

North American Industry Classification System (NAICS) Implementation: Key notions and practical references from NAICS Canada

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What is NAICS ?

- The [North American Industry Classification System \(NAICS\)](#) is an industry classification system developed by the statistical agencies of Canada, Mexico and the United States. It is designed to provide common definitions of the industrial structure of the three countries and a common statistical framework to facilitate the analysis of the three economies. It is a comprehensive system encompassing all economic activities.
- NAICS represents a continuing co-operative effort among Statistics Canada, Mexico's Instituto Nacional de Estadística y Geografía (INEGI), and the Economic Classification Policy Committee (ECPC) of the United States, acting on behalf of the Office of Management and Budget, to create and maintain a common industry classification system.
- First version of NAICS, NAICS 1997 was approved by the 3-countries in December 1996 and released in early 1997, in the context of the new North American Free-trade Agreement (NAFTA). Replaced Standard Industry Classification (SIC).
- NAICS is revised every 5 years (in Canada the evergreening principle has been adopted to provide flexibility to revise NAICS Canada within the revision cycle, when necessary). [NAICS Canada 2022 Version 1.0](#) is latest version in use in Canada.



Why considering implementation of a statistical classification is important?

- Implementation can be attached to many interpretations depending on the context
- For statistical classifications used in producing official statistics, implementation plays a crucial role in collecting/producing and organizing data, facilitating research and analysis of data, guiding policy decisions, and promoting standardization and consistency in various aspects of the economy, society and the environment.



What does exactly implementation of a statistical classification refer to?

- The main reasons for accompanying a statistical classification with an implementation plan (including tools) or awareness, is to support the various statistical programs and surveys, as well as the often widespread use of statistical classifications such as NAICS (.e.g., with their codes) across various sectors of the economy and society, and therefore enables accurate data collection, treatment and analysis, policy formulation, and regulatory or administrative compliance among other applications.
- For a dedicated standard unit and custodian of the statistical classification (developer of the classification), implementation should not necessary be about fixing a specific date to add a classification in an IT system or a survey/collection tool, which is the prerogative of the statistical programs and surveys areas (including the BRs and the SNAs) themselves. Although interrelated, development and maintenance (incl. revision) of statistical classifications should not be too dependant on specific dates of actual use of the classification. As we often observed, holding the revision of a statistical classification until every possible users start using it contributes to huge lags in revision cycles (more than 10 years).



Implementation of NAICS in the Canadian Context

- The Centre of Statistical and Data Standards (CSDS) at Statistics Canada (the custodian of NAICS in Canada) is responsible for the maintenance of NAICS Canada. Therefore, CSDS plays a key role in providing the necessary tools, databases, files, expert advises, training and other information, to support the implementation of NAICS Canada. This comes with assigning specific resources (classifications/standards development and maintenance specialists) to perform the ongoing work.
- CSDS is also supported by subject-matter experts in various areas of application of NAICS Canada, as well as the SNA and the BR experts; it is truly a collaborative experience and effort.
- CSDS does not set up specific dates to implement NAICS Canada; therefore its role is primarily to support the users, while continuing revising the classification with its partners and collaborators, in alignment with the 5-year revision cycle and evergreening as necessary.
- As an example, Statistics Canada has put in place the Integrated Business Statistics Program (IBSP), which combines various survey and administrative data to develop comprehensive measures of the Canadian economy. IBSP has developed its own “implementation schedule” for onboarding statistical surveys and programs, which included specific dates accompanied with specific requirements, one of them being to provide standards in use, such as NAICS Canada, during onboarding and for future maintenance and data processing.

NAICS Canada documentation to support implementation

- NAICS Canada databases and files in various formats
 - html
 - csv/excel
 - pdf
 - APIs
 - files provided via IMDB (Integrated Metadata Database)
- NAICS Canada correspondence tables (Between versions; NAICS Canada to ISIC) using the General Statistical Information Model (GSIM)
- NAICS Canada variants (content and media sector; Durable vs Non-durable manufacturing industries; ICT sector; Energy sector; Labour force; etc.)
- Classification Coding System (to support coding with search functions within the Statistics Canada) and NAICS Canada Search tool (developed by the BR for external users)
- Management and dissemination using in new software (ARIA to replace IMDB totally in the future)
- Available in SDMX to support Data Interoperability and Exchange



NAICS Canada documentation to support implementation (continued)

- NAICS categories are part of the Generic Survey Universe File (GSUF)
- Input-Output Industry Classification linked to NAICS Canada
- Other files and tools, not identified, under control of subject matter divisions, collections divisions, and the system of national accounts



A fixed and well-known revision cycle and key dates for the revision of NAICS Canada support planning and implementation

- Providing a fixed and well-known revision cycle of 5-years support the implementation because users (both within and outside of Statistics Canada) are able to plan and align their resources appropriately, year after year
- Official public consultation period for changes proposed for inclusion in NAICS Canada 2027 are already communicated: Ongoing to the end of June 2025. Beyond 2027, the cut-off date to incorporate approved changes from proposals into the new classification version will be around a year and half before the release date of the next version of NAICS Canada based on the 5-year revision cycle.
- Completion of trilateral negotiations: September 2025.
- Public notice containing proposals in consideration for changes in NAICS Canada: November 2025.
- Public notice containing the final approved proposal for changes in NAICS Canada: February 2026.
- Public release of NAICS Canada 2027 Version 1.0: January 2027.



Governance in support of implementation: Economic Standards Steering Committee (ESSC) and Trilateral Steering Committee (TSC) on NAICS

- ESSC is the primary committee overseeing NAICS maintenance and implementation
- The committee is primarily a director-level committee of various statistical domains affected by NAICS changes; they provide feedback, guidelines and approve changes
- The TSC on NAICS is composed of representatives from Canada, Mexico and the U.S. It plays a key role in emboldening discussions on various issues affecting the revision of NAICS coming from each country (incl. technical work), in making trilateral agreements (decisions on the changes in NAICS), and also in providing expert advices to support implementation (including rulings between revision cycle). The committee meets at least 3 times a year, with continuous communications between the formal meetings.

The role of the Business Register (BR) in the Implementation of NAICS Canada

- The BR is a key partner with the Centre for Statistical and Data Standards (CSDS) in support of the implementation of NAICS Canada; the BR is the primary source for building the necessary infrastructure for data collection on industries, where NAICS is the standards in use.
- The BR requires the changes to update the Generic Survey Universe File (GSUF), the main file for business survey frames
- GSUF is a primary tool for surveys, and governs the units eligible for a survey
- Before the official release of NAICS (usually in January of the reference year) CSDS aims to provide a full set of changes to the BR about 7-8 months in advance; the BR is part of the ongoing consultations during the revision process, therefore, CSDS makes sure there is no surprise from the BR when the changes in NAICS are presented at the end; the BR is also a member of the Steering Committee overseeing the revision and implementation of NAICS.
- Overtime, BR employees have developed a very well understanding of NAICS, therefore they are key in the implementation process, as they can provide advices in coding, industries analysis and units profiling/reprofiling, for example.



The role of Operations and Integration Division (OID) in the Implementation of NAICS Canada

- OID is a key partner in implementing NAICS because of their tasks related to coding, in particular, for data collection by surveys
- Electronic Questionnaire (EQ) is the primary mode of collection for all surveys at Statistics Canada
- They update EQs to reconcile search phrases to NAICS example updates, with input from the BR
- As the main coding unit within Statistics Canada, OID is the business owner of the Classification Coding System (CCS) and the Classification Management Coding System (CMCS), with input from CSDS
- They will transition to new classifications management tool, ARIA
- OID also offers training in coding to NAICS to their staff, in support of statistical surveys.



The role of subject matter divisions in the Implementation of NAICS Canada

- CSDS is in on-going contact with subject matter divisions (SMD) about changes to NAICS Canada, both directly with SMD staff and through the Economic Standards Steering Committee (ESSC)
- Subject matter divisions are notified of all relevant NAICS changes early on in the revision process (no later than end of trilateral consultation period), to enable their budget and planning processes
- SMDs or statistical program areas are responsible for budgeting in advance for implementation of NAICS Canada changes
- ESSC exists to keep SMDs informed of draft and final changes to NAICS
- SMDs work primarily with the business register to update their systems with regards to changes to the frame



The role of the System of National Accounts (SNA) Area in the Implementation of NAICS Canada

- The System of National Accounts are users of NAICS largely through the used of survey data and other data sources based on NAICS Canada
- Industry Accounts Division (IAD) maintains the Input-Output Industry Classification, which is more or less like a NAICS Canada variant. It groups NAICS classes into broad SNA adapted classes (less detailed than NAICS in general) for use in the creation of national accounts data
- IAD is represented on the ESSC (has been co-chairing the committee for awhile now), and is consulted regularly about NAICS Canada changes early on in the revision process (no later than the end of trilateral consultation period)

Other considerations for the Implementation of NAICS Canada

- Since Statistics Canada is the central statistical agency in Canada, NAICS Canada implementation within the Agency is the main focus of the Centre for Statistical and Data Standards (CSDS)
- Support and tools provided by the CSDS for the implementation of NAICS are available for all users of NAICS Canada across Canada, and even internationally
- Statistical surveys and programs areas, the BR and the SNA areas, are in close contact with a large ecosystem of users of statistical data from StatCan; they maintain strong relationships which facilitate NAICS Canada implementation within other organizations (for example, the Canada Revenue Agency which has embedded NAICS Canada in its systems and tax software; Provinces and Territories; Business and Trade Associations, etc.).
- CSDS has been invited occasionally to present NAICS Canada to various government departments in support of implementation; this role is anticipated to grow as NAICS Canada has been officially adopted as a National Standard for the Classification of Industries among all federal departments and agencies.



Information and contact:

Centre for Statistical and Data Standards (CSDS), Statistics Canada

<https://www.statcan.gc.ca/en/concepts/index-v1>

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Questions?

