Part XX--Proposed New Industry Structure for Postal Service and Couriers

Section A--NAICS Structure

North American Industry Classification System

(NAICS)

Agreement Number 31

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

The detailed NAICS structure along with a brief description of the structure is attached (Attachments 1 and 2). Each country agrees to release a copy of the proposed NAICS structure to interested data users. Comments received will be shared among the countries and additional discussions will be held before a final decision on the structure is made. Each country may add additional detailed industries, below the 4-digit level of NAICS, as necessary to meet national needs, so long as this additional detail aggregates to a 4-digit NAICS level in order to ensure full comparability among the three countries. This NAICS structure was presented and provisionally accepted at the NAICS Committee meeting held on November 8 and November 9, 1995 in Washington, D.C.

Accepted  Signature  Date

Canada   /S/   Jacob Ryten  11/9/95
Mexico   /S/   Enrique Ordaz  11/9/95
United States   /S/   Jack E. Triplett  11/9/95

ATTACHMENT 1--NAICS STRUCTURE

XX  Postal Service
XXX  Postal Service
XXXX  Postal Service
XX  Couriers
XXX  Couriers
XXXX  Couriers
XXX  Local Messengers and Local Delivery
XXXX  Local Messengers and Local Delivery

Attachment 2--North American Industry Classification System

Draft Classification for:
Postal Services
Couriers

Representatives of the statistical agencies of Canada, Mexico, and the United States agree to a draft industrial classification for these industries. The draft classification provides for the subsectors, Postal Services and Couriers. These subsectors are further subdivided into three industry groups, each with one industry. These subsectors will be part of the Transportation sector of the classification.

A General Outline

The Postal Service and Couriers industries deliver letters and small packages. These articles can be described as those that can be handled by a single person without special equipment. This allows the collection, pick-up and delivery operations to be done with limited labor costs and minimal equipment. Sorting and transportation activities, where necessary, are increasingly mechanized. The restriction to small parcels distinguishes these establishments from those in the transportation industries.

The Postal Service subsector includes the activities of the Post Office and its subcontractors in delivering letters and small parcels, normally without pick-up at the senders' location. This describes the traditional activity of national Postal Services.

Establishments that perform these activities, such as the operation of rural Post Offices on contract to the Postal Service, are included in this subsector. This follows the industrial classification concept that ownership should not determine the industry of an establishment, but rather the activity undertaken. However, the delivery of bulk mail on contract to the Postal Service is not included here, because it is usually done by transportation establishments that carry other customers’ goods as well.

The Couriers subsector includes two types of activities. Couriers deliver parcels between cities. The parcels must be no larger or heavier than a single driver can handle without special equipment. The Couriers industry includes the establishments that perform intercity transportation as well as establishments that, under contract to them, do the local pick-up and delivery. The intent is to include the complete hub-and-spoke network in the industry.

Where the Postal Service undertakes a courier activity, and it can be delineated as one or more separate establishments, it is included in the Couriers industry. This reflects the rule concerning ownership referred to above. Canada expects to be able to delineate such establishments, but Mexico and the United States do not.

The Local Messengers and Local Delivery industry undertakes deliveries of small parcels within a single urban area. There are two types of activity in practice. One is the delivery of letters and documents, usually of a legal nature, often by bicycle or on foot. The second is the delivery of small parcels, such as groceries or alcoholic beverages, usually by small truck or van.

Relationship to ISIC

Each of the NAICS industries included in this subsector can be assigned to Division 64, Post and Telecommunications of the current International Standard Industrial Classification of all Economic Activities (ISIC, Revision 3) of the United Nations without any subdivision.
The only difference is that ISIC includes separate courier establishments of the Postal Service in the National Post Activities class, whereas NAICS places them in the Couriers industry.

*Some Changes to the National Classifications*

For Canada, these subsectors include activities from several industries in the current Transportation and Storage Industries division (part of the NAICS Couriers subsector) and from the Communication and Other Utilities Industries division (the Postal Service subsector and the rest of the Couriers subsector). The amount of detail of these NAICS subsectors is similar to that contained in the Canadian classification.

For Mexico, the NAICS Postal Service and Couriers subsectors have the same coverage as the Mexican classification’s Postal Services (CMAP 720001) and Courier Services (CMAP 720002).

For the United States, the activities included in these subsectors are currently in the Transportation and Public Utilities division, with the exception of contract postal services, currently in the Services Division (1987 SIC 7389, Business Services, Not Elsewhere Classified). The Couriers industry combines the truck couriers included in 1987 SIC 4215, Courier Services, Except by Air, and air couriers included in 1987 SIC 4513, Air Courier Services.

*Achievement of Objectives*

The classification meets the objectives for the North American Industry Classification System (NAICS). It includes industries that group establishments with similar production processes, that is, it applies the production-oriented economic concept. The hierarchical structure of the classification also follows the production concept.

The industries have high specialization ratios, and they are economically significant. Some are much larger than others, but this was necessitated to make them homogenous in terms of production process. The classification is still suitable for sampling, data-publishing and other aspects of survey operations. Disruptions to time series are minimal. The statistical agencies can develop statistical "links", to enable the re-tabulation of time series on the new NAICS classification structure.

The classification achieves comparability for the three participating countries. All countries agree on the detailed definitions of the industries.

*Section B - Annex: United States National Industry Detail*

As explained in the Structure presentation of this notice, for a number of reasons 4-digit industries in the two NAICS industry subsectors presented in Part XX, Section A--Attachment I, contains less detail than is currently in the U.S. SIC system and less detail than is required to meet important analytical requirements in the U.S. The three country agreement on NAICS envisions that each country may develop national detailed industries below the NAICS industry level, so long as the national detail can be aggregated to the NAICS classification, thus assuring full North American comparability.

The ECPC is proposing U.S. 5-digit industry detail for the two NAICS industry subsectors
covered in Part XX of this notice. For cases where no 5-digit detail is shown, the ECPC is proposing that the NAICS 4-digit industries will also represent the most detailed U.S. industries.
TABLE 1

The definitions of status codes are as follows: E-existing industry; N-new industry; R-revised industry; and * means “part of”. The abbreviation NEC is used for Not Elsewhere Classified.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>XX Postal Service</td>
<td>E</td>
<td>4311</td>
<td>United States Postal Service</td>
</tr>
<tr>
<td>XXX Postal Service</td>
<td></td>
<td></td>
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<tr>
<td>XXXXX Postal Service</td>
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</tr>
<tr>
<td>XXXXXXX National Postal Service</td>
<td>E</td>
<td>4311</td>
<td>United States Postal Service</td>
</tr>
<tr>
<td>XXXXXXX Contract Postal Operations, Excluding Bulk Mail Transportation</td>
<td>N</td>
<td>*7389</td>
<td>Business Services, Not Elsewhere Classified (Postal Service contract operations)</td>
</tr>
<tr>
<td>XX Couriers</td>
<td>R</td>
<td>*4215 4513</td>
<td>Courier Services, Except by Air (hub and spoke intercity delivery) Air Courier Services</td>
</tr>
<tr>
<td>XXX Couriers</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>XXXXXXX Couriers</td>
<td>R</td>
<td>*4215</td>
<td>Courier Services, Except by Air (local delivery)</td>
</tr>
<tr>
<td>XXX Local Messengers and Local Delivery</td>
<td>R</td>
<td>*4215</td>
<td>Courier Services, Except by Air (local delivery)</td>
</tr>
<tr>
<td>XXXXX Local Messengers and Local Delivery</td>
<td>R</td>
<td>*4215</td>
<td>Courier Services, Except by Air (local delivery)</td>
</tr>
</tbody>
</table>
The abbreviation “pt” means “part of”, @ means time series break has been created that is greater than 3% of the 1992 revenues for the 1987 industry. The abbreviation NEC is used for Not Elsewhere Classified.

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<thead>
<tr>
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<tbody>
<tr>
<td>4215@</td>
<td>Couriers Services Except by Air</td>
<td>Couriers (pt)</td>
</tr>
<tr>
<td></td>
<td>Hub and Spoke Intercity Delivery</td>
<td>Local Messengers and Local Delivery</td>
</tr>
<tr>
<td></td>
<td>Local Delivery</td>
<td></td>
</tr>
<tr>
<td>4311</td>
<td>United States Postal Service</td>
<td>National Postal Service</td>
</tr>
<tr>
<td>4513@</td>
<td>Air Courier Services</td>
<td>Couriers (pt)</td>
</tr>
<tr>
<td>7389</td>
<td>Business Services, Not Elsewhere Classified</td>
<td>Contract Postal Operations, Excluding Bulk Mail Transportation</td>
</tr>
</tbody>
</table>
Description of Changes to the U.S. System

There are two new industries, one in each of the proposed subsectors. The Contract Postal Operations, Excluding Bulk Mail Transportation industry was created to reflect operations similar to the Postal Service in process but which provide for fewer of the production equipment and facilities. This activity is included in 1987 SIC 7389, Business Services, Not Elsewhere Classified.

The Local Messengers and Local Delivery industry located in the Couriers subsector identifies establishments involved in local pick up and delivery and is created from part of 1987 SIC 4215, Courier Services, Except by Air. These establishments are identified separately from the Couriers industry based on production differences involving equipment and the method of delivery. This industry includes establishments that pick up and deliver by foot, bicycle, car and small van. The Couriers industry, created from part of 1987 SIC 4215, Courier Services, Except by Air, and part of 1987 SIC 4513, Air Courier Services, includes establishments that are part of a hub and spoke network by truck and air delivery.