

Dear Valued Supplier:

Effective October 1, 2000, Federal Acquisition Circular 97-19 revises the FAR to convert size standards and other programs in the FAR that are currently based on the Standard Industrial Classification (SIC) system to the North American Industry Classification System (NAICS).

NAICS is a new system that classifies establishments according to how they conduct their economic activity. This is a significant improvement over the SIC system because it more accurately identifies industries. Beginning October 1, 2000, NAICS will be used to establish the size standards for acquisitions. The following website provides the Small Business Size Standards matched to the North American Industry Classification System: <http://www.sba.gov/size/NAICS-cover-page.htm>. Once there, click on New Table of Small Business Size Standards based on NAICS codes.

To compare the previous four digit SIC codes to the current six digit NAICS codes, the following web site is provided: <http://www.census.gov/epcd/www/naicstab.htm>. An example of what makes up the NAICS numbering system is as follows: the first two digits are the sector, the third digit is the subsector, the fourth digit is the industry group, the fifth digit is the NAICS industry, and the sixth digit is the U.S. industry.

Note that the size standard for regular dealers is still 500 employees. Also, acquisitions solicited under the SIC system will be awarded under that system, not the NAICS system, unless amended by the contracting officer.

This change will in no way compromise our dedication to meeting the quality, performance and time to market requirements that America's warfighters and other non-Defense Department customers both need and deserve. If you have questions regarding this change, please contact your contracting officer or buyer.

Sincerely,

/s/

PAUL E. ZEBROWSKI  
Director,  
Office of Procurement Management

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Contracting and Production Policy Memorandum Number 00-21

SEP 25, 2000

SUBJECT: NORTH AMERICAN INDUSTRY CLASSIFICATION SYSTEM (NAICS)

This memorandum implements Federal Acquisition Circular (FAC) 97-19, Item II, located at <http://www.arnet.gov/far/facframe.htm>, and DFARS Change Notice dated June 27, 2000, Item I. This interim rule, effective October 1, 2000, revises the FAR to convert size standards and other programs in the FAR that are currently based on the Standard Industrial Classification (SIC) system to the NAICS. The above website provides you with the FAR changes that will be effective on October 1, 2000.

NAICS is a new system that classifies establishments according to how they conduct their economic activity. This is a significant improvement over the SIC system because it more accurately identifies industries. Beginning October 1, 2000, NAICS will be used to establish the size standards for acquisitions. The following website provides the Small Business Size Standards matched to the North American Industry Classification System: <http://www.sba.gov/size/NAICS-cover-page.htm>. Once there, click on New Table of Small Business Size Standards based on NAICS codes. The size standards indicate the number of employees permissible to be considered as a small business manufacturer. For regular dealers, the size standard is still 500 employees. Also, as a general comment, most of the size standards for small business manufacturers remained the same. The NAICS system is based on a six-digit code. An example of how the NAICS numbering system works is as follows:

51	Information	First two digits - sector
513	Broadcasting & Telecommunication	Third digit - subsector
5133	Telecommunications	Fourth digit - industry group
51332	Wireless Telecommunications	Fifth digit - NAICS industry
513321	Cellular and Other Wireless	Sixth digit - U.S. industry

In addition, the interim rule converts the designated industry groups in FAR 19.1005 to NAICS and requires our agency to report contract actions using the NAICS code rather than the SIC code. To compare the previous four digit SIC codes to the current six digit NAICS codes, the following web site is provided: <http://www.census.gov/epcd/www/naicstab.htm>.

As a reminder, in accordance with FAR 19.303 (a), contracting officers shall determine the appropriate NAICS code and related small business size standard and include them in solicitations above the micro-purchase threshold (FAR 52.219-1; DPACS K010). Additionally, in accordance with FAR 19.303 (b), if different products or services are required in the same solicitation, it should identify the appropriate small business size standard for each product or service. Note, these two FAR citations are not updated in the FAR until the effective date of October 1, 2000.

Pen and ink changes will be made to the on-line version of the Defense Supply Center Philadelphia Guiding Principles for Acquisition at 19.102(a), 19.201(d), 19.1102, and 19.1306(a)(2) to change the terminology from SIC to NAICS where applicable. In addition, 19.102(a) will be revised to indicate that the size standard and NAICS must be included in solicitations above the micro-purchase threshold, not all solicitations, as well as providing other relevant information as needed.

For the General and Industrial Commodity Directorate, DPACS will be updated to reflect affected NAICS provisions/clauses. For the Clothing & Textiles, Medical and Subsistence Commodity Directorates, and the Corporate Contracting and Readiness Division, the next on-line CPM Part 52/53 change will also reflect this change. See Contracting and Production Policy Memorandum 00-20, subject: Fiscal Year 2001 Contract Action Reporting Requirements, for additional details on forms affected by this rule. Updates to SAMMS/DISMS are in process to accommodate the six-digit NAICS code from the four-digit SIC code for the DD 350/1057 forms.

The contracting officer has the discretion to amend open solicitations that will not be awarded prior to October 1, 2000 to include the NAICS change. If you have questions or comments, my POC is John Di Babbo, PPC, 737-2608 or email [jadibabbo@dscp.dla.mil](mailto:jadibabbo@dscp.dla.mil).

/s/

PAUL E. ZEBROWSKI  
Director, Office of Procurement Management