

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.

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
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 I*, 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 code	1987 SIC code	1987 SIC description
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 Transportation	N	*7389	Business Services, Not Elsewhere Classified (Postal Service contract operations)
XX	Couriers			
XXX	Couriers			
XXXX	Couriers	R	*4215 4513	Courier Services, Except by Air (hub and spoke intercity delivery) 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.