Manufacturing Industries, NEC, into All Other Fabricated Metal Product Manufacturing in the 1997 subsector Fabricated Metal Product Manufacturing.

Plastic products such as combs, hair curlers, etc. were transferred from 1987 SIC 3999, Manufacturing Industries, NEC, into All Other Plastic Product Manufacturing in the 1997 subsector Rubber and Plastic Product Manufacturing.

Printing eyeglass frames for the trade was transferred from 1987 SIC 3999, Manufacturing Industries, NEC, into the 1997 subsector Printing and Related Support Activities and was distributed by method of printing.

Tape measures were transferred from 1987 SIC 3999, Manufacturing Industries, NEC, into Hand and Edge Tool Manufacturing in the 1997 subsector Fabricated Metal Product Manufacturing.

Teaching machine and flight simulator manufacturing was transferred from 1987 SIC 3699, Electrical Machinery, Equipment, and Supplies, NEC, into Other Commercial and Service Industry Machinery Manufacturing in the 1997 subsector Machinery Manufacturing.

There were nine activities that transferred into the 1997 subsector Miscellaneous Manufacturing.

Mops, floor and dust, were transferred into Broom, Brush, and Mop Manufacturing from 1987 SIC 2392, Housefurnishings, Except Curtains and Draperies, for international comparability. The U.S. moved to match Canada and Mexico.

Wood and metal frames for mirrors and pictures were transferred into All Other Miscellaneous Manufacturing from 1987 SIC 2499, Wood Products, NEC, to reflect similarities in production, and for three country comparability.

Blackboards were transferred into Lead Pencil and Art Good Manufacturing from 1987 SIC 2531, Public Building and Related Furniture, to achieve international comparability. The U.S. and Canada moved to agree with Mexico.

Hospital beds were transferred into Surgical Appliance and Supply Manufacturing from 1987 SIC 2599, Furniture and Fixtures, NEC, to reflect similarities in production and achieve international comparability.

Stamping of coins was transferred into Jewelry Manufacturing, including Precious Metal from 1987 SIC 3469, Metal Stampings, NEC, for international comparability.

Engraving and etching on precious jewelry, costume jewelry, and silverware and plated ware was transferred into Jewelry Manufacturing, including Precious Metal; Costume Jewelry and Novelty Manufacturing; and Silverware and Plated Ware Manufacturing, respectively, from 1987 SIC 3479, Coating, Engraving, and Allied Services, NEC, for international comparability. The U.S. and Mexico moved to agree with Canada.

Trophies of nonprecious metals were transferred into Costume Jewelry and Novelty Manufacturing from 1987 SIC 3499, Fabricated Metals, NEC, to achieve international comparability. The U.S. moved to agree with Canada and Mexico.

Pencil sharpeners, staplers and other office equipment were transferred into Lead Pencil and Art Good Manufacturing from 1987 SIC 3579, Office Machines, NEC, for international comparability. The U.S. and Canada moved to agree with Mexico.

Medical thermometers were transferred into Surgical Appliance and Supply Manufacturing from 1987 SIC 3829, Measuring and Controlling Devices, NEC, to achieve international comparability. The U.S. and Canada moved to agree with Mexico.

Also there were several activities that were transferred within the subsector for Miscellaneous Manufacturing. The number of miscellaneous industries increased from 18 in 1987 to 24 in 1997. For time series linkage, 14 of the 18 1987 industries are comparable within three percent of the 1997 industries.

## **Part XX--Proposed New Industry Structure for Postal Service and Couriers**

### *Section A--NAICS Structure*



North American Industry Classification System

(NAICS)

Agreement Number 31

This Document represents the proposed agreement on the structure of the North American Industry Classification System (NAICS) for the following industries:

Postal Service

Couriers

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on November 8 and November 9, 1995 in Washington, D.C.

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Accepted	Signature	Date
Canada	/S/ Jacob Ryten	11/9/95
Mexico	/S/ Enrique Ordaz	11/9/95
United States	/S/ Jack E. Triplett	11/9/95

## ATTACHMENT 1--NAICS STRUCTURE

XX Postal Service

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XXX	Postal Service
XXXX	Postal Service
XX	Couriers
XXX	Couriers
XXXX	Couriers
XXX	Local Messengers and Local Delivery
XXXX	Local Messengers and Local Delivery

## **Attachment 2--North American Industry Classification System**

Draft Classification for:

Postal Services

Couriers

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industrial classification for these industries.

The draft classification provides for the subsectors, Postal Services and Couriers. These subsectors are further subdivided into three industry groups, each with one industry. These subsectors will be part of the Transportation sector of the classification.

*A General Outline*

The Postal Service and Couriers industries deliver letters and small packages. These articles can be described as those that can be handled by a single person without special equipment. This allows the collection, pick-up and delivery operations to be done with limited labor costs and minimal equipment. Sorting and transportation activities, where necessary, are increasingly mechanized. The restriction to small parcels distinguishes these establishments from those in the transportation industries.

The Postal Service subsector includes the activities of the Post Office and its subcontractors in delivering letters and small parcels, normally without pick-up at the senders' location. This describes the traditional activity of national Postal Services.

Establishments that perform these activities, such as the operation of rural Post Offices on contract to the Postal Service, are included in this subsector. This follows the industrial classification concept that ownership should not determine the industry of an establishment, but rather the activity undertaken. However, the delivery of bulk mail on contract to the Postal Service is not included here, because it is usually done by transportation establishments that carry other customers' goods as well.

The Couriers subsector includes two types of activities. Couriers deliver parcels between cities. The parcels must be no larger or heavier than a single driver can handle without special equipment. The Couriers industry includes the establishments that perform intercity transportation as well as establishments that, under contract to them, do

the local pick-up and delivery. The intent is to include the complete hub-and-spoke network in the industry.

Where the Postal Service undertakes a courier activity, and it can be delineated as one or more separate establishments, it is included in the Couriers industry. This reflects the rule concerning ownership referred to above. Canada expects to be able to delineate such establishments, but Mexico and the United States do not.

The Local Messengers and Local Delivery industry undertakes deliveries of small parcels within a single urban area. There are two types of activity in practice. One is the delivery of letters and documents, usually of a legal nature, often by bicycle or on foot. The second is the delivery of small parcels, such as groceries or alcoholic beverages, usually by small truck or van.

#### *Relationship to ISIC*

Each of the NAICS industries included in this subsector can be assigned to Division 64, Post and Telecommunications of the current International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) of the United Nations without any subdivision. The only difference is that ISIC includes separate courier establishments of the Postal Service in the National Post Activities class, whereas NAICS places them in the Couriers industry.

*Some Changes to the National Classifications*

For Canada, these subsectors include activities from several industries in the current Transportation and Storage Industries division (part of the NAICS Couriers subsector) and from the Communication and Other Utilities Industries division (the Postal Service subsector and the rest of the Couriers subsector). The amount of detail of these NAICS subsectors is similar to that contained in the Canadian classification.

For Mexico, the NAICS Postal Service and Couriers subsectors have the same coverage as the Mexican classification's Postal Services (CMAP 720001) and Courier Services (CMAP 720002).

For the United States, the activities included in these subsectors are currently in the Transportation and Public Utilities division, with the exception of contract postal services, currently in the Services Division (1987 SIC 7389, Business Services, Not Elsewhere Classified). The Couriers industry combines the truck couriers included in 1987 SIC 4215, Courier Services, Except by Air, and air couriers included in 1987 SIC 4513, Air Courier Services.

*Achievement of Objectives*

The classification meets the objectives for the North American Industry Classification System (NAICS). It includes industries that group establishments with similar production

processes, that is, it applies the production-oriented economic concept. The hierarchical structure of the classification also follows the production concept.

The industries have high specialization ratios, and they are economically significant. Some are much larger than others, but this was necessitated to make them homogenous in terms of production process. The classification is still suitable for sampling, data-publishing and other aspects of survey operations. Disruptions to time series are minimal. The statistical agencies can develop statistical "links", to enable the re-tabulation of time series on the new NAICS classification structure.

The classification achieves comparability for the three participating countries. All countries agree on the detailed definitions of the industries.

*Section B - Annex: United States National Industry Detail*

As explained in the *Structure* presentation of this notice, for a number of reasons 4-digit industries in the two NAICS industry subsectors presented in *Part XX, Section A-- Attachment 1*, contains less detail than is currently in the U.S. SIC system and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the two NAICS industry subsectors covered in Part XX of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.



TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry; R-revised industry; and \* means "part of". The abbreviation NEC is used for Not Elsewhere Classified.

1997 NAICS and U.S. description		Status	1987 SIC	1987 SIC description
		code	code	
XX	Postal Service			
XXX	Postal Service			
XXXX	Postal Service			
XXXXX	National Postal Service	E	4311	United States Postal Service
XXXXX	Contract Postal Operations, Excluding Bulk Mail	N	*7389	Business Services, Not Elsewhere Classified (Postal Service contract operations)
	Transportation			
XX	Couriers			
XXX	Couriers			
XXXX	Couriers	R	*4215	Courier Services, Except by Air (hub and spoke intercity delivery)
			4513	Air Courier Services
XXX	Local Messengers and Local Delivery			
XXXX	Local Messengers and Local Delivery	N	*4215	Courier Services, Except by Air (local delivery)

TABLE 2

The abbreviation “pt” means “part of”, @ means time series break has been created that is greater than 3% of the 1992 revenues for the 1987 industry. The abbreviation NEC is used for Not Elsewhere Classified.

1987 SIC code	1987 SIC description	1997 U.S. description
4215@	Couriers Services Except by Air Hub and Spoke Intercity Delivery	Couriers (pt)
	Local Delivery	Local Messengers and Local Delivery
4311	United States Postal Service	National Postal Service
4513@	Air Courier Services	Couriers (pt)
7389	Business Services, Not Elsewhere Classified Post Office Contract Stations	Contract Postal Operations, Excluding Bulk Mail Transportation

*Description of Changes to the U.S. System*

There are two new industries, one in each of the proposed subsectors. The Contract Postal Operations, Excluding Bulk Mail Transportation industry was created to reflect operations similar to the Postal Service in process but which provide for fewer of the production equipment and facilities. This activity is included in 1987 SIC 7389, Business Services, Not Elsewhere Classified.

The Local Messengers and Local Delivery industry located in the Couriers subsector identifies establishments involved in local pick up and delivery and is created from part of 1987 SIC 4215, Courier Services, Except by Air. These establishments are identified separately from the Couriers industry based on production differences involving equipment and the method of delivery. This industry includes establishments that pick up and deliver by foot, bicycle, car and small van. The Couriers industry, created from part of 1987 SIC 4215, Courier Services, Except by Air, and part of 1987 SIC 4513, Air Courier Services, includes establishments that are part of a hub and spoke network by truck and air delivery.

**Sally Katzen,**

*Administrator, Office of Information and Regulatory Affairs.*