

REFLECTIONS AND PROJECTIONS

Good morning, everyone. I bring you greetings from the officers and members of the American National Standards Institute Board of Directors, the Institute's members and its staff.

Almost six years ago, I was honored to receive one of my first "official" invitations to address the standards community as ANSI's president. At the time, my friend, Glenn Ziegenfuss, SES Executive Director, invited me – as a relative newcomer – to share my assessment of the U.S. standardization and conformity assessment system at the SES Annual Conference in August 2000. I have been looking forward to returning to SES and greeting this audience once again. This time with a personal perspective, several years of hands-on experience in the standards community, and hundreds of thousands of frequent flyer miles earned.

As you know, I am approaching the end of a personally satisfying and rewarding tenure as president and CEO of ANSI. I have my own individual take on how we are doing as a community and what we have yet to accomplish. Many of the ideas you will hear me discuss today are not necessarily ANSI viewpoints. I consider this to be a unique opportunity to gather with you as professional colleagues and friends, and I believe it is the perfect time for a frank discussion of the future of standardization.

Five years ago I said that I believed that the best way to prepare for the future is to look at the past . . . to examine what and how we have done . . . and to learn from our past mistakes. As Albert Einstein once said, "We cannot solve problems by using the same kind of thinking we used when we created them."

I do not believe that the standards community can move effectively and efficiently forward without taking a clear and objective view of our preparedness and our ability to meet emerging needs.

We must ask ourselves some questions that may be uncomfortable: Will the standards-setting models that we use today be relevant in the future? Are we prepared to address standardization needs in areas that are critical to the nation? Do we have the experience, or the resources, to address these matters in a responsible way? Are we attracting the stakeholders that we need to ensure that the standards that are being developed are good . . . maybe not perfect, but solid pieces of work that represent the best knowledge and best agreements available at the time that they are written?

To this last point, on September 11, 2001, the nation suffered one of its greatest tragedies. As a result, we have seen the quick development of a multitude of standards for protecting our nation and those who keep our people safe. The pace has been rapid, the work has been good, and now we have a strong foundation on

which to base a future generation of standards for homeland security and personal protection. In this case, the standardization community rallied to meet a critical need and take immediate action. But the pace is not always so quick.

In August 2000, I reported that the member bodies of the International Organization for Standardization (ISO) had rejected a proposal for a new standard on an occupational health and safety management system. The proposal met with resistance – largely from those who were opposed to the introduction of any new management system that might bring with it a requirement for certification and, as such, additional cost. Subsequently, the American Industrial Hygiene Association, as secretariat of ANSI-Accredited Standards Committee Z10, organized a group of experts to work on a similar domestic project.

Two weeks ago, ANSI's Board of Standards Review approved the new Z10 document as an American National Standard. Some who opposed the ISO proposal are probably not aware of the approval of the Z10 standard. Others will question why it took five years to develop this document.

It's somewhat like a personal perspective of apple pie and baseball. While one might not *say* that he or she doesn't like apple pie or baseball, that person might also never buy a pie or a ticket to a ballgame.

Here we have a similar situation. We would probably be hard-pressed to find an executive that would say he or she wasn't supportive of an initiative that would help keep workers safe and healthy. But that doesn't mean that executive is eager to spend his or her company's resources on an additional certification program. This philosophy applies to any number of proposed management system standards under consideration. There is often recognition of value, but the return on investment may be questioned.

The point here is that a group of stakeholders expressed their need for a standard and, operating in a consensus-based environment, a group responded with a product that meets the needs of those stakeholders. The openness of the subject for debate and consensus resolution is the premise upon which the U.S. standards system is based.

What last we met, I introduced you to the first-ever *National Standards Strategy for the United States*. The NSS reaffirmed that the U.S. is committed to a sector-based approach to voluntary standardization activities, both domestically and globally. It established a standardization framework that was built upon the traditional strengths of the U.S. system – such as consensus, openness and transparency – while giving additional emphasis to speed, relevance, and meeting the needs of public interest constituencies. But each industry has its own unique requirements. The needs of the aerospace and automotive industries are quite

different from those in chemical and construction. Issues in electrical and information technologies may overlap, but not be aligned with, the needs of the medical, tourism or other service industries.

Collectively, we in the standards community recognized the impact of globalization and the need for standards that will meet stakeholder requirements irrespective of national borders. We saw the need for an environment that incorporates new types of standards development activities, more flexible approaches and new structures. And we saw the need to gather around a central framework to ensure our well-being. A revision of our August 2000 *Strategy* is being developed to serve as this framework.

When I accepted the invitation to be with you again today, I thought the new *United States Standard Strategy* (USSS) would be ready to debut. However, we have found that developing a standards strategy for a nation as complex as the United States is no easy task. Under the able leadership of Joe Bhatia, the revision process continues and, if all goes according to plan, the USSS will be approved by year-end. Joe will be providing an update on the project in our next session. However, I do want to focus on one key aspect of this initiative . . . our ability to compete effectively in the global marketplace.

Reference is frequently made to the U.S. Department of Commerce estimate that standards impact 80 percent of world commodity trade. Yet many in U.S. industry view standards and conformity assessment programs as the principal non-tariff trade barriers in markets around the world. In terms of the U.S.-European economic relationship, this means that standards influence an estimated \$200 billion in transatlantic trade. This represents more than \$117 billion in the U.S. national economy and nearly 2.5 billion pounds per year to the British national economy. Similar research from other national standards bodies is echoed in a new report from the World Trade Organization that confirms . . . “we live in a world profoundly reliant on standards that have far-reaching implications for trade.”

In May 2001, Colin Powell defined globalization as “an interconnected world in which national identity and sovereignty are preserved, but in which all countries work together to meet challenges and harvest opportunities, from which no country working alone can derive full advantage.” Applying Powell’s thought to our own area of expertise, I question . . . Do global standards drive global markets? Or do global markets drive global standards? The answer is . . . both.

Under the formation of the WTO and its Technical Barriers to Trade Agreement, organizations that develop, adopt and publish international standards to support worldwide commerce must ensure that those standards are globally relevant. Standards that fail to meet certain prescribed requirements are challenged as barriers to free trade.

Since we last met, numerous organizations around the world have been confronting global relevance issues. Both ISO and IEC have introduced formal global relevance policies as well as policies addressing how their respective committees accommodate essential differences in markets around the world. “Essential differences” are factors that are not expected to change over time, such as imbedded technological infrastructures, climatic, geographical or anthropological differences.

Other organizations pursue global relevance in other ways. For example, some of our U.S.-based professional societies are – by nature of their membership – global organizations. This means that the standards developed and approved by those organizations reflect an international consensus. What we really mean is that an “international standard” should be (1) technically suitable and, (2) able to be used throughout a given market sector worldwide.

Some sectors feel strongly that certain standards bodies – among these ISO and IEC – are the preferred path to achieve a global standard. Other sectors may rely on any of hundreds of other entities that develop standards for global use. Still other sectors may find that their needs are met with standards that are purely domestic in scope. The great thing about the U.S. standards system is that we have empowered each market sector to decide which global standards best support its needs.

Some other countries – and, in fact, certain regions of the world – take a very different approach to standardization.

The views some of our counterparts assert in their own national strategies may contrast sharply with those that we recommend. All nations do not embrace the globally-accepted principles of standardization endorsed by the WTO. They do not invite open and inclusive participation in standardization activities or balance the interests of all stakeholder groups so that the outcomes are representative and broadly supported. Other nations may not respect intellectual property rights and may try to impose the use of a national standard as a barrier to trade or as a mechanism for sheltering one of their own industry sectors.

Last year, a single Chinese standard had the potential to exclude a multitude of players – from the U.S. and other nations – from the lucrative Chinese market. The U.S. IT industry came forward and demanded that action be taken. The result . . . a letter to the Chinese Premiere signed by not one, not two, but three very influential U.S. officials: the U.S. Secretary of State, the U.S. Secretary of Commerce and the U.S. Trade Representative. Standards had hit the mainstream.

Along with China, the emergence of developing economies in nations such as India, Korea and Taiwan, and several of the countries of the Eastern Bloc, are having a tremendous impact on global markets. The

World Trade Organization says that there is a critical need for developing nations to be involved in standardization activities. In response, some nations are effectively leveraging their greater resources to provide technical assistance efforts that will foster trade between their developed and other emerging economies.

I referenced earlier the development of the first *U.S. National Standards Strategy* and the fact that we were responding – and not too subtly – to the European Union’s aggressive and successful promotion of its technology and practices to other nations around the world. The EU and its member nations have been expending millions of Euros annually to provide technical assistance to developing and emerging nations, including China. These efforts often include providing free standards, and even translations of standards, in return for commitments by the recipient nations to adopt or otherwise use the EU standards.

While some U.S. developers have individually promoted their standards catalogs to emerging nations, there were no long-term financial resources available within the larger U.S. standardization community, industry or government to match the large investment being made by the Europeans. That tide has begun to change.

ANSI recently received word from NIST that they have agreed to provide matching funds that will support the development of an online portal containing educational information about U.S. and Chinese standards activities. A major component of this site will be the translation of the titles and abstracts of more than 2,000 U.S. standards into Chinese and a similar number of Chinese titles into English. The combined funding from private- and public-sector sources will help to advance U.S. interests by providing information and access to foreign and international standards. Federal government support of, and cooperation with, the private sector is essential for activities such as research, education, technical support and resources to assure adequate U.S. competitiveness in the global marketplace.

Some of you may be familiar with the work of *New York Times* journalist and Pulitzer Prize-winning author, Thomas L. Friedman. In his latest book, *The World is Flat: A Brief History of the Twenty-first Century*, he observes that there are powerful societal forces that operate in spite of the basic formulas for a nation’s economic success. These forces point to why a developing nation such as India will “get its act together” and why another one – such as Pakistan – doesn’t. The answer is something he calls “the intangible things.” These “things” fall into two primary categories:

- The first is a society’s ability and willingness to pull together and sacrifice for the sake of economic development,

- and the second is the presence of leaders with the vision to see what needs to be done in terms of development, and the willingness to use power to push for change rather than to enrich themselves and preserve the status quo.

Based on my previous comment, this may also include a willingness to accept technical assistance contributions from developed nations. When political, legal and financial aspects are added to the “intangible” mix, we have defined the major influencers of not only standardization, but also trade on the global scale.

Our future market success depends upon cooperation and collaboration. We must foster positive relationships with partner organizations if we are to be successful in our efforts to establish standards, testing programs and marks that are suitable for implementation across national boundaries. Our ultimate goal is to achieve a level playing field in the international standards arena, and an assurance that the needs of all nations are taken into account when developing standards and conformity assessment programs that support free and fair trade.

Let’s be clear . . . trade encompasses much more than manufactured products. Today, services represent the largest and most dynamic segment of the world economy, accounting for more than 60% of gross domestic product (GDP) in many countries, and an even larger share of employment. In the U.S. our percentages are slightly higher than average . . . services account for approximately three quarters of GDP and 8 out of 10 jobs. Our services exports measured \$340 billion in 2004 . . . roughly 30 percent of the total value of America’s exports.

Five years ago I reported that the Certified Financial Planners Board had taken the lead – both within ANSI and in the ISO – for a new area of work for personal financial planning. This was the first in a new series of emerging standardization activities in the services sector. The expansive globalization of the service sector has led to increased competition and a new demand for professional uniformity. Standards have emerged as a solution for harmonizing occupational requirements across national borders in order to facilitate the free flow of labor.

Personnel certification and credentialing programs are quickly becoming widely recognized as effective tools for universally and consistently qualifying the competence and proficiency of personnel. In 2003, the first-ever internationally recognized standard on personnel certification and credentialing was published. ANSI was first among the more than 140 member nations of ISO and IEC to launch an accreditation program for personnel certification bodies based on the standard, ISO/IEC 17024.

In many respects, initiatives for services, personnel and social issues are quite different from traditional product and management system standardization activities. They require an influx of diverse new participants, many of whom are engaging with our community for the first time. Recent trends have already indicated that the member representatives to our standards-setting committees are more project-centered and more professionally transient. There is much less long-term involvement in the standards system than we may have seen in the past.

Similarly, non-traditional groups such as consortia and forums are now engaging in collaborative partnerships with traditional standards-setting bodies. This could be an ideal scenario because it combines the innovation and speed of development that is often associated with consortia groups with the consensus and due process requirements that are typically associated with the more formal standards development bodies.

Further, new stakeholders from governmental and non-governmental organizations are coming to the table and initiating projects with ingenuity and foresight. ANSI responded within the past year to a call from government to form a new coordination program for the development of standards supporting nanotechnology. Most recently, a coordination effort has begun that will bring together a wide range of stakeholders to facilitate the widespread interoperability of health data in support of a Nationwide Health Information Network (NHIN) for the United States. Though we are still awaiting final authorization of funding from the Department of Health and Human Services, it seems clear that the representatives of government, consumers and users are collectively raising their voices in a call for a balance of their needs with the well-established voice of industry.

ANSI has a 90-year history bringing together stakeholders for the purpose of consensus-building in a standardization and conformity assessment arena. We have helped to develop thousands of voluntary consensus standards for the U.S. and global community . . . and from what I can see, the pace of new activities seems only to be escalating. This is why I must question whether we – and I mean the collective “we” . . . not just ANSI – are equipped to accommodate the influx of new stakeholder needs, the new participants, and the views that these new participants bring to the standards-setting table.

Let me confirm . . . I do believe that the U.S. standards system is responsive and that it functions soundly to meet emerging needs. I do believe that ours is the strongest standards system in the world. It serves industry, government and consumers well. What I question is whether we are adequately preparing for the future by giving proper thought and attention to the standards system that we want to have in five years . . . ten years . . . and fifty years into the future. Can we sustain our network if industry and government executives continue to funnel standards participants through our system on a project-by-project basis?

This forces the participants to be on an extremely steep learning curve. It also forces standards developers to focus excessively on educating and training new participants.

Five years ago I stressed the importance of standards education – something that I know is near and dear to the Standards Engineering Society and each of its members. Today, education is even more important. It holds a key spot in the draft *U.S. Standards Strategy* as well as a top spot among ANSI's top ten priorities for 2005. In fact, next month we will be launching a University Outreach program that will deliver select standards to faculty and university students for their use in the classroom. ANSI is investing in the future of the U.S. standardization system. We want tomorrow's experts to complete their college training with a solid basis of understanding about standards and conformity assessment. I encourage each of you to pursue the same support of educational activities within your own organizations.

In his book, Thomas L. Friedman observes that, for scientists and engineers, one of the most sought-after places to work in all of China is the Microsoft research center in Beijing. But the Microsoft staff introduces a bit of a reality check with this humbling statement: "Remember, in China when you are one in a million, there are 1300 other people just like you."

Humble is good. Objective is better. For the U.S. standardization community to prepare for the future, you must look to the past and conduct an honest assessment of your preparedness and your ability to meet emerging needs. You must ask yourselves whether the standards-setting models that are being used today will still be relevant in the future. You must consider whether you have the experiences, and the resources, to address standardization needs in areas that are critical to the nation. And you must consider how to attract the stakeholders that will enable you to produce the best possible standards.

I believe that the new *U.S. Standards Strategy* will provide guidance and assistance. I also believe that establishing a level playing field where participants from all economies – whether representing a developing or a developed nation – can participate as equal partners will be critical for success.

I am committed to working beside you to achieve these goals – both during my last several months as ANSI's president and CEO, and in any ways that I can assist in the future. It has been a great honor to count you as colleagues and friends as we worked together during these past several years. And it has been a wonderful pleasure for me to stand with you today and share my reflections on the past . . . and my projections for the future.

Thank you.

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