

Part III - PROPOSED NEW INDUSTRY STRUCTURE FOR FOOD SERVICES AND DRINKING PLACES AND ACCOMMODATIONS

Section A - NAICS Structure and Narrative

NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM

(NAICS)

AGREEMENT Number 3

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

**Foodservices and Drinking Places
Accommodations**

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 discussions 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 May 18 and 19 in Ottawa, Canada.

ACCEPTED:	Signature	Date
Canada	<u>/s/ <i>Jacob Ryten</i></u>	<u>5/19/95</u>
Mexico	<u>/s/ <i>Enrique Ordaz</i></u>	<u>5/19/95</u>
United States	<u>/s/ <i>Jack E. Triplett</i></u>	<u>5/19/95</u>

NAICS STRUCTURE

XX FOODSERVICES AND DRINKING PLACES

XXX Full-Service Restaurants
XXXX Full-Service Restaurants

XXX Limited-Service Eating Places
XXXX Limited-Service Restaurants and Cafeterias
XXXX Refreshment Places

XXX Special Foodservices
XXXX Foodservice Contractors
XXXX Caterers
XXXX Mobile Caterers

XXX Bars, Taverns, and Other Drinking Places (Alcoholic Beverages)
XXXX Bars, Taverns, and Other Drinking Places (Alcoholic Beverages)

XX ACCOMMODATIONS

XXX Traveler Accommodations
XXXX Hotels and Motels, except Casinos
XXXX Casino Hotels
XXXX Other Traveler Accommodations

XXX Recreational and Other Accommodations
XXXX Recreational Vehicle Parks and Camps
XXXX Rooming and Boarding Houses

North American Industry Classification System

Draft Classification for: Foodservices and Drinking Places Accommodations

Representatives of the statistical agencies of Canada, Mexico and the United States have agreed to a draft industry classification for Foodservices and Drinking Places and Accommodations. These are further subdivided into six industry groups and ten industries.

Achievements of Objectives

The classification meets the objectives for the North American Industry Classification System. It is comprised of industries which 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. Based on existing data, all three countries expect to be able to publish data regularly at the NAICS 4-digit industry level of the NAICS structure with the exception of Casino Hotels, which will be published only in the United States. All countries agree on the detailed definitions of the industries.

The classification improves comparability with other countries. The grouping of the Accommodations Subsector with the Foodservices and Drinking Places Subsector achieves comparability with the International Standard Industrial Classification of All Economic Activities (ISIC, Revision 3) of the United Nations at the 2-digit level, with the exception of doughnut shops which are included in the Foodservices and Drinking Places Subsector in NAICS and in the Manufacturing Division in ISIC. This means that the NAICS classification is the same as, or part of, a single ISIC 2-digit Division.

Other objectives of the NAICS project have also been met. New industries for different types of restaurants have been designated. These classifications reflect changes in the industry which have occurred in the past but have never been identified in the classification system.

In addition to the above objectives of the NAICS project, the classification meets the objectives of an industry classification. The industries are homogeneous and they are economically significant. Finally, disruptions at the NAICS industry level to time series have been kept to a minimum. In the United States, the major changes to existing classifications at the country level establish additional detail in the industry group, which can readily be linked to construct time series.

FOODSERVICES AND DRINKING PLACES

Limitations of the Classification

There are some limitations to the draft foodservices and drinking places hierarchy. A number of related industries which provide foodservices as a secondary activity are not included. These are such activities as dinner theaters, dinner cruises, and fraternal organizations that provide foodservices to their members. These activities are not included in this industry subsector but will be classified in other service related industry subsectors based on their primary activity.

Constraints on the NAICS Classification

A number of industries which can appropriately be defined in terms of production distinctions could not be published in all countries because of considerations of size and confidentiality. In addition, the way activities are combined in establishments differs to some extent in the different countries. It is anticipated that each country will publish additional categories which comprise sub-divisions of NAICS industries, to present data for activities which are nationally significant.

A General Outline

The foodservices and drinking places grouping of industries is defined to include establishments that are primarily engaged in preparing meals, snacks, and beverages to customer order for immediate consumption, primarily on the premises. Within the subsector Food Services and Drinking Places, the industry groups (Full-Service Restaurants; Limited-Service Eating Places; Special Foodservices, and Bars, Taverns, and Other Drinking Places) reflect the level of service provided. The NAICS industries are described below.

Full-Service Restaurants provide a complete menu of full meals and full waiter/waitress service.

Limited-Service Eating Places provide a limited menu, limited waiter/waitress service, or both. This group is separated into limited-service restaurants and cafeterias. Limited-Service includes fast food and take out, plus cafeterias which are distinguished based on the cafeteria-style serving equipment. Refreshment places include doughnut shops, pretzel shops, cookie shops, coffee shops, and other such locations that primarily prepare and provide a single-item menu of food and drink for immediate consumption. Establishments that primarily resell food and drink prepared elsewhere, and which do not provide an eating place, are classified in retail trade.

Special Foodservices provide foodservices under special conditions. The group distinguishes Foodservice Contractors, Caterers, and Mobile Caterers. Foodservice Contractors operate under a long term contract to provide foodservices primarily in institutional, office, or industrial locations. Caterers provide event-based foodservice for both households (weddings, etc.) and industrial accounts (trade shows, etc.). Mobile Caterers are distinguished based on the use of a specialized vehicle and mobile service. Food carts that prepare foods rather than merely selling food prepared elsewhere are classified in this

industry.

Bars, Taverns, and Other Drinking Places (Alcoholic Beverages) are distinguished based on the use of special equipment, training and skills in the preparation and serving of alcoholic beverages.

Some Changes to National Classification

This section highlights some of the significant changes to existing national industry classifications. For foodservices, all countries have had separate industries based on food versus alcoholic beverages; however, this draft proposes new detail for the U.S. and a redefinition of many of the industries for both Canada and Mexico.

For Canada, this draft regroups the activities included in CSIC 9211, 9212, and 9213. Full-Service includes some of the operations that are currently in CSIC 9211 and 9212. The remaining establishments in these industries, namely those providing limited service are combined with the establishments in CSIC 9213 to form the Limited-Service Eating Places industry of NAICS. New detail for foodservices contractors, caterers, and mobile caterers has been established from within CSIC 9214.

For Mexico, parts of CMAP 931011 (all but cafeterias, dining cars, and vending machines), 931013, and 931015 are combined in the full-service classification. CMAP 931012 (except industrial cafeterias), 931014, and 931015 make up the new Limited-Service Eating Place industry group.

For the United States, USIC 5812 is split into separate detail for full-service, limited-service, and special services restaurants with additional U.S. detail for special services including foodservice contractors, caterers, and mobile caterers, a total of six new industries.

ACCOMMODATIONS

Limitations and Constraints of the NAICS Classification

There are some limitations to the draft accommodations structure. Accommodation establishments, especially hotels and motels, provide many services other than lodging. For example, many establishments have restaurants. Others have recreational facilities. Small establishments with very limited lodging facilities may offer no amenities at all. Hotels and motels are accordingly not homogeneous with respect to the services they provide. Moreover, this is by far the largest industry in the subsector. Nevertheless, no acceptable way was found to clearly demarcate the hotel and motel 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. 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 NAICS industry level in order to ensure full comparability among the three countries.

A General Outline

The accommodations area is defined to include establishments that are primarily engaged in providing short-term accommodations. The industry groups and industries within accommodations have been grouped based on the various levels of services and facilities

provided. The NAICS industries are described below.

Hotels and Motels primarily provide traditional types of lodging services to travelers. In addition to lodging, a range of other services may be provided.

Casino Hotels include both lodging and gaming casinos as an integrated facility. Both the lodging and gaming services are generally major operations and a separate industry has been created to classify these establishments. Casino Hotels are classified in this industry regardless of whether separate data are available for the gambling and hotel activities of these establishments. This industry is becoming large in the United States, though it does not currently exist in Canada and Mexico.

Other Traveler Accommodations include bed and breakfast establishments, hostels, and other establishments which provide lodging to travelers but provide few of the types of ancillary services that hotels and motels commonly provide.

Recreational Vehicle Parks and Camps provide special types of accommodations for travelers, vacationers, and others. The facilities are often outdoors (such as campsites) and are recreational in nature.

Rooming and Boarding Houses include establishments renting rooms, with or without board, for indefinite periods. This industry primarily includes establishments known as rooming houses and student residences.

Changes to the National Classifications

This section highlights some changes to each country's current industry classification of accommodations. The most significant are:

For the United States, the distinction between membership and non-membership organizations that provide lodging has been deleted from the classification. Such activities will be classified based upon the type of accommodations being provided. The current industry for hotels and motels (SIC 7011) has been divided into four NAICS industries. Also, separate industries for recreational vehicle parks and sporting camps have been combined.

For Canada, the proposal regroups four existing industries (CSICs 9111, 9112, 9113, 9114) into two NAICS industries within the Traveler Accommodations industry group. In addition, three existing industries have been combined into a recreational vehicle parks and camp industry.

For Mexico, the proposal regroups three existing industries (CMAPs 932001, 932002, 932012) into two NAICS industries within the industry group for traveler accommodations.

Section B - Annex: United States National Industry Detail

As explained in the Structure presentation of this notice, the three country agreement on NAICS envisions that each country may choose to 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 III of this notice. In the following tables, proposed 5-digit detail is indicated in italics. 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 USIC CODE	1987 USIC DESCRIPTION
XX			Foodservices and Drinking Places
XXX			Full-Service Restaurants
XXXX	N	5812 *	Eating Places
XXX			Limited-Service Eating Places
XXXX			Limited-Service Restaurants and Cafeterias
XXXXX	N	5812 *	<i>Limited-Service Restaurants</i> Eating Places (Limited-Service Restaurants)
XXXXX	N	5812 *	<i>Cafeterias</i> Eating Places (Cafeterias)
XXXX	N	5812 *	Refreshment Places Eating Places (Refreshment Places)
		5461*	Retail Bakeries (Snacks)
XXX			Special Foodservices
XXXX	N	5812 *	Foodservice Contractors Eating Places (Food Service Contractors)
XXXX	N	5812 *	Caterers Eating Places (Caterers)
XXXX	N	5963 *	Mobile Caterers Direct Selling Establishments (Mobile Caterers)
XXX			Bars, Taverns, and Other Drinking Places (Alcoholic Beverages)
XXXX	E	5813	Bars, Taverns, and Other Drinking Places (Alcoholic Beverages) Drinking Places (Alcoholic Beverages)
XX			Accommodations
XXX			Traveler Accommodations
XXXX	R	7011*	Hotels and Motels, except Casino Hotels Hotels and Motels (Hotels and Motels, Except Casino Hotels)
		7041*	Organization Hotels and Lodging Houses, on Membership Basis (Except Hotels)
XXXX	N	7011*	Casino Hotels Hotels and Motels (Casino Hotels)
XXXX			Other Traveler Accommodations

XXXXX	<i>Bed and Breakfast Inns</i>	N	7011*	Hotels and Motels (Bed and Breakfast Inns)
XXXXX	<i>All Other Traveler Accommodations</i>	N	7011*	Hotels and Motels (Except Hotels, Motels and Bed and Breakfast Inns)
XXX	Recreation and Other Accommodations		7041*	Organization Hotels and Lodging Houses, on Membership Basis (Except Hotels)
XXXX	Recreational Vehicle Parks and Camps			
XXXXX	<i>Sporting and Recreation Camps</i>	E	7032	Sporting and Recreational Camps
XXXXX	<i>Recreational Vehicle Parks and Campgrounds</i>	E	7033	Recreational Vehicle Parks and Campgrounds
XXXX	Rooming and Boarding Houses	R	7021	Rooming and Boarding Houses
			7041*	Organization Hotels and Lodging Houses, on Membership Basis (Rooming and Boarding Houses)

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 USIC CODE	1987 USIC DESCRIPTION	1997 U.S. DESCRIPTION
5812@	Eating Places	Full-Service Restaurants Limited-Service Restaurants Cafeterias Refreshment Places (pt) Foodservice Contractors Caterers
5813	Drinking Places	Bars, Taverns, and Other Drinking Places (Alcoholic Beverages)
7011	Hotels and Motels	Hotels and Motels, except Casino Hotels (pt) Casino Hotels Bed and Breakfast Inns All Other Traveler Accommodations, NEC
7021	Rooming and Boarding Houses	Rooming and Boarding Houses (pt)
7032	Sporting and Recreational Camps	Sporting and Recreation Camps
7033	Recreational Vehicle Parks and Campsites	Recreational Vehicle Parks and Campgrounds
7041@	Organization Hotels and Lodging Houses, on Membership Basis	Hotels and Motels, except Casino Hotels (pt.) Rooming and Boarding Houses (pt)

Description of Changes to the U.S. System

1. Foodservices and Drinking Places - Seven new industries are added to the 1997 industry structure for this industry subsector. New industries are the following:
 - Full-Service Restaurants from part of 1987 Industry Code 5812, Eating Places.
 - Limited-Service Restaurants from part of 1987 Industry Code 5812, Eating Places.
 - Cafeterias from part of 1987 Industry Code 5812, Eating Places.
 - Refreshment Places from parts of 1987 Industry Code 5812, Eating Places and Industry Code 5461, Retail Bakeries.
 - Foodservice Contractors from part of 1987 Industry Code 5812, Eating Places.
 - Caterers from part of 1987 Industry Code 5812, Eating Places.
 - Mobile Caterers transferred from part of 1987 Industry Code 5963, Direct Selling Establishments.

The number of Foodservice and Drinking Places increased from 2 in 1987 to 8 in 1997. For time series linkage, 1 of the 2 1987 industries is comparable within three percent of the 1997 industries. The other industry was split into 7 new industries.

2. Accommodations - Three new industries are added to the 1997 industry structure for this industry subsector. New industries are the following:
 - Casino Hotels from part of 1987 Industry Code 7011, Hotels and Motels.
 - Bed and Breakfast Inns from part of 1987 Industry Code 7011, Hotels and Motels.
 - Other Traveler Accommodations, NEC from part of 1987 Industry Code 7011, Hotels and Motels.

One industry was deleted from this industry subsector.

- Organization Hotels and Lodging Houses, on Membership Basis were deleted and the accommodations were split between Hotels and Motels, except Casino Hotels and Rooming and Boarding Houses.

The number of 1997 Accommodations Industries increased from 5 in 1987 to 7 in

1997. For time series linkage, 4 of the 5 1987 industries are comparable within three percent of the 1997 industries.