

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
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 code	1987 SIC code	1987 SIC description
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 Mirror and Picture Frames	Other Furniture Manufacturing (pt) (Included in Furniture Manufacturing subsector) All Other Miscellaneous Manufacturing (pt) (To Be Included in Miscellaneous Manufacturing subsector)
3053@	Other Wood Products Gaskets, Packing, and Sealing Devices Cork Gaskets, Packing, and Sealing Devices Metal Gaskets, Packing, and Sealing Devices	Other Wood Product Manufacturing (pt) Other Wood Product Manufacturing (pt) 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 Metal Buckles	Other Wood Product Manufacturing (pt) 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 Wood Signs Electric Signs	Other Wood Product Manufacturing (pt) 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)
	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, 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 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.