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Part V

Office of Management and Budget

**1997 North American Industry
Classification System (NAICS) Update and
Official U.S. Reference NAICS
Implementation Manual Availability; Notice**

OFFICE OF MANAGEMENT AND BUDGET

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

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

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

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

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

The Instituto Nacional de Estadística, Geografía e Informática (INEGI) of Mexico, Statistics Canada, and the United States Office of Management and Budget (OMB), through its Economic Classification Policy Committee (ECPC), have collaborated on NAICS to make the industrial statistics produced in the three countries comparable. NAICS is the first industry classification system developed in accordance with a single principle of aggregation, the principle

that producing units that use similar production processes should be grouped together in the classification. The fresh view of establishment data that this restructuring will provide should engender insights into the increasingly interrelated evolution of our economies. NAICS also reflects in a much more explicit way the enormous changes in technology and in the growth and diversification of services that have marked recent decades. Industry statistics presented using NAICS will also be comparable with statistics compiled according to the latest revision of the United Nations' International Standard Industrial Classification (ISIC, Revision 3) for some sixty high-level groupings.

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

In developing NAICS United States, OMB has published a total of eight previous **Federal Register** notices advising the public of the work of the ECPC and seeking comment on that work. The March 31, 1993, **Federal Register** notice (58 FR 16990-17004) announced OMB's intention to revise the SIC for 1997, the establishment of the Economic Classification Policy

Committee, and the process for revising the SIC. The July 26, 1994, **Federal Register** notice (59 FR 38092-38096) set forth the concepts for the new system and the decision to develop NAICS in cooperation with Statistics Canada and INEGI. That notice also included a request for the public to submit recommendations for the industries to be included in the new system. The deadline for submitting proposals for new or revised industries was November 7, 1994.

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

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

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

Electronic Availability and Correspondence: This document is available on the Internet from the Census Bureau Internet site via WWW browser, ftp, and E-mail. To obtain this document via WWW browser, connect

to "http://www.census.gov" then select "Subjects A to Z," then select "N," then select "NAICS (North American Industry Classification System)." This WWW page contains previous NAICS United States **Federal Register** notices and related documents as well.

To obtain this document via ftp, log into ftp.census.gov as anonymous, and retrieve the files "naicsfr9.pdf," "naicsfr9tbl1.pdf," and "naicsfr9tbl2.pdf" from the "/pub/epcd/naics" directory. (That directory also contains previous NAICS United States **Federal Register** notices and related documents.) To obtain this document via Internet E-mail, send a message to majordomo@census.gov with the body text as follows: "get gatekeeper naics.txt". Instructions for obtaining this and other NAICS United States documents will be delivered as a message attachment.

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

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

SUPPLEMENTARY INFORMATION:

NAICS Update

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

As groups of subsectors of NAICS were completed and agreed upon by the

three countries, the ECPC published the proposed industries for those subsectors for public comment in the **Federal Register**. Five successive **Federal Register** notices were published asking for comment. A first notice published in the **Federal Register**, July 26, 1995 (60 FR 38436-38452), requested comment on proposed industry structures for petroleum and coal product manufacturing, chemical manufacturing, and rubber and plastics manufacturing; for broadcasting and telecommunications; and for food services and drinking places and accommodations. A second **Federal Register** notice published on February 6, 1996 (61 FR 4524-4578), requested comment on proposed industry structures for crop production, animal production, forestry and logging; textile mills, textile product mills, apparel manufacturing, and leather and allied product manufacturing; food manufacturing and beverage and tobacco product manufacturing; fabricated metal product manufacturing; machinery manufacturing; electrical equipment, appliance and component manufacturing; and transportation equipment manufacturing. A third **Federal Register** notice published on May 28, 1996 (61 FR 26558-26668), requested comment on proposed industry structures for health and social assistance; educational services; computers and electronics product manufacturing; furniture manufacturing; printing and related support activities; professional, technical and scientific services; performing arts, spectator sports and related industries; museums, historical sites and similar institutions; recreation, amusement and gambling; information; wood product manufacturing, except furniture; rental and leasing; repair and maintenance; management and support; transportation; mining; paper manufacturing; nonmetallic minerals manufacturing; primary metal manufacturing; miscellaneous manufacturing; and postal service and couriers. A fourth **Federal Register** notice published on July 5, 1996 (61 FR

35384-35515), requested comment on proposed industry structures for finance and insurance; wholesale trade; retail trade; construction; utilities; waste management and remediation services; real estate; lessors of other nonfinancial assets; personal and laundry services; and religious, grant making, civic, and other membership organizations. That notice also requested comments on the proposed hierarchy and coding system for NAICS. Finally, a fifth **Federal Register** notice published on November 5, 1996 (61 FR 57006-57183), announced the ECPC's final recommendations to OMB for the complete structure of NAICS United States, including the hierarchy and coding system, and asked for public comments. Final comments were due on December 20, 1996. Changes incorporated into the new system based on comments in response to the November 5, 1996, notice were presented in a sixth **Federal Register** notice containing OMB's final decisions, published on April 9, 1997 (62 FR 17288-17478).

Based on continuing meetings with Canada and Mexico, some changes have been made to the NAICS structure that was published in the April 9, 1997, **Federal Register** notice. Most of these changes are the result of an intensive review of 35,000 activity items compiled by the statistical agencies of the three countries. As a result of that review, both the structure of NAICS and some subsector and industry titles have been changed to better describe the activity or to ensure that the titles among the three countries are comparable. In a few cases, activity items have been moved from one NAICS code (as published in the April 9, 1997, **Federal Register** notice) to another. The title changes and structural changes are shown below. Complete links between the 1997 NAICS and the 1987 SIC incorporating these changes are now shown in tables that are available on the Census Bureau NAICS web site at <http://www.census.gov/epcd/www/naicstab.htm>.

Title Changes

| NAICS code | Original title | New title |
|--------------|---|--|
| 2123 | Non-Metallic Mineral Mining and Quarrying | Nonmetallic Mineral Mining and Quarrying. |
| 21239 | Other Non-Metallic Mineral Mining and Quarrying | Other Nonmetallic Mineral Mining and Quarrying. |
| 212399 | All Other Non-Metallic Mineral Mining | All Other Nonmetallic Mineral Mining. |
| 213115 | Support Activities for Non-Metallic Minerals (except Fuels) | Support Activities for Nonmetallic Minerals (except Fuels). |
| 311813 | Frozen Bakery Product Manufacturing | Frozen Cakes, Pies, and Other Pastries Manufacturing. |
| 311823 | Pasta Manufacturing | Dry Pasta Manufacturing. |
| 315212 | Women's and Girls' Cut and Sew Apparel Contractors | Women's, Girls', and Infants' Cut and Sew Apparel Contractors. |
| 32513 | Dye and Pigment Manufacturing | Synthetic Dye and Pigment Manufacturing. |

| NAICS code | Original title | New title |
|--------------|--|--|
| 325132 | Organic Dye and Pigment Manufacturing | Synthetic Organic Dye and Pigment Manufacturing. |
| 3255 | Paint, Coating, Adhesive and Sealant Manufacturing | Paint, Coating, and Adhesive Manufacturing. |
| 32599 | All Other Chemical Product Manufacturing | All Other Chemical Product and Preparation Manufacturing. |
| 325998 | All Other Miscellaneous Chemical Product Manufacturing | All Other Miscellaneous Chemical Product and Preparation Manufacturing. |
| 327111 | Vitreous China Plumbing Fixture and China Earthenware Fittings and Bathroom Accessories Manufacturing. | Vitreous China Plumbing Fixtures and China and Earthenware Bathroom Accessories Manufacturing. |
| 3274 | Lime, Gypsum and Gypsum Product Manufacturing | Lime and Gypsum Product Manufacturing. |
| 32742 | Gypsum and Gypsum Product Manufacturing | Gypsum Product Manufacturing. |
| 33149 | Nonferrous Metals (except Copper and Aluminum) Rolling, Drawing, Extruding, and Alloying. | Nonferrous Metal (except Copper and Aluminum) Rolling, Drawing, Extruding, and Alloying. |
| 331521 | Aluminum Die-Castings | Aluminum Die-Casting Foundries. |
| 331522 | Nonferrous (except Aluminum) Die-Casting | Nonferrous (except Aluminum) Die-Castings Foundries. |
| 331524 | Aluminum Foundries | Aluminum Foundries (except Die-Casting). |
| 331525 | Copper Foundries | Copper Foundries (except Die-Casting). |
| 331528 | Other Nonferrous Foundries | Other Nonferrous Foundries (except Die-Casting). |
| 33210 | Iron and Steel Pipes and Tubes Manufacturing from Purchased Steel. | Iron and Steel Pipe and Tube Manufacturing from Purchased Steel. |
| 332611 | Steel Spring (except Wire) Manufacturing | Spring (Heavy Gauge) Manufacturing. |
| 332612 | Wire Spring Manufacturing | Spring (Light Gauge) Manufacturing. |
| 33322 | Rubber and Plastics Industry Machinery Manufacturing | Plastics and Rubber Industry Machinery Manufacturing. |
| 333414 | Heating Equipment (except Electric and Warm Air Furnaces) Manufacturing. | Heating Equipment (except Warm Air Furnaces) Manufacturing. |
| 333999 | All Other General Purpose Machinery Manufacturing | All Other Miscellaneous General Purpose Machinery Manufacturing. |
| 334412 | Printed Circuit Board Manufacturing | Bare Printed Circuit Board Manufacturing. |
| 334418 | Printed Circuit/Electronics Assembly Manufacturing | Printed Circuit Assembly (Electronic Assembly) Manufacturing. |
| 335912 | Dry and Wet Primary Battery Manufacturing | Primary Battery Manufacturing. |
| 33636 | Motor Vehicle Fabric Accessories and Seat Manufacturing | Motor Vehicle Seating and Interior Trim Manufacturing. |
| 337214 | Nonwood Office Furniture Manufacturing | Office Furniture (except Wood) Manufacturing. |
| 4222 | Drug, Drug Proprietaries and Druggists' Sundries Wholesalers | Drugs and Druggists' Sundries Wholesalers. |
| 42221 | Drug, Drug Proprietaries and Druggists' Sundries Wholesalers | Drugs and Druggists' Sundries Wholesalers. |
| 42233 | Women's, Children's, and Infants' and Accessories Wholesalers. | Women's, Children's, and Infants' Clothing and Accessories Wholesalers. |
| 42272 | Petroleum and Petroleum Products (except Bulk Stations and Terminals) Wholesalers. | Petroleum and Petroleum Products Wholesalers (except Bulk Stations and Terminals). |
| 493 | Warehousing and Storage Facilities | Warehousing and Storage. |
| 4931 | Warehousing and Storage Facilities | Warehousing and Storage. |
| 49311 | General Warehousing and Storage Facilities | General Warehousing and Storage. |
| 49312 | Refrigerated Warehousing and Storage Facilities | Refrigerated Warehousing and Storage. |
| 49313 | Farm Product Warehousing and Storage Facilities | Farm Product Warehousing and Storage. |
| 49319 | Other Warehousing and Storage Facilities | Other Warehousing and Storage. |
| 512131 | Motion Picture Theaters, Except Drive-Ins | Motion Picture Theaters (except Drive-Ins). |
| 52231 | Mortgage and Other Loan Brokers | Mortgage and Nonmortgage Loan Brokers. |
| 523 | Securities, Commodity Contracts and Other Intermediation and Related Activities. | Securities, Commodity Contracts, and Other Financial Investments and Related Activities. |
| 52314 | Commodity Brokerage | Commodity Contracts Brokerage. |
| 524291 | Claims Adjustors | Claims Adjusting. |
| 524292 | Third Party Administration for Insurance and Pension Funds ... | Third Party Administration of Insurance and Pension Funds. |
| 525 | Funds, Trusts and Other Financial Vehicles (U.S. only) | Funds, Trusts, and Other Financial Vehicles. |
| 533 | Owners and Lessors of Other Non-Financial Assets | Lessors of Nonfinancial Intangible Assets (except Copyrighted Works). |
| 5331 | Owners and Lessors of Other Non-Financial Assets | Lessors of Nonfinancial Intangible Assets (except Copyrighted Works). |
| 53311 | Owners and Lessors of Other Non-Financial Assets | Lessors of Nonfinancial Intangible Assets (except Copyrighted Works). |
| 541614 | Process, Physical, Distribution, and Logistics Consulting Services. | Process, Physical Distribution, and Logistics Consulting Services. |
| 54171 | Research and Development in the Physical Sciences and Engineering Sciences. | Research and Development in the Physical, Engineering, and Life Sciences. |
| 721214 | Recreational and Vacation Camps | Recreational and Vacation Camps (except Campgrounds). |
| 81221 | Funeral Homes | Funeral Homes and Funeral Services. |
| 8123 | Laundry Services | Drycleaning and Laundry Services. |
| 813 | Religious, Grantmaking, Civic, and Professional, and Similar Organizations. | Religious, Grantmaking, Civic, Professional, and Similar Organizations. |
| 8139 | Business, Professional, Labor, Political, and Other Organizations. | Business, Professional, Labor, Political, and Similar Organizations. |
| 81399 | Other Similar Organizations | Other Similar Organizations (except Business, Professional, Labor, and Political Organizations). |
| 921 | Executive, Legislative, Public Finance, and General Government. | Executive, Legislative, and Other General Government Support. |
| 9211 | Executive, Legislative, Public Finance, and General Government. | Executive, Legislative, and Other General Government Support. |
| 92113 | Public Finance | Public Finance Activities. |

| NAICS code | Original title | New title |
|-------------|---|--|
| 92119 | All Other General Government | Other General Government Support. |
| 922 | Justice, Public Order, and Safety | Justice, Public Order, and Safety Activities. |
| 9221 | Justice, Public Order, and Safety | Justice, Public Order, and Safety Activities. |
| 92219 | All Other Justice, Public Order, and Safety | All other Justice, Public Order, and Safety Activities. |
| 92313 | Administration of Social, Human Resource and Income Maintenance Programs. | Administration of Human Resource Programs (except Education, Public Health, and Veteran's Affairs Programs). |
| 92411 | Air and Water Resource and Solid Waste Management | Administration of Air and Water Resource and Solid Waste Management Programs. |
| 92412 | Land, Mineral, Wildlife, and Forest Conservation | Administration of Conservation Programs . |

Structure Changes

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

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

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

Availability of NAICS United States Manual

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

- Definitions for each industry;
- Tables showing correspondence between 1997 NAICS and 1987 SIC codes; and

- An alphabetical index of types of business activities and their NAICS codes.

A CD-ROM version of the Manual includes features not available in print versions:

- An easy-to-use yet powerful search option, including access to more comprehensive index entries; and
- NAICS-SIC and SIC-NAICS code comparison files that can be imported into databases and spreadsheets.

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

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

NAICS United States Implementation

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

INEGI, OMB, and Statistics Canada have put in place a process for ensuring that the implementation of NAICS is comparable across all three countries. Regularly scheduled meetings among the three countries will ensure that there is a smooth transition to NAICS in all three countries. In addition, the three countries plan to continually review and update NAICS to ensure that new

activities are promptly recognized and to extend NAICS to the 5-digit industry level in those sectors where agreement is now at only the sector, subsector, or industry group level.

Time Series Continuity

The standard approach to preserving time series continuity after classification revisions is to create linkages where the series break. This is accomplished by producing the data series using both the old and new classifications for a given period of transition. With the dual classifications of data, the full impact of the revision can be assessed. Data producers then may measure the reallocation of the data at aggregate industry levels and develop a concordance between the new and old series for that point in time. The concordance creates a crosswalk between the old and new classification systems. This link between the 1987 U.S. SIC and the 1997 NAICS United States will be developed by the statistical agencies in the U.S.

Nonstatistical Use of NAICS

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

Consequently, as has been the case with the SIC (Statistical Policy Directive No. 8, Standard Industrial Classification of Establishments), NAICS shall not be used in any administrative, regulatory, or tax program unless the head of the agency administering that program has first determined that the use of such industry definitions is appropriate to the implementation of the program's objectives. If the terms, "North American Industry Classification System," "NAICS," or "NAICS United States" are to be used in the operative text of any law or regulation to define industry (or trade or commerce), language similar to the following should

be used to assure sufficient flexibility:
“An industry or grouping of industries shall mean a North American Industry Classification System industry or grouping of industries as defined by the Office of Management and Budget subject to such modifications with respect to individual industries or groupings of industries as the Secretary (Administrator) may determine to be appropriate for the purpose of this Act (regulation).”

Donald R. Arbuckle,

*Deputy Administrator and Acting
Administrator, Office of Information and
Regulatory Affairs.*

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