

OFFICE OF MANAGEMENT AND BUDGET

1997 North American Industry Classification System -- 1987 Standard Industrial Classification Replacement

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

ACTION: Notice of Update to the North American Industry Classification System (NAICS).

SUMMARY: This notice updates the structure and the concordance tables of the North American Industry Classification System (NAICS) that were published by the Office of Management and Budget in an April 9, 1997, **Federal Register** notice and announces the availability of the official U.S. reference manual for implementing NAICS United States in both printed and electronic versions from the National Technical Information Service.. This update is the result of numerous meetings among Canada, Mexico, and the United States that were held to complete the written descriptions for NAICS and assign a list of 35,000 activity items to the correct NAICS industry. The assignment of the activity items resulted in some changes to the NAICS tables as published in the April 9, 1997, **Federal Register** notice. These changes are highlighted in the Supplementary Information section of the notice.

NAICS is a new economic classification system that replaces the 1987 Standard Industrial Classification (SIC) for statistical purposes. NAICS is a system for classifying establishments by type of economic activity. Its purposes are: (1) to facilitate the collection, tabulation, presentation, and analysis of data relating to establishments, and (2) to promote uniformity and comparability in the presentation and analysis of statistical data describing the economy. NAICS will be used by Federal statistical agencies that collect or publish data by industry. It is also expected to be widely used by State agencies, trade associations, private businesses, and other organizations.

The Instituto Nacional de Estadística, Geografía e Informática (INEGI) of Mexico, Statistics Canada, and the United States Office of Management and Budget (OMB), through its Economic Classification Policy Committee (ECPC), have collaborated on NAICS to make the industrial statistics produced in the three countries comparable. NAICS is the first industry classification system developed in accordance with a single principle of aggregation, the principle that producing units that use similar production processes should be grouped together in the classification. The fresh view of establishment data that this restructuring will provide should engender insights into the increasingly interrelated evolution of our economies. NAICS also reflects in a much more explicit way the enormous changes in technology and in the growth and diversification of services that have marked recent decades. Industry statistics presented using NAICS will also be comparable with statistics compiled according to the latest revision of the United Nations' International Standard Industrial Classification (ISIC, Revision 3) for some sixty high-level groupings.

For the three countries, NAICS will provide a consistent framework for the collection, tabulation, presentation, and analysis of industrial statistics used by government policy analysts, by

academics and researchers, by the business community, and by the public. However, because of differing national economic and institutional structures as well as limited resources and time for constructing NAICS, the NAICS structure has not been made entirely comparable at the individual industry level across all three countries. For some sectors and subsectors, the statistical agencies of the three countries have agreed to harmonize NAICS based on sectoral boundaries rather than on a detailed industry structure. The sectors that are not comparable at the detailed industry level are: utilities; construction; wholesale trade; retail trade; finance and insurance; and public administration. The subsectors that are not comparable at the detailed industry level are: real estate; waste management and remediation services; as well as other services including personal and laundry services, and religious, grantmaking, civic, and professional and similar organizations. Separate agreements providing for detailed industry comparability between Canada and the United States were reached for the utilities; retail trade; and finance and insurance sectors. To distinguish the three countries' versions of NAICS, they are called NAICS Canada, NAICS Mexico (SCIAN Mexico, in Spanish), and NAICS United States.

In developing NAICS United States, OMB has published a total of eight previous **Federal Register** notices advising the public of the work of the ECPC and seeking comment on that work. The March 31, 1993, **Federal Register** notice (58 FR 16990-17004) announced OMB's intention to revise the SIC for 1997, the establishment of the Economic Classification Policy Committee, and the process for revising the SIC. The July 26, 1994, **Federal Register** notice (59 FR 38092-38096) set forth the concepts for the new system and the decision to develop NAICS in cooperation with Statistics Canada and INEGI. That notice also included a request for the public to submit recommendations for the industries to be included in the new system. The deadline for submitting proposals for new or revised industries was November 7, 1994.

After considering all proposals from the public, consulting with a large number of U.S. data users and industry groups, and undertaking extensive discussions with INEGI and Statistics Canada, an industrial structure that would apply to all three North American countries was developed as NAICS. A series of five **Federal Register** notices sought comment on the structure of the system. These notices are described in more detail in the **SUPPLEMENTARY INFORMATION** section below. The last **Federal Register** notice, published on April 9, 1997, announced OMB's decision to adopt NAICS and presented the final structure. This notice adjusts that final structure as presented in the **SUPPLEMENTARY INFORMATION** section below.

EFFECTIVE DATE: Federal statistical data published for reference years beginning on or after January 1, 1997, will be published using the new NAICS United States codes as modified by this notice. NAICS is scheduled to go into effect for *Federal statistical purposes* for reference year 1997 in Canada and the United States, and 1998 in Mexico. Publication of the 1997 *NAICS United States Manual* is planned for June 1998. Use of NAICS for *nonstatistical purposes* (e.g., administrative, regulatory, or taxation) will be determined by the agency or agencies that have chosen to use the SIC for nonstatistical purposes. Readers interested in the effective dates for the

use of NAICS for nonstatistical purposes should contact the relevant agency to determine its plans, if any, for a transition from use of the SIC to NAICS.

ADDRESSES: Please send correspondence about these updates to: Katherine K. Wallman, Chief Statistician, Office of Management and Budget, 10201 New Executive Office Building, 725 17th Street, NW, Washington, DC 20503, telephone number: (202) 395-3093, FAX number: (202) 395-7245.

Electronic Availability and Correspondence: This document is available on the Internet from the Census Bureau Internet site via WWW browser, ftp, and E-mail. To obtain this document via WWW browser, connect to “http://www.census.gov” then select “Subjects A to Z,” then select “N,” then select “NAICS (North American Industry Classification System).” This WWW page contains previous NAICS United States **Federal Register** notices and related documents as well.

To obtain this document via ftp, log into ftp.census.gov as anonymous, and retrieve the files “naicsfr9.pdf,” “naicsfr9tbl1.pdf,” and “naicsfr9tbl2.pdf” from the “/pub/epcd/naics” directory. (That directory also contains previous NAICS United States **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 naics.txt”. Instructions for obtaining this and other NAICS United States documents will be delivered as a message attachment.

Correspondence may be sent via Internet E-mail to OMB at naics@a1.eop.gov (do not include any capital letters in the address).

FOR FURTHER INFORMATION CONTACT: Paul Bugg, 10201 New Executive Office Bldg., Washington, D.C. 20503, E-mail address: pbugg@omb.eop.gov, telephone number: (202) 395-3093, FAX number: (202) 395-7245. Inquiries about the content of industries or requests for electronic copies of the tables should be made to Carole Ambler, Chair, Economic Classification Policy Committee, Bureau of the Census, Room 2633-3, Washington, D.C. 20233, E-mail address: cambler@ccmail.census.gov, telephone number: (301) 457-2668, FAX number: (301) 457-1343.

SUPPLEMENTARY INFORMATION:

NAICS Update

The structure of NAICS was developed in a series of meetings among the three countries. Public proposals for individual industries from all three countries were considered for acceptance if the proposed industry was based on the production-oriented concept of NAICS.

As groups of subsectors of NAICS were completed and agreed upon by the three countries, the ECPC published the proposed industries for those subsectors for public comment in the **Federal Register**. Five successive **Federal Register** notices were published asking for comment. A first notice published in the **Federal Register**, July 26, 1995 (60 FR 38436-38452), requested comment on proposed industry structures for petroleum and coal product manufacturing, chemical manufacturing, and rubber and plastics manufacturing; for broadcasting and telecommunications; and for food services and drinking places and accommodations. A second **Federal Register** notice published on February 6, 1996 (61 FR 4524-4578), requested comment on proposed industry structures for crop production, animal production, forestry and logging; 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. A third **Federal Register** notice published on May 28, 1996 (61 FR 26558-26668), requested comment on proposed industry structures for health and social assistance; educational services; computers and electronics product manufacturing; furniture manufacturing; printing and related support activities; professional, technical and scientific services; performing arts, spectator sports and related industries; museums, historical sites and similar institutions; recreation, amusement and gambling; information; wood product manufacturing, except furniture; rental and leasing; repair and maintenance; management and support; transportation; mining; paper manufacturing; nonmetallic minerals manufacturing; primary metal manufacturing; miscellaneous manufacturing; and postal service and couriers. A fourth **Federal Register** notice published on July 5, 1996 (61 FR 35384-35515), requested comment on proposed industry structures for finance and insurance; wholesale trade; retail trade; construction; utilities; waste management and remediation services; real estate; lessors of other nonfinancial assets; personal and laundry services; and religious, grant making, civic, and other membership organizations. That notice also requested comments on the proposed hierarchy and coding system for NAICS. Finally, a fifth **Federal Register** notice published on November 5, 1996 (61 FR 57006-57183), announced the ECPC's final recommendations to OMB for the complete structure of NAICS United States, including the hierarchy and coding system, and asked for public comments. Final comments were due on December 20, 1996. Changes incorporated into the new system based on comments in response to the November 5, 1996, notice were presented in a sixth **Federal Register** notice containing OMB's final decisions, published on April 9, 1997 (62 FR 17288-17478).

Based on continuing meetings with Canada and Mexico, some changes have been made to the NAICS structure that was published in the April 9, 1997, **Federal Register** notice. Most of these changes are the result of an intensive review of 35,000 activity items compiled by the statistical agencies of the three countries. As a result of that review, both the structure of NAICS and some subsector and industry titles have been changed to better describe the activity or to ensure that the titles among the three countries are comparable. In a few cases, activity items have been moved from one NAICS code (as published in the April 9, 1997, **Federal Register** notice) to another. The title changes and structural changes are shown below. Complete links

between the 1997 NAICS and the 1987 SIC incorporating these changes are now shown in tables that are available on the Census Bureau NAICS web site at <http://www.census.gov/epcd/www/naicstab.htm>.

Title Changes:

NAICS Code	Original Title	New Title
2123	Non-Metallic Mineral Mining and Quarrying	Nonmetallic Mineral Mining and Quarrying
21239	Other Non-Metallic Mineral Mining and Quarrying	Other Nonmetallic Mineral Mining and Quarrying
212399	All Other Non-Metallic Mineral Mining	All Other Nonmetallic Mineral Mining
213115	Support Activities for Non-Metallic Minerals (except Fuels)	Support Activities for Nonmetallic Minerals (except Fuels)
311813	Frozen Bakery Product Manufacturing	Frozen Cakes, Pies, and Other Pastries Manufacturing
311823	Pasta Manufacturing	Dry Pasta Manufacturing
315212	Women's and Girls' Cut and Sew Apparel Contractors	Women's, Girls', and Infants' Cut and Sew Apparel Contractors
32513	Dye and Pigment Manufacturing	Synthetic Dye and Pigment Manufacturing
325132	Organic Dye and Pigment Manufacturing	Synthetic Organic Dye and Pigment Manufacturing
3255	Paint, Coating, Adhesive and Sealant Manufacturing	Paint, Coating, and Adhesive Manufacturing
32599	All Other Chemical Product Manufacturing	All Other Chemical Product and Preparation Manufacturing
325998	All Other Miscellaneous Chemical Product Manufacturing	All Other Miscellaneous Chemical Product and Preparation Manufacturing
327111	Vitreous China Plumbing Fixture and China Earthenware Fittings and Bathroom Accessories Manufacturing	Vitreous China Plumbing Fixtures and China and Earthenware Bathroom Accessories Manufacturing
3274	Lime, Gypsum and Gypsum Product Manufacturing	Lime and Gypsum Product Manufacturing
32742	Gypsum and Gypsum Product Manufacturing	Gypsum Product Manufacturing
33149	Nonferrous Metals (except Copper and Aluminum) Rolling, Drawing, Extruding, and Alloying	Nonferrous Metal (except Copper and Aluminum) Rolling, Drawing, Extruding, and Alloying
331521	Aluminum Die-Castings	Aluminum Die-Casting Foundries
331522	Nonferrous (except Aluminum) Die-Castings	Nonferrous (except Aluminum) Die-Casting Foundries
331524	Aluminum Foundries	Aluminum Foundries (except Die-Casting)
331525	Copper Foundries	Copper Foundries (except Die-Casting)
331528	Other Nonferrous Foundries	Other Nonferrous Foundries (except Die-Casting)
33210	Iron and Steel Pipes and Tubes Manufacturing from Purchased Steel	Iron and Steel Pipe and Tube Manufacturing from Purchased Steel
332611	Steel Spring (except Wire) Manufacturing	Spring (Heavy Gauge) Manufacturing
332612	Wire Spring Manufacturing	Spring (Light Gauge) Manufacturing
33322	Rubber and Plastics Industry Machinery Manufacturing	Plastics and Rubber Industry Machinery Manufacturing

333414	Heating Equipment (except Electric and Warm Air Furnaces) Manufacturing	Heating Equipment (except Warm Air Furnaces) Manufacturing
333999	All Other General Purpose Machinery Manufacturing	All Other Miscellaneous General Purpose Machinery Manufacturing
334412	Printed Circuit Board Manufacturing	Bare Printed Circuit Board Manufacturing
334418	Printed Circuit/Electronics Assembly Manufacturing	Printed Circuit Assembly (Electronic Assembly) Manufacturing
335912	Dry and Wet Primary Battery Manufacturing	Primary Battery Manufacturing
33636	Motor Vehicle Fabric Accessories and Seat Manufacturing	Motor Vehicle Seating and Interior Trim Manufacturing
337214	Nonwood Office Furniture Manufacturing	Office Furniture (except Wood) Manufacturing
4222	Drug, Drug Proprietaries and Druggists' Sundries Wholesalers	Drugs and Druggists' Sundries Wholesalers
42221	Drug, Drug Proprietaries and Druggists' Sundries Wholesalers	Drugs and Druggists' Sundries Wholesalers
42233	Women's, Children's, and Infants' and Accessories Wholesalers	Women's, Children's, and Infants' Clothing and Accessories Wholesalers
42272	Petroleum and Petroleum Products (except Bulk Stations and Terminals) Wholesalers	Petroleum and Petroleum Products Wholesalers (except Bulk Stations and Terminals)
493	Warehousing and Storage Facilities	Warehousing and Storage
4931	Warehousing and Storage Facilities	Warehousing and Storage
49311	General Warehousing and Storage Facilities	General Warehousing and Storage
49312	Refrigerated Warehousing and Storage Facilities	Refrigerated Warehousing and Storage
49313	Farm Product Warehousing and Storage Facilities	Farm Product Warehousing and Storage
49319	Other Warehousing and Storage Facilities	Other Warehousing and Storage
512131	Motion Picture Theaters, Except Drive-Ins	Motion Picture Theaters (except Drive-Ins)
52231	Mortgage and Other Loan Brokers	Mortgage and Nonmortgage Loan Brokers
523	Securities, Commodity Contracts and Other Intermediation and Related Activities	Securities, Commodity Contracts, and Other Financial Investments and Related Activities
52314	Commodity Brokerage	Commodity Contracts Brokerage
524291	Claims Adjustors	Claims Adjusting
524292	Third Party Administration for Insurance and Pension Funds	Third Party Administration of Insurance and Pension Funds
525	Funds, Trusts and Other Financial Vehicles (U.S. only)	Funds, Trusts, and Other Financial Vehicles
533	Owners and Lessors of Other Non-Financial Assets	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)
5331	Owners and Lessors of Other Non-Financial Assets	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)
53311	Owners and Lessors of Other Non-Financial Assets	Lessors of Nonfinancial Intangible Assets (except Copyrighted Works)
541614	Process, Physical, Distribution, and Logistics Consulting Services	Process, Physical Distribution, and Logistics Consulting Services
54171	Research and Development in the	Research and Development in the Physical,

Physical Sciences and Engineering Sciences	Engineering, and Life Sciences
721214 Recreational and Vacation Camps	Recreational and Vacation Camps (except Campgrounds)
81221 Funeral Homes	Funeral Homes and Funeral Services
8123 Laundry Services	Drycleaning and Laundry Services
813 Religious, Grantmaking, Civic, and Professional, and Similar Organizations	Religious, Grantmaking, Civic, Professional, and Similar Organizations
8139 Business, Professional, Labor, Political, and Other Organizations	Business, Professional, Labor, Political, and Similar Organizations
81399 Other Similar Organizations	Other Similar Organizations (except Business, Professional, Labor, and Political Organizations)
921 Executive, Legislative, Public Finance, and General Government	Executive, Legislative, and Other General Government Support
9211 Executive, Legislative, Public Finance, and General Government	Executive, Legislative, and Other General Government Support
92113 Public Finance	Public Finance Activities
92119 All Other General Government	Other General Government Support
922 Justice, Public Order, and Safety	Justice, Public Order, and Safety Activities
9221 Justice, Public Order, and Safety	Justice, Public Order, and Safety Activities
92219 All Other Justice, Public Order, and Safety	All other Justice, Public Order, and Safety Activities
92313 Administration of Social, Human Resource and Income Maintenance Programs	Administration of Human Resource Programs (except Education, Public Health, and Veteran's Affairs Programs)
92411 Air and Water Resource and Solid Waste Management	Administration of Air and Water Resource and Solid Waste Management Programs
92412 Land, Mineral, Wildlife, and Forest Conservation	Administration of Conservation Programs

Structure Changes:

Manufacturing - NAICS U.S. Industry 315238, Women's and Girls' Cut and Sew Other Outerwear Manufacturing, has been renumbered to 315239. NAICS U.S. industry 322292, Surface-Coated Paper Board Manufacturing, has been moved and renumbered to NAICS U.S. industry 322226, Surface-Coated Paperboard Manufacturing. NAICS U.S. industry 322298, All Other Converted Paper Product Manufacturing, has been renumbered 322299; the title remains the same.

Professional, Scientific, and Technical Services - NAICS industry 54172, Research and Development in the Life Sciences, has been combined with 54171, Research and Development in the Physical Sciences and Engineering Sciences, and renamed Research and Development in the Physical, Engineering, and Life Sciences. NAICS industry 54173, Research and Development in the Social Sciences and Humanities, has been renumbered 54172.

Other Services - NAICS industry 81239, Other Laundry Services, has been combined with NAICS industry 81232, Drycleaning and Laundry Services (except Coin-Operated). The following NAICS U.S. industries are now included in NAICS industry 81232 and no longer shown separately: 812321, Laundries, Family and Commercial; 812322, Drycleaning Plants; 812391, Garment Pressing, and Agents for Laundries; and 812399, All Other Laundry Services.

Availability of NAICS United States Manual

The official U.S. reference manual for implementing the new North American Industry Classification System (NAICS) is now available in both printed and electronic versions from the National Technical Information Service (NTIS). The NAICS-United States Manual includes:

- C Definitions for each industry;
 - C Tables showing correspondence between 1997 NAICS and 1987 SIC codes; and
 - C An alphabetical index of types of business activities and their NAICS codes.
- A CD-ROM version of the Manual includes features not available in print versions:
- C An easy-to-use yet powerful search option, including access to more comprehensive index entries; and
 - C NAICS-SIC and SIC-NAICS code comparison files that can be imported into databases and spreadsheets.

NTIS is now accepting orders at 1-800-553-6847 or (703) 605-6000. The NAICS-United States Manual is available in hardcover (PB98-127293, \$32.50), in softcover (PB98-136187, \$28.50), and on CD-ROM (PB98-502024, \$45). A \$5 handling fee is added to each total order. For more information or to order online, visit the NTIS NAICS web site at <<http://www.ntis.gov/naics>>.

More information about the new system can be found at the Census Bureau's NAICS

World Wide Web site, <<http://www.census.gov/naics>>. The Census Bureau has also established a toll-free telephone line (1-888-75NAICS) to help businesses and other users with the new system.

NAICS United States Implementation

The NAICS United States replacement of the SIC is effective January 1, 1997, for Federal statistical purposes. The first data to be available on a NAICS United States basis will be from the 1997 Economic Census and the 1997 Foreign Direct Investment Benchmark Survey that will be published in 1999. For most programs, data will be introduced over several years. Data series may not always be revised for years before the respective program's implementation of NAICS United States.

INEGI, OMB, and Statistics Canada have put in place a process for ensuring that the implementation of NAICS is comparable across all three countries. Regularly scheduled meetings among the three countries will ensure that there is a smooth transition to NAICS in all three countries. In addition, the three countries plan to continually review and update NAICS to ensure that new activities are promptly recognized and to extend NAICS to the 5-digit industry level in those sectors where agreement is now at only the sector, subsector, or industry group level.

Time Series Continuity

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 point in time. The concordance creates a crosswalk between the old and new classification systems. This link between the 1987 U.S. SIC and the 1997 NAICS United States will be developed by the statistical agencies in the U.S.

Nonstatistical Use of NAICS

NAICS was designed, as was the SIC before it, solely for statistical purposes. Although it is likely that NAICS, like the SIC, will also be used for various nonstatistical purposes (e.g., administrative, regulatory, or taxation), the requirements of government agencies that choose to use NAICS for nonstatistical purposes have played no role in its development.

Consequently, as has been the case with the SIC (*Statistical Policy Directive No. 8, Standard Industrial Classification of Establishments*), NAICS shall not be used in any administrative, regulatory, or tax program unless the head of the agency administering that program has first determined that the use of such industry definitions is appropriate to the implementation of the program's objectives. If the terms, "North American Industry

Classification System," "NAICS," or "NAICS United States" are to be used in the operative text of any law or regulation to define industry (or trade or commerce), language similar to the following should be used to assure sufficient flexibility: "An industry or grouping of industries shall mean a North American Industry Classification System industry or grouping of industries as defined by the Office of Management and Budget subject to such modifications with respect to individual industries or groupings of industries as the Secretary (Administrator) may determine to be appropriate for the purpose of this Act (regulation)."

Donald R. Arbuckle,
Deputy Administrator and Acting Administrator,
Office of Information and Regulatory Affairs.