

Federal Register Notice

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

ACTION: Notice of Proposed NAICS industry classification structure for - **Petroleum and Coal Products Manufacturing, Chemicals Manufacturing, and Rubber and Plastics Products Manufacturing; Broadcasting and Telecommunications; and Foodservices and Drinking Places and Accommodations.**

SUMMARY: Under Title 44 U.S.C. 3504, the Office of Management and Budget (OMB) is presenting a series of notices documenting the development of the new North American Industry Classification System (NAICS), the industry classification system that replaces the current Standard Industrial Classification (SIC) system.

This notice, the first in the series, announces the proposed NAICS structures for petroleum and coal products manufacturing, chemical manufacturing, and rubber and plastics manufacturing; broadcasting and telecommunications; and foodservices and drinking places and accommodations.

Subsequent Federal Register notices will describe other industry sector and subsector proposals. OMB is publishing the proposed new industry structure as soon as the work is completed, to provide as much information as quickly as possible and to ensure extensive public participation in the process. A final Federal Register notice, to be published in October 1995, will include the entire NAICS structure for public comment.

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 OMB's Economic Classification Policy Committee (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.

A summary of public comments received on the July 26, 1994 notice was released as: ECPC Report No. 3 - Summary of Public Responses to the Proposed New North American Industry Classification Industry System.

EFFECTIVE DATE: The new industry system is effective in the U.S. January 1, 1997.

DATES: To ensure consideration and response to all comments on the proposals, comments must be in writing and should be submitted as soon as possible, but should be received no later than September 15, 1995.

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.

Copies of all ECPC issues papers and ECPC reports are available by contacting 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.

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

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](ftp://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 email, 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 email 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.

STRUCTURE OF NOTICE There are three parts to this notice. PART 1 includes the proposals for petroleum and coal products manufacturing, chemicals manufacturing, and rubber and plastics products manufacturing; PART 2 includes broadcasting and telecommunications; and PART 3, includes foodservices and drinking places and accommodations.

Each of the three parts of the notice is organized into two sections. The first section includes a copy of the proposed agreement signed by OMB's 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. Therefore, 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. The second section of the notice 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.

NAICS is organized in a hierarchical structure much like the existing SIC. The first digit of a NAICS code designates the sector. The code also designates 2-digit subsectors, 3-digit industry groups, and 4-digit industries. 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. The United States NAICS system, therefore, also includes 5-digit industries. These represent important industries in the U.S. that cannot be recognized either in the statistical system of Canada or Mexico because of size restrictions, confidentiality or other reasons.

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 (not highlighted in structure)
XX	Industry Subsector
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.

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 system. 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

The Economic Classification Policy Committee (ECPC) is 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 organizations that responded 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 PETROLEUM AND COAL PRODUCTS MANUFACTURING, CHEMICALS MANUFACTURING, AND RUBBER AND PLASTICS PRODUCTS MANUFACTURING

Section A - NAICS Structure

NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM

(NAICS)

AGREEMENT Number 1

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

**Petroleum and Coal Products Manufacturing
Chemicals Manufacturing
Rubber and Plastics Products 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 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 PETROLEUM AND COAL PRODUCTS MANUFACTURING

XXX Petroleum and Coal Products Manufacturing
 XXXX Petroleum Refineries
 XXXX Asphalt Paving and Roofing and Saturated Materials Manufacturing
 XXXX Other Petroleum and Coal Products Manufacturing

XX CHEMICALS MANUFACTURING

XXX Basic Chemicals Manufacturing
 XXXX Petrochemicals Manufacturing
 XXXX Industrial Gases Manufacturing
 XXXX Dyes and Pigments Manufacturing
 XXXX Other Inorganic Chemicals Manufacturing
 XXXX Other Organic Chemicals Manufacturing

XXX Resins, Synthetic Rubber, Artificial and Synthetic Fibers and Filament
 Manufacturing
 XXXX Resins and Synthetic Rubber Manufacturing
 XXXX Artificial and Synthetic Fibers and Filament Manufacturing

XXX Pesticides, Fertilizers, and Other Agricultural Chemicals Manufacturing
 XXXX Fertilizers Manufacturing
 XXXX Pesticides and Other Agricultural Chemicals Manufacturing

XXX Pharmaceuticals and Medicine Manufacturing
 XXX Pharmaceuticals and Medicine Manufacturing

XXX Paints, Coatings, Adhesives, and Sealants Manufacturing
 XXXX Paints and Coatings Manufacturing
 XXXX Adhesives and Sealants Manufacturing

XXX Soaps, Cleaning Compounds, and Toilet Preparations Manufacturing
 XXXX Soaps and Cleaning Compounds Manufacturing
 XXXX Toilet Preparations Manufacturing

XXX Miscellaneous Chemical Products Manufacturing
 XXXX Printing Ink Manufacturing
 XXXX Explosives Manufacturing
 XXXX Other Miscellaneous Chemical Products Manufacturing

XX RUBBER AND PLASTICS PRODUCTS MANUFACTURING

XXX Rubber Products Manufacturing

XXXX Tires and Tubes Manufacturing

XXXX Rubber and Plastics Hose and Belting Manufacturing

XXXX Other Rubber Products Manufacturing

XXX Plastics Products Manufacturing

XXXX Unsupported Plastics Films, Sheets and Bags Manufacturing

XXXX Unsupported Profile Shapes, Plastics Pipes, and Fittings Manufacturing

XXXX Laminated Plastics Plates, Sheets, and Shapes Manufacturing

XXXX Polystyrene Foam Products Manufacturing

XXXX Urethane Foam Products Manufacturing

XXXX Plastics Bottles Manufacturing

XXXX Other Plastics Products Manufacturing

North American Industry Classification System

**Draft Classification for: Petroleum and Coal Products Manufacturing
 Chemicals Manufacturing
 Rubber and Plastics Products Manufacturing**

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

The draft classification provides for three industry subsectors, Petroleum and Coal Products Manufacturing; Chemicals Manufacturing; and Rubber and Plastics Products Manufacturing. These are further subdivided into ten industry groups and thirty industries. These industry subsectors will be part of the Manufacturing sector(s) of the NAICS classification.

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. 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 level of the structure. All countries agree on the detailed definitions of the industries.

The classification improves comparability with other countries. With the exception of the "miscellaneous" industries, all industries are compatible with the 2-digit level of the current International Standard Industrial Classification of All Economic Activities (ISIC, Revision 3) of the United Nations. This means that each NAICS industry is the same as, or part of, a single ISIC 2-digit Division. Therefore, data tabulated using NAICS can be readily re-tabulated according to ISIC. This comparability extends to higher levels of the NAICS. For example, there is little difference between the NAICS Chemical Industries, and ISIC 24, Manufacture of Chemicals and Chemical Products.

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 industry sector in question is relatively mature, generally produces goods, and has always employed relatively advanced technology. Therefore the emphasis was on the production concept and comparability.

The industries have high specialization ratios, and they are economically significant. The detail 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, disruptions at the NAICS industry level to time series have been kept to a minimum. Most of the changes at the detail to existing classifications are marginal. The major changes are well-identified and can be taken into account in linking time series.

Limitations of the Classification

On the other hand, there are some analytical requirements which cannot be met by the industry classification. In particular, there is a demand for data on the production of all articles of plastic. This cannot be accommodated by the industry classification due to the ubiquity of plastic in manufactured products. Many industrial activities that incorporate plastics in combination with other materials are classified elsewhere in manufacturing.

Similarly, a breakdown of plastics industries which follows market lines cannot be produced. This arises from the fact that, in general, plastics fabricators can and do switch production from one type of product to another as market conditions change. In some cases a market or demand category does correspond to a distinct production process, in which case an industry can be defined which supports the needs of both supply-oriented and demand-oriented analyses. An example of this is the NAICS Plastics Bottles Manufacturing industry. However, in general, this is not possible because of the way businesses have organized their production facilities.

Users requiring data for demand analysis can instead make use of statistics based on commodity classifications. Each country publishes such data. Efforts are underway to harmonize the commodity classifications to allow comparability of these statistics.

Constraints on the NAICS Classification

There were a few factors which constrained the structure and detail of the classification in the area under consideration.

An issue related to the coding structure is the ability to publish and the economic significance of the items defined in the classification. In the chemicals industry, most activities which were identified in one country exist in the others. However, often an activity is not economically significant to the same degree in all countries. Further, data for some significant activities cannot be published for a particular country for reasons of confidentiality, such as the matches manufacturing industry in Canada. Finally, the way activities are combined in establishments differs to some extent in the different countries. A structure could have been developed which specified such activities in NAICS, but the resulting statistical tables for any given country would have numerous insignificant or suppressed entries. It was preferable to adopt an operating rule that the NAICS industries for this area must be economically significant and publishable. 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.

Other constraints did involve the nature of the industries to be classified. In the case of chemicals, it was essential for NAICS to include Petrochemicals Manufacturing as an industry, due to the significance of this activity in Mexico. This is a major change for the United States and Canada. It involves some extra work for these countries in implementing the classification, since the direct assignment of industry codes from commodity output information (a common technique for most manufacturing industries) cannot be used without modification. Nevertheless, the importance of the activity, and the fact that it is based on a well-defined production process, resulted in its inclusion in NAICS.

A General Outline

The Petroleum and Coal Products Manufacturing subsector is based on the transformation of crude petroleum and coal into usable products. The dominant process is petroleum refining, which involves the separation of crude petroleum into component products through such techniques as cracking and distillation.

The Chemicals Manufacturing subsector is based on the transformation of organic and inorganic raw materials by a chemical process, and the formulation of products. This subsector distinguishes the production of basic chemicals, which comprises the first industry group, from the production of intermediate and end products produced by further processing of basic chemicals, which make up the remaining industry groups.

Concerning Basic Chemicals Manufacturing industries, data users will note that a general distinction has not been made between organic and inorganic basic chemicals. The production of organic and inorganic industrial gases is a single activity. In Mexico, the production of organic and inorganic dyes and pigments commonly takes place in the same establishments.

The industry subsector Rubber and Plastics Products Manufacturing includes establishments which make goods by processing raw rubber and plastics materials. To the extent possible, this subsector is restricted to industrial activities whose core technology is the production of products made of just one material, rubber or plastic. Many manufacturing activities use rubber or plastic as one of several inputs, to the extent that the core technology relates to the type of product produced. An example of this is the manufacture of footwear. Typically, more than one material is used to produce shoes, so technologies which allow disparate materials to be formed and combined are of central importance in describing the footwear manufacturing activity. Such activities, for example footwear and furniture manufacture, are generally classified elsewhere than in the industry subsectors organized around the core technologies of rubber and plastic.

The main exception to this principle is Tires and Tubes Manufacturing. The production of tires is included in Rubber Products Manufacturing to minimize the disruption of time series and for comparability with ISIC, rather than because it particularly fits the general production process of the major group subsector. Tires are normally made from several materials.

A distinction is made between rubber and plastics products at the industry group level. It is not a rigid distinction, as can be seen from the definition of Rubber and Plastics Hose and

Belting Manufacturing. As materials technology improves, plastics are increasingly being used as a substitute for rubber. Eventually, the distinction may disappear as a basis for defining establishments, and be limited to the commodity classification.

The Plastics Products Manufacturing industry subsector consists generally of activities involving the processing of plastics materials in forms such as pellets into intermediate or final products, using such processes as extrusion and injection moulding. Within most of these industries, the production process is such that a wide variety of products can be produced.

Some Changes to the National Classifications

This section highlights some of the significant changes to existing national classifications.

In Petroleum and Coal Products Manufacturing, the main change to an existing classification is the inclusion of activities currently in CSIC¹ 2721, Asphalt Roofing Industry, in NAICS Asphalt Paving and Roofing and Saturated Materials Manufacturing. It is included here because the defining feature of the production process (the saturation of paper with asphalt) is the manipulation of asphalt.

The production of alumina from bauxite is currently classified in USIC 2819, Industrial Inorganic Chemicals, NEC. The production of alumina does involve the use of a chemical process, but it is analogous to the chemical activities involved in the processing of other ores in smelting and refining industries. It will therefore be treated as an activity in the primary metals, rather than in NAICS Other Inorganic Chemicals Manufacturing.

The production of artificial and synthetic fibers is treated as a textile activity in CSIC. While the outputs are a basic raw material for textile production, the fiber production itself is an activity with chemical characteristics. It is basically a polymerization process, similar to the production of synthetic resins. It is therefore included in the NAICS Chemicals Manufacturing subsector (Artificial and Synthetic Fibers and Filament Manufacturing).

The manufacture of photographic chemicals and sensitized paper is classified in CSIC 3912, Other Instruments and Related Products Industry and in USIC 3861, Photographic Equipment and Supplies. NAICS classifies the production of these goods in Miscellaneous Chemical Products Manufacturing, since their production process is a chemical products process, not an equipment manufacturing process.

The new classification eliminates the 2-digit distinction between rubber products and plastics products which was found in CSIC (groups 15 and 16). NAICS combines CSIC group 15, rubber products, and group 16, plastics products, into one subsector, Rubber and Plastics Products Manufacturing.

¹CSIC refers to the Standard Industrial Classification of Canada, 1980 Revision. USIC refers to the Standard Industrial Classification of the United States, 1987 Revision. CMAP refers to the Classification of Activities and Products of Mexico.

NAICS Tires and Tubes Manufacturing includes an activity--the retreading and recapping of tires--which in CSIC and USIC is classified as non-manufacturing. The tire retreading and recapping activity is included in manufacturing because it involves more than just a repair. This activity is an example of "re-building", which occurs when a manufactured article is returned to usability using processes similar to those used in the original manufacturing operation. Re-building activities will be included in manufacturing in NAICS.

NAICS Rubber and Plastics Products Manufacturing excludes the manufacture of footwear, furniture and toys of rubber and plastic. This is a significant change to CMAP, which includes these activities in CMAP 3550, Rubber Industry and 3560, Manufacture of Plastics Products.

NAICS Unsupported Plastics Films, Sheet and Bags Manufacturing includes the manufacture of plastic laminates for packaging and plastic bags, which are classified respectively in USIC 2671, Packaging Paper and Plastics Film, Coated and Laminated and 2673, Plastics, Foil and Coated Paper Bags.

NAICS Other Plastics Products Manufacturing includes the manufacture of most of the plastics motor vehicle parts, such as interior and exterior trim of plastics, which are classified in CSIC 3256, Plastics Parts and Accessories for Motor Vehicles.

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 1, 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 I 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 Petroleum and Coal Products Manufacturing			
XXX Petroleum and Coal Products Manufacturing			
XXXX Petroleum Refineries	E	2911	Petroleum Refining
XXXX Asphalt Paving and Roofing and Saturated Materials Manufacturing			
XXXXX <i>Asphalt Paving Mixtures and Blocks Manufacturing</i>	E	2951	Asphalt Paving Mixtures and Blocks
XXXXX <i>Asphalt Felts and Coatings Manufacturing</i>	E	2952	Asphalt Felts and Coatings
XXXX Other Petroleum and Coal Products Manufacturing			
XXXXX <i>Lubricating Oils and Greases Manufacturing</i>	E	2992	Lubricating Oils and Greases
XXXXX <i>All Other Petroleum and Coal Products Manufacturing</i>	R	2999	Petroleum and Coal Products, NEC
		3312*	Blast Furnaces and Steel Mills (Coke Ovens)
XX Chemicals Manufacturing			
XXX Basic Chemicals Manufacturing			
XXXX Petrochemicals Manufacturing	N	2865*	Cyclic Crudes and Intermediates (Aromatics)
		2869*	Industrial Organic Chemicals, NEC (Aliphatics)
XXXX Industrial Gases Manufacturing	R	2813	Industrial Gases
		2869*	Industrial Organic Chemicals, NEC (Fluorocarbon Gases)
XXXX Dyes and Pigments Manufacturing			
XXXXX <i>Inorganic Dyes and Pigments Manufacturing</i>	N	2816*	Inorganic Pigments (Except Bone and Lamp Black)
		2819*	Industrial Inorganic Chemicals, NEC (Inorganic Dyes)
XXXXX <i>Organic Dyes and Pigments Manufacturing</i>	N	2865*	Cyclic Crudes and Intermediates (Organic Dyes and Pigments)
XXXX Other Inorganic Chemicals Manufacturing			

XXXXX	<i>Alkalies and Chlorine Manufacturing</i>	E	2812	Alkalies and Chlorine
XXXXX	<i>Carbon Black Manufacturing</i>	R	2816*	Inorganic pigments (Bone and Lamp Black)
			2895	Carbon Black
XXXXX	<i>All Other Inorganic Chemicals Manufacturing</i>	R	2819*	Industrial Inorganic Chemicals, NEC (Except Activated Carbon and Charcoal, Alumina, and Inorganic Industrial Dyes)
			2869*	Industrial Organic Chemicals, NEC (Carbon Bisulfide)
XXXX	Other Organic Chemicals Manufacturing			
XXXXX	<i>Gum and Wood Chemicals Manufacturing</i>	E	2861	Gum and Wood Chemicals
XXXXX	<i>Cyclic Crudes and Intermediates Manufacturing</i>	R	2865*	Cyclic Crudes and Intermediates (Except Aromatics, Organic Dyes, and Pigments)
XXXXX	<i>All Other Organic Chemicals Manufacturing</i>	R	2869*	Industrial Organic Chemicals, NEC (Except Aliphatics, Carbon Bisulfide, Ethyl Alcohol, Fatty Acid Esters, and Fluorocarbon Gases)
XXX	Resins, Synthetic Rubber, Artificial and Synthetic Fibers & Filament Manufacturing			
XXXX	Resins and Synthetic Rubber Manufacturing			
XXXXX	<i>Plastics Materials and Resins Manufacturing</i>	E	2821	Plastics Materials and Resins
XXXXX	<i>Synthetic Rubber Manufacturing</i>	E	2822	Synthetic Rubber
XXXX	Artificial and Synthetic Fibers and Filament Manufacturing			
XXXXX	<i>Cellulosic Manmade Fibers Manufacturing</i>	E	2823	Cellulosic Manmade fibers
XXXXX	<i>Noncellulosic Organic Fibers Manufacturing</i>	E	2824	Noncellulosic Organic Fibers
XXX	Pesticides, Fertilizers and Other Agricultural Chemicals Manufacturing			
XXXX	Fertilizers Manufacturing			
XXXXX	<i>Nitrogenous Fertilizers Manufacturing</i>	E	2873	Nitrogenous Fertilizers
XXXXX	<i>Phosphatic Fertilizers Manufacturing</i>	E	2874	Phosphatic Fertilizers
XXXXX	<i>Fertilizers, Mixing Only Manufacturing</i>	E	2875	Fertilizers, Mixing Only
XXXX	Pesticides and Other Agricultural Chemicals Manufacturing	E	2879	Agricultural Chemicals, NEC
XXX	Pharmaceuticals and Medicine Manufacturing			
XXXX	Pharmaceuticals and Medicine Manufacturing			
XXXXX	<i>Medicinals and Botanicals Manufacturing</i>	E	2833	Medicinals and Botanicals
XXXXX	<i>Pharmaceutical Preparations Manufacturing</i>	R	2834	Pharmaceutical Preparations

			2835*	Diagnostic Substances (Except in-Vitro Diagnostic)
XXXXX	<i>In-Vitro Diagnostic Substances Manufacturing</i>	N	2835*	Diagnostic Substances (In-Vitro Diagnostic Substances)
XXXXX	<i>Biological Products, Except Diagnostic Manufacturing</i>	E	2836	Biological Products
XXX	Paint, Coatings, Adhesives, and Sealants Manufacturing			
XXXX	Paints and Coatings Manufacturing	R	2851	Paints and Coatings
			2899*	Chemical Preparations, NEC (Frit)
XXXX	Adhesives and Sealants Manufacturing	E	2891	Adhesives and Sealants
XXX	Soaps, Cleaning Compounds and Toilet Preparations Manufacturing			
XXXX	Soaps and Cleaning Compounds Manufacturing			
XXXXX	<i>Soaps and Other Detergents Manufacturing</i>	R	2841	Soaps and Other Detergents
			2844*	Toilet Preparations (Toothpaste)
XXXXX	<i>Polishes and Other Sanitation Goods Manufacturing</i>	E	2842	Polishes and Other Sanitation Goods
XXXXX	<i>Surface Active Agents Manufacturing</i>	E	2843	Surface Active Agents
XXXX	Toilet Preparations Manufacturing	R	2844*	Toilet Preparations (Except Toothpaste)
XXX	Miscellaneous Chemical Products Manufacturing			
XXXX	Printing Ink Manufacturing	R	2893	Printing Inks
			2899*	Chemical Preparations, NEC (Writing and Stamping Inks)
			3952*	Lead Pencils and Art Goods (Drawing Inks and India Ink)
XXXX	Explosives Manufacturing	E	2892	Explosives
XXXX	Other Miscellaneous Chemical Products Manufacturing			
XXXXX	<i>Custom Compounding Purchased Resins Manufacturing</i>	E	3087	Custom Compounding Purchased Resins
XXXXX	<i>Photographic Films, Papers, Plates and Chemicals Manufacturing</i>	N	3861*	Photographic Equipment and Supplies (Photographic Films, Paper and Chemicals)
XXXXX	<i>All Other Miscellaneous Chemical Products Manufacturing</i>	R	2819*	Chemical Preparations, NEC (Activated Carbon and Charcoal)
			2869*	Industrial Organic Chemicals, NEC (Fatty Acid Esters)
			2899*	Chemical Preparations, NEC (Except Frit and Writing and Stamp Ink)
			3999*	Manufacturing Industries, NEC (Matches)

XX	Rubber and Plastics Products Manufacturing				
XXX	Rubber Products Manufacturing				
XXXX	Tires and Tubes Manufacturing				
XXXXX	<i>Tires and Inner Tubes Manufacturing</i>	E	3011		Tires and Inner Tubes
XXXXX	<i>Tire Rebuilding and Repair</i>	E	7534		Tire Rebuilding and Repair
XXXX	Rubber and Plastics Hose and Belting Manufacturing	E	3052		Rubber and Plastics Hose and Belting
XXXX	Other Rubber Products Manufacturing				
XXXXX	<i>Mechanical Rubber Products Manufacturing</i>	E	3061		Mechanical Rubber Products
XXXXX	<i>All Other Rubber Products Manufacturing</i>	R	3053*		Gaskets, Packings and Sealing Devices (Rubber Gaskets, Packings and Sealing Devices
			3069*		Fabricated Rubber Products, NEC (Except Rubberized Fabric and Rubber Resilient Floor Covering)
XXX	Plastics Products Manufacturing				
XXXX	Unsupported Plastics Films, Sheets and Bags Manufacturing				
XXXXX	<i>Unsupported Plastics Bags Manufacturing</i>	N	2673*		Bags: Plastics, Laminated, and Coated (Plastics Bags)
XXXXX	<i>Unsupported Plastics Packaging Films and Sheets Manufacturing</i>	N	2671*		Paper Coated and Laminated, NEC (Plastics Packaging Film and Sheet)
XXXXX	<i>Unsupported Plastics Films and Sheets, Except Packaging Manufacturing</i>	E	3081		Unsupported Plastics Film and Sheets, Except Packaging
			3073*		Laminated Plastics Plate, Sheet, and Profile Shapes (Acrylic Sheets)
XXXX	Unsupported Profile Shapes, Plastics Pipes, and Manufacturing	Fittings			
XXXXX	<i>Unsupported Plastics Profile Shapes Manufacturing</i>	R	3082		Unsupported Plastics Profile Shapes
			3089*		Plastics Product, NEC (Plastics Sausage Casings)
XXXXX	<i>Plastics Pipes and Pipe Fittings Manufacturing</i>	R	3084		Plastics Pipes
			3089*		Plastics Products, NEC (Plastics Pipe Fittings)
XXXX	Laminated Plastics Plates, Sheets, and Shapes Manufacturing	E	3083*		Laminated Plastics Plate, Sheet and Shapes (Except Acrylic Sheets)
XXXX	Polystyrene Foam Products Manufacturing	N	3086*		Plastics Foam Products (Polystyrene Foam Products)

XXXX	Urethane Foam Products Manufacturing	N	3086*	Plastics Foam Products (Urethane Foam Products)
XXXX	Plastics Bottles Manufacturing	E	3085	Plastics Bottles
XXXX	Other Plastics Products Manufacturing			
XXXXX	<i>Plastics Plumbing Fixtures Manufacturing</i>	E	3088	Plastics Plumbing Fixtures
XXXXX	<i>Resilient Floor Coverings Manufacturing</i>	R	3069*	Fabricated Rubber Products, NEC (Rubber Resilient Floor Coverings)
			3996	Hard Surface Floor Coverings, NEC
XXXXX	<i>All Other Plastics Products Manufacturing</i>	R	3053*	Gaskets, Packing and Sealing Devices (Plastics Gaskets, Packing Sealing Devices)
			3089*	Plastics Products, NEC (Except Plastics Pipe Fittings and Plastics Sausage Casings)

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 USIC CODE	1987 USIC DESCRIPTION	1997 U.S. DESCRIPTION
2812	Alkalies and Chlorine	Alkalies and Chlorine Manufacturing
2813	Industrial Gases	Industrial Gases Manufacturing (pt)
2816	Inorganic Pigments Inorganic Pigments, Except Bone and Lamp Black Bone and Lamp Black	Inorganic Dyes and Pigments Manufacturing (pt) Carbon Black Manufacturing (pt)
2819@	Industrial Inorganic Chemicals, NEC Activated Carbon and Charcoal Alumina Inorganic Dyes Other	Other Miscellaneous Chemical Preparations Manufacturing (pt) Primary Aluminum Manufacturing (pt) Inorganic Dyes and Pigments Manufacturing (pt) Other Miscellaneous Inorganic Chemicals Manufacturing (pt)
2821	Plastics Materials and Resins	Plastics Materials and Resins Manufacturing
2822	Synthetic Rubber	Synthetic Rubber Manufacturing
2823	Cellulosic Manmade Fibers	Cellulosic Manmade Fibers Manufacturing
2824	Noncellulosic Organic Fibers	Noncellulosic Organic Fibers Manufacturing
2833	Medicinals and Botanical	Medicinals and Botanicals Manufacturing
2834	Pharmaceutical Preparations	Pharmaceutical Preparations Manufacturing (pt)

2835@	Diagnostic Substances Diagnostic Substances, Except In-Vitro Diagnostic In-Vitro Diagnostic Substances	Pharmaceutical Preparations Manufacturing (pt) In-Vitro Diagnostic Substances Manufacturing
2836	Biological Products, Except Diagnostic	Biological Products, Except Diagnostic Manufacturing
2841	Soaps and Other Detergents	Soaps and Other Detergents Manufacturing (pt)
2842	Polishes and Other Sanitation Goods	Polishes and Other Sanitation Goods Manufacturing
2843	Surface Active Agents	Surface Active Agents Manufacturing
2844	Toilet Preparations Toilet Preparations, Except Toothpaste Toothpaste	Toilet Preparations Manufacturing Soap and Other Detergents Manufacturing (pt)
2851	Paints and Allied Products	Paints and Coatings Manufacturing (pt)
2861	Gum and Wood Chemicals	Gum and Wood Chemicals Manufacturing
2865@	Cyclic Crudes and Intermediates Aromatics Organic Dyes and Pigments Other	Petrochemicals Manufacturing (pt) Organic Dyes and Pigments Manufacturing (pt) Cyclic Crudes and Intermediates Manufacturing
2869@	Industrial Organic Chemicals, NEC Aliphatics Carbon Bisulfide Ethyl Alcohol Fatty Acid Esters Fluorocarbon Gases Other	Petrochemicals Manufacturing (pt) All Other Inorganic Chemicals Manufacturing (pt) Distilled and Blended Liquors Manufacturing (pt) Other Miscellaneous Chemicals Preparations Manufacturing (pt) Industrial Gases Manufacturing (pt) Other Miscellaneous Organic Chemicals Manufacturing
2873	Nitrogenous Fertilizers	Nitrogenous Fertilizers Manufacturing

2874	Phosphatic Fertilizers	Phosphatic Fertilizers Manufacturing
2875	Fertilizers, Mixing Only	Fertilizers, Mixing Only Manufacturing
2879	Agricultural Chemicals, NEC	Pesticides and Other Agricultural Chemicals Manufacturing
2891	Adhesives and Sealants	Adhesives and Sealants Manufacturing
2892	Explosives	Explosives Manufacturing
2893	Printing Inks	Printing Ink Manufacturing (pt)
2895	Carbon Black	Carbon Black Manufacturing (pt)
2899	Chemical Preparations, NEC Frit Writing and Drawing Inks Other	Paints and Coatings Manufacturing (pt) Printing Ink Manufacturing (pt) Other Miscellaneous Chemical Preparations Manufacturing (pt)
2911	Petroleum Refining	Petroleum Refineries
2951	Asphalt Paving Mixtures and Blocks	Asphalt Paving Mixtures and Blocks Manufacturing
2952	Asphalt Felts and Coatings	Asphalt Felts and Coatings Manufacturing
2992	Lubricating Oils and Greases	Lubricating Oils and Greases Manufacturing
2999	Petroleum and Coal Products, NEC	All Other Petroleum and Coal Products Manufacturing (pt)
3011	Tires and Inner Tubes	Tires and Inner Tubes Manufacturing
3021	Rubber and Plastics Footwear	Rubber and Plastics Footwear Manufacturing

3052	Rubber and Plastics Hose and Belting	Rubber and Plastics Hose and Belting Manufacturing
3053@	Gaskets, Packings, and Sealing Devices	
	Cork Gaskets, Packing, and Sealing Devices	Other Miscellaneous Wood Products Manufacturing (pt)
	Metal Gaskets, Packing, and Sealing Devices	Other Miscellaneous Fabricated Metal Products Manufacturing (pt)
	Plastics Gaskets, Packing, and Sealing Devices	All Other Plastics Products Manufacturing (pt)
	Rubber Gaskets, Packing, and Sealing Devices	All Other Rubber Products Manufacturing (pt)
3061	Mechanical Rubber Products	Mechanical Rubber Products Manufacturing
3069	Fabricated Rubber Products, NEC	
	Rubberized Fabric	Coated Fabrics Including Rubberized Mills (pt)
	Rubber Resilient Floor Covering	Resilient Floor Covering Manufacturing (pt)
	Other	All Other Rubber Products Manufacturing (pt)
3081	Unsupported Plastics Film and Sheets, Except Packaging	Unsupported Plastics Films and Sheets, Except Packaging Manufacturing (pt)
3082	Unsupported Plastics Profile Shapes	Unsupported Plastics Profile Shapes Manufacturing (pt)
3083	Laminated Plastics Plate, Sheet	
	Acrylic Sheets	Unsupported Plastics Films and Sheets, Except Packaging Manufacturing (pt)
	Other	Laminated Plastics Plates, Sheets, and Shapes Manufacturing
3084@	Plastics Pipes	Plastics Pipes and Pipe Fittings Manufacturing (pt)
3085	Plastics Bottles	Plastics Bottles Manufacturing
3086	Plastics Foam Products	
	Urethane Foam Products	Urethane Foam Products Manufacturing
	Polystyrene Foam Products	Polystyrene Foam Products Manufacturing

3087	Custom Compounding of Purchased Resins	Custom Compounding of Purchased Resins Manufacturing
3088	Plastics Plumbing Fixtures	Plastics Plumbing Fixtures Manufacturing
3089	Plastics Products, NEC Pipe Fittings Plastics Sausage Casings Other	Plastics Pipes and Pipe Fittings Manufacturing (pt) Unsupported Plastics Profile Shapes Manufacturing (pt) All Other Plastics Products Manufacturing (pt)

Description of Changes to the U.S. System

1. Petroleum and Coal Products Manufacturing - There was one change from the 1987 industry structure for this sector.
 - Coke ovens, not operated with a blast furnace transferred from 1987 Industry Code 3312, Blast Furnaces and Steel Mills to the 1997 Other Petroleum and Coal Products, NEC.

The number of 1997 petroleum and coal products industries remains unchanged at five from 1987. For time series linkage, all five 1987 industries are comparable within three percent of the 1997 industries.

2. Chemicals Manufacturing - There were five new industries added to the 1997 industry structure for this industry subsector. New industries were created for:
 - Petrochemicals Manufacturing from parts of 1987 Industry Code 2865, Cyclic Crudes and Intermediates and 1987 Industry Code 2869, Industrial Organic Chemicals, NEC.
 - Organic Dyes and Pigments Manufacturing from part of old Industry Code 2865, Cyclic Crudes and Intermediates.
 - In-Vitro Diagnostic Substances Manufacturing from part of old Industry Code 2835, Diagnostic Substances.
 - Photographic Films, Papers, Plates, and Chemicals Manufacturing from part of 1987 Industry Code 3861, Photographic Equipment and Supplies.
 - Custom Compounding Purchased Resins Manufacturing transferred from the 1987 Major Group Code 30, Rubber and Plastic Products.

Two activities transferred out of 1987 Major Group Chemicals and Allied Products.

- Alumina transferred from 1987 Industry Code 2819, Industrial Inorganic Chemicals, NEC into Primary Aluminum Manufacturing.
- Ethyl Alcohol transferred from 1987 Industry Code 2869, Industrial Organic Chemicals into Distilled and Blended Liquors Manufacturing.

Two activities transferred into the 1997 Chemicals Manufacturing.

- Drawing ink and India ink transferred from old Industry Code 3952, Lead Pencils and Art Goods into Printing Ink Manufacturing.
- Matches transferred from old Industry Code 3999, Manufacturing Industries, NEC into All Other Miscellaneous Chemical Preparations.

Also, there were several activities that transferred within the chemical industry. The number of chemical industries increased from 29 in 1987 to 34 in 1997. For time series linkage, 25 of the 29 1987 industries are comparable within three percent of the 1997 industries.

3. Rubber and Plastics Products Manufacturing - There were six new industries added to the 1997 industry structure for this industry subsector.

- Tire Rebuilding and Repair transferred from the 1987 Services Major Group Code 75, Auto Repair, Services, and Parking.
- Unsupported Plastics Packaging Films and Sheets Manufacturing from part of 1987 Industry Code 2671, Paper Coated and Laminated, NEC.
- Unsupported Plastics Bags from part of 1987 Industry Code 2673, Bags: Plastics, Laminated, and Coated.
- Polystyrene Foam Products from part of 1987 Industry Code 3086, Plastics Foam Products.
- Urethane Foam Products from part of 1987 Industry Code 3086, Plastics Foam Products.
- Resilient Floor Coverings from parts of 1987 Industry Code 3069, Fabricated Rubber Products, NEC and 1987 Industry Code 3996, Hard Surface Floor Coverings, NEC.

Three industries were removed from this industry group.

- Rubber and Plastics Footwear transferred into the 1997 NAICS Industry Subsector, Leather and Allied Products Manufacturing.
- Gaskets, Packings, and Sealing Devices were deleted and the products were split into various residual industries by material.
- Custom Compounding Purchased Resins transferred into the 1997 NAICS Industry subsector, Chemicals Products Manufacturing.

One activity transferred out of the 1987 Major Group, Rubber and Plastics Products.

- Rubberized Fabric transferred from the 1987 Industry Code 3069, Fabricated Rubber Products, NEC to 1997 NAICS Industry, Coated Fabric Mills including Rubberized Fabric Mills.

Also, there were several activities that transferred within the rubber and plastics products industries. The number of rubber and plastics products industries increased from 15 in 1987 to 17 in 1997. For time series linkage, 13 of the 15 1987 industries are comparable within three percent of the 1997 industries.

Part II - PROPOSED NEW INDUSTRY STRUCTURE FOR BROADCASTING AND TELECOMMUNICATIONS

Section A - NAICS Structure and Narrative

NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM

(NAICS)

AGREEMENT Number 2

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

Broadcasting and Telecommunications

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 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

North American Industry Classification System

Draft Classification for: Broadcasting and Telecommunications

Representatives of the statistical agencies of Canada, Mexico and the United States have agreed to a draft industry classification for the Broadcasting and Telecommunications subsector. The draft establishes three industry groups and nine industries. It has not yet been determined in which industry sector in NAICS the Broadcasting and Telecommunications industry subsector will be included.

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 industry level of the NAICS structure with the exception of satellite telecommunications, which will be published only in the United States. All countries agree on the detailed definitions of the classes.

The classification improves comparability with other countries. With the exception of radio dispatch services and radio and television relay systems, all industries are compatible with the 2-digit level of the current International Standard Industrial Classification of All Economic Activities (ISIC, Revision 3) of the United Nations. Radio dispatch services and radio and television relay systems activities are not significant.

Other objectives of the NAICS project have also been met. In an effort to identify high technology and new and emerging industries, new industries for cable networks, and satellite telecommunications have been identified. A relatively new economic development has been identified by creating an industry for telecommunications resellers.

In addition to the above objectives of the NAICS project, the classification meets the objectives of an industry classification. The classifications are homogeneous and account for most of the activities which define them. In addition, they are economically significant. Finally, disruptions at the NAICS industry level to time series have been kept to a minimum. The major changes in country detail are well-defined and can be taken into account in linking time series.

Limitations of the Classification

There are some limitations to the draft Broadcasting and Telecommunications hierarchy. First, the proposed structure attempts to describe the subsector as it currently exists. It is therefore rooted in today's technology and regulatory environment and it reflects the current profile of service providers. However, many are anticipating fundamental changes in this sector. For instance, the distinction between the Wired Telecommunication Carriers industry and the Cable and Program Distribution industry may not be viable in the future if both industries are engaged in the carriage of voice (basic telephone service), data, and video (including television programs). Similarly, the systems which are now used to distribute television programs may well be used in the future to distribute other types of products such as games and software or be used for other purposes such as interactive home shopping or banking. In such an environment, the provision of menus, interactive controls, and billing services could become an integral part of the bundle of services provided by carriers.

Secondly, it may be argued that for some purposes a number of industries which are important users of telecommunications, as outlined in the proposal, should be included in this subsector. These include telephone answering services and other message services that may include the use of paging and voice mail, phone booth operations, and on-line information services. These industries have not been included in this subsector as they are users of telecommunications services, not providers of the telecommunications services as defined in the proposal. They will be classified elsewhere in NAICS.

These few examples illustrate the difficulty of building a classification for an evolving sector that will stand the test of time.

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. Separate 5-digit industries which will pertain only to the United States have been included as U.S. detailed industries.

A General Outline

The Broadcasting and Telecommunications subsector has been defined to include 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 operates 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 generate revenues from the sale of air time to advertisers, and from donations, subsidies, and/or the sale of programs. The distinction between radio and television broadcasting involves the use of equipment dealing in audio versus audio/video signal.

The Cable Networks and Program Distribution industry group includes two types of establishments. Cable networks operate studios and facilities for the broadcasting of programs which are typically narrowcast 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 and the delivery of the programs to customers is handled by other establishments that operate cable systems, direct-to-home satellite systems, or other similar systems. These distribution systems establishments are classified to the Cable and Program Distribution industry.

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.

Wired Telecommunications Carriers operate and maintain switching and transmission facilities (usually land lines and microwave) to provide one-to-one communications via landlines (including microwave) or a combination of landline and satellite communications.

Wireless Telecommunications Carriers, Except Satellite operate and maintain switching and transmission facilities to provide one-to-one communications via airwaves. The United States classification further distinguishes wireless carriers on the basis of technology by separating paging services and other wireless services such as cellular and personal communications services.

Telecommunications Resellers provide services similar to those of telecommunications carriers but do not operate and maintain a network. They principally purchase the services of carriers for resale to customers.

The Satellite Telecommunications industry principally provides point-to-point communications services to other establishments in the telecommunications and broadcasting industries by forwarding communications signals via a system of satellites. The Other Telecommunications industry includes establishments that specialize in the provision of other types of services such as satellite tracking, radar station operations, and overseas telecommunications (except for satellite telecommunications).

Some Changes to the National Classifications

This section highlights some of the significant changes to the existing national industry classification systems.

The only change to USIC 4832 Radio Broadcasting Stations is to add detail to separate the radio networks from the radio stations. It was felt that the programming function of the network was a significant production difference. There is a significant change for Mexico in that the draft proposes the elimination of the designation of private versus public.

The change in the Television Broadcasting industry for the U.S. is restricted to a title change to clarify the proper classification for television networks. The issue of private versus public television is a change for Mexico.

Cable Networks is similar to Radio Broadcasting, in that the programming function is being used to identify these establishments as a separate industry. This would be a new classification for all three countries.

Cable and Program Distribution establishments are separated from the cable networks based on the absence of the programming function. This would be a new industry for all three countries.

The Wired Telecommunications Carriers industry group has been changed to include the activities of USIC 4822 Telegraph and Other Message Communications. Detail was also added for carriers and resellers. USIC 4822 has been a declining industry and has assumed more and more of the characteristics of the wired telecommunications industry. This change also improved comparability with both Mexico and Canada.

Recent changes in the telephone industry have paved the way for new businesses. The most prevalent are the telecommunications resellers. A reseller purchases communications services from the telecommunications carrier and resells the services to their customers. The reseller does not operate the communications network but instead may operate only the switching system to connect customers to the carriers' network. Telecommunication Carriers and Telecommunications Resellers are new industries for all three countries. It is a new economic development and, as such, is being identified as a new and emerging industry.

Changes in the Wireless Telecommunications Carriers, Except Satellite industry involve moving radio dispatch from USIC 4899 and adding detail to reflect different technologies and updating the terminology. The production function of radio dispatch is similar to that of wireless telecommunication. This change also increased comparability with Canada and Mexico. Paging was found to have a distinct production function. Canada could not support this activity as a NAICS industry so it was added as a 5-digit U.S. industry. Wireless Telecommunications Carriers, Except Satellite will be a new industry for all three countries.

Satellite Telecommunications is a new industry in all three countries. It is a new technology which is now being identified as a new and emerging industry.

Other Telecommunications is a new industry for all three countries.

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 develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuming full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for this NAICS industry subsector. 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 Broadcasting and Telecommunications			
XXX Radio and Television Broadcasting			
XXXX Radio Broadcasting			
XXXXX Radio Networks	N	4832*	Radio Broadcasting Stations
XXXXX Radio Stations	N	4832*	Radio Broadcasting Stations
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
XXXX Cable and Program Distribution	N	4841*	Cable and Other Pay Television Services
XXX Telecommunications			
XXXX Wired Telecommunications Carriers	N	4813*	Telephone Communications, Except Radiotelephone (Carriers)
		4822	Telegraph and Other Message Communications
XXXX Wireless Telecommunications Carriers, Except Satellite	N		
XXXXX Paging	N	4812*	Radiotelephone Communications (Paging Carriers)
XXXXX Cellular and Other Wireless Telecommunications	N	4812*	Radiotelephone Communications (Cellular Carriers)
		4899*	Communication 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*	Communication Services, NEC (Satellite)
XXXX Other Telecommunications	N	4899*	Communication Services, NEC

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 USIC CODE	1987 USIC DESCRIPTION	1997 U.S. DESCRIPTION
4812@	Radiotelephone Communications	Wireless Telecommunications (pt) Telecommunications Resellers (pt)
4813@	Telephone Communications, Except Radiotelephone	Wired Telecommunications Carriers (pt.) Telecommunications Resellers (pt.)
4822@	Telegraph and Other Message Communications	Wired Telecommunications Carriers (pt.)
4832	Radio Broadcasting Stations	Radio Networks Radio Stations
4833	Television Broadcasting Stations	Television Broadcasting
4841	Cable and Other Pay Television Services	Cable Networks Cable and Program Distribution
4899	Communications Service, NEC	Wireless Telecommunications Carriers (pt) Satellite Telecommunications Other Telecommunications

Description of Changes to the U.S. System

The Broadcasting and Telecommunications subsector has been completely restructured for 1997 to reflect the changing technology of the subsector. New industries are the following:

- Radio Networks from part of 1987 Industry Code 4832, Radio Broadcasting Stations.
- Radio Stations from part of 1987 Industry Code 4832, Radio Broadcasting Stations.
- Cable Networks from part of 1987 Industry Code 4841, Cable and Other Pay Television Services.
- Cable and Program Distribution from part of 1987 Industry Code 4841, Cable and Other Pay Television Services.
- Wired Telecommunications Carriers from part of 1987 Industry Code 4813, Telephone Communications, except Radiotelephone and Industry Code 4822, Telegraph and Other Message Communications.
- Paging from part of 1987 Industry Code 4812, Radiotelephone Communications.
- Cellular and Other Wireless Telecommunications from parts of 1987 Industry Codes 4812, Radiotelephone Communications and Industry Code 4899, Communications Services, Not Elsewhere Classified.
- Telecommunications Resellers from part of 1987 Industry Code 4813, Radiotelephone Communications and part of Industry Code 4812, Telephone Communications, Except Radiotelephone.
- Satellite Telecommunications from part of 1987 Industry Code 4899, Communication Services, Not Elsewhere Classified.
- Other Telecommunications from part of 1987 Industry Code 4899, Communication Services, Not Elsewhere Classified.

The number of industries in this industry subsector increased from 7 in 1987 to 11 in 1997. For time series linkage, 4 of the 7 1987 industries are comparable within three percent of the 1997 industries. For the other 3 industries, changes involve splitting a part of 1987 SIC 4-digit industries to obtain more industry detail, in response to new economic and technological developments in this subsector; the new more detailed industries can readily be reaggregated for analytical purposes where time series comparability is important.

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 American 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 /s/ Jacob Ryten 5/19/95

Mexico /s/ Enrique Ordaz 5/19/95

United States /s/ Jack E. Triplett 5/19/95

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 (CSIC's 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 (CMAP's 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 Full-Service Restaurants	N	5812 *	Eating Places
XXX Limited-Service Eating Places			
XXXX Limited-Service Restaurants and Cafeterias			
XXXXX <i>Limited-Service Restaurants</i>	N	5812 *	Eating Places (Limited-Service Restaurants)
XXXXX <i>Cafeterias</i>	N	5812 *	Eating Places (Cafeterias)
XXXX Refreshment Places	N	5812 *	Eating Places (Refreshment Places)
		5461*	Retail Bakeries (Snacks)
XXX Special Foodservices			
XXXX Foodservice Contractors	N	5812 *	Eating Places (Food Service Contractors)
XXXX Caterers	N	5812 *	Eating Places (Caterers)
XXXX Mobile Caterers	N	5963 *	Direct Selling Establishments (Mobile Caterers)
XXX Bars, Taverns, and Other Drinking Places (Alcoholic Beverages)			
XXXX Bars, Taverns, and Other Drinking Places (Alcoholic Beverages)	E	5813	Drinking Places (Alcoholic Beverages)
XX Accommodations			
XXX Traveler Accommodations			
XXXX Hotels and Motels, except Casino Hotels	R	7011*	Hotels and Motels (Hotels and Motels, Except Casino Hotels)
		7041*	Organization Hotels and Lodging Houses, on Membership Basis (Except Hotels)
XXXX Casino Hotels	N	7011*	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.