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January 25, 2007

Mr. Mark Johnson  
ABAC Chair 2007  
Macquarie Bank Limited  
Level 9, No.1 Martin Place  
Sydney, Australia

Dear Mr. Johnson:

On behalf of Mr. Joe Bhatia, President and CEO of the American National Standards Institute (ANSI), coordinator of the United States standards and conformance community, we would like to thank you for your letter and survey of December 15, 2006 regarding the prioritization of capacity building in standards and conformance within the APEC region.

Please find attached in electronic format, our responses to the survey. We believe that this survey is a good one to open the discussions and establish a constructive dialogue between the ABAC and the National Standards Bodies (NSBs) of the APEC region, known collectively as the Pacific Area Standards Congress (PASC). As I finish this letter, I am attending the APEC Subcommittee for Standards and Conformance (SCSC) taking place here in Canberra. I am here in my capacity as Chair of the PASC Standing [Executive] Committee, one of the five Specialist Regional Bodies (SRBs) recognized by APEC has having specialized expertise in the area of standardization.

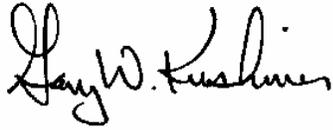
We have provided in the attachment the best responses possible to the survey questions posed. However, I believe that as the dialogue strengthens between the ABAC and the PASC NSBs, we will together be able to formulate questions which will more directly address the issues core to improving the capacity of standards and conformance in the APEC region.

We, the APEC SRBs, have just submitted to the SCSC for its consideration and comment, a draft Strategic Plan for Technical Infrastructure Development on Support of Trade Facilitation for and in APEC Economies. At a high level, this plan is aimed at constructing a mechanism to collect the concerns of the business and government interests of the APEC region and convert them into solutions fully leveraging the APEC SRB standards and conformance infrastructure.

Over the next quarter, we will have several opportunities to discuss these developments and to examine how we can begin integrating the strategic plans of the ABAC and the PASC NSBs. One of these opportunities is the scheduled meeting between PASC member leaders and representatives of the ABAC at the PASC meeting April 26 in Cartagena, Colombia.

We look forward to this meeting and to working more closely with ABAC in 2007 and beyond.

Sincerely,

A handwritten signature in black ink that reads "Gary W. Kushnier". The signature is written in a cursive, flowing style.

Gary W. Kushnier  
Vice President of International Policy  
American National Standards Institute  
Chair – Pacific Area Standards Congress (PASC) – Standing Committee  
Specialist Regional Body to the APEC Subcommittee for Standards and Conformance (SCSC)

Cc: S. Joe Bhatia                      ANSI President and CEO  
Steven Bipes                         ANSI Director – International Policy – Regional/Bilateral Programs  
Rob Steele                             PASC Secretary / CEO, Standards New Zealand (SNZ)  
Suzanne Troje                         Office of the US Trade Representative (USTR)  
Monica Hardy Whaley               Executive Director - National Center for APEC (NCAPEC)

## ANSI Responses to ABAC Survey

(NOTE: Having received a hardcopy of the survey, we provide here the responses in electronic format, together with a scanned copy of the original letter.)

### Preliminary Comments

A language divide currently separates the business community and the standards and conformance community. Businesses have high-level market access and trade facilitation concerns, concerns which often require very technical and lower-level solutions. The standards and conformance community on the other hand are a blend of the public and private sector technical and policy experts who know how to “run the machine” but who sometimes lack the higher-level perspective (and influence) to move the machine in directions aligned with high-level objectives.

Our hope for increased cooperation between ABAC, PASC, and the other APEC Specialist Regional Bodies (SRBs<sup>1</sup>) is to bridge this gap and construct a mechanism whereby high-level business concerns can be translated into standards and conformance solutions for business.

That having been said, we apologize in advance for any use we may employ of overly technical terminology in our responses. Moving forward, we look forward to working with the ABAC to arrive at commonly understood messages most appropriate for use with high-level business leaders.

1.

### Preliminary Comments

Within APEC and internationally, the term “national standard” can refer to either mandatory government standards (i.e. technical regulations) or to voluntary private sector standards. The former are generally developed by the government regulatory agencies of each APEC economy as appropriate for a particular sector (i.e. telecoms, environment, finance, etc). The latter are generally developed by the National Standards Body (NSB) of each APEC economy, bodies which may be either public or private sector entities, but which are likely to be that economy’s member body to the International Organization for Standardization (ISO) and the International Electrotechnical Committee (IEC). It is also important to differentiate “national standard” from standards for metrology, weights and measures, physical standards, and other types of standards which may or may not be developed by the National Standards Body.

Regarding private sector standards, the importance of the term “national standard” also depends on each APEC economy’s policy for the adoption vs. use of standards. In the United States, the market supports a policy of choice: each market sector is free to use international standards and standards developed in the U.S. as appropriate for that sector. Therefore, the U.S. has no explicit overarching policy to “adopt” international standards but rather international standards are broadly used, and industry, government and organizations are free to determine which standards are “international” and most appropriate for their market. As industry is often reluctant to duplicate standards development work in redundant fora, this approach could be called the invisible hand of standardization. While not a panacea, it is a flexible and market-relevant approach strongly supported by U.S. industry, and one that does not unduly hamper innovation.

The very rough estimate number that ANSI has traditionally used for all private sector voluntary standards developed in the United States is 100,000. This number includes non-consensus standards (those developed by Consortia and other closed fora). Approximately 10,000 of these 100,000 private sector voluntary standards are American National Standards (ANSs), standards developed by ANSI accredited Standards Developing Organizations (SDOs) in processes generally compliant with *“The Decision of the (TBT) Committee on Principles for the Development of*

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<sup>1</sup> See Annex A

*International Standards, Guides and Recommendations with relation to Articles 2, 5 and Annex 3 of the Agreement.”*

2.

As mentioned above, the term “national standard” has no formal definition in the United States (or even internationally). On the mandatory side, technical regulations are developed by many different government agencies at the federal and state levels. On the voluntary side, ANSI is the coordinator of all of the Standards Developing Organizations (SDOs) in the United States accredited by ANSI to develop “American National Standards”. However there are many other voluntary standards developed in the United States in processes not accredited by ANSI. These standards may or may not be considered “national”.

3.

This question is difficult, if not impossible, for any National Standards Body to answer, because there exists no formal international or APEC definition of the term “international standard”. The WTO TBT has outlined the principles which are required in the development of standards to be considered “international”, among them: transparency, openness, impartiality, effectiveness, relevance, consensus, performance based, coherence, due process. In the U.S. “international standards” are those deemed most market relevant by standards users. Some economies define “international standard” by which organization develops them, such as ISO, IEC, ITU, ASTM International, ASME, API, etc. However use of this definition is very limited as no single international standards developer develops standards for the whole global market of products, services, and processes.

The APEC Subcommittee on Standards and Conformance (SCSC) has attempted to quantify regional standards alignment in the Electrotechnical sector (Voluntary Action Plan) by comparing standards used or adopted by the APEC economies which are based on standards originating from the International Electrotechnical Commission (IEC). While this approach can be effective at measuring how many economies have adopted the same IEC standard for a particular scope, it must be noted that in a global and decentralized market, there is no “one” standard for many areas. For areas where this is the case, such alignment or harmonization metrics are difficult to employ.

4.

ANSI has 90 staff. However as noted above it is the 200+ Standard Developing Organizations (SDO) which develop standards in the U.S. ANSI does not have data on the total number of SDO staff currently engaged in standards development, although it can be estimated to be several thousand. More importantly, it is volunteers from industry and society which develop standards in these U.S. fora. These experts also number in the thousands.

5.

No. As described above, there is no definition of international standard. Some U.S. standards are broadly used around the world and considered by the market to be “international”.

6.

N/A

7.

It is this type of information that the PASC NSBs seek from industries in the APEC region. In bottom-up and market-relevant standards systems, it is the market (and not standardizers) that drive standardization goals.

8.

100%

9.

Often. It is an ongoing effort of ANSI to make the business community aware of the value of standardization to industry.

10.

No, we seek more support.

11.

More industry and government participation and increased visibility of the value of standardization to business leaders and government regulators.

12.

ANSI does not measure this. However, we provide here some information regarding significant laws and policies pertaining to standardization in the United States.

First, we provide a link to the ANSI website which has some good overview information on the subject:

[http://www.ansi.org/government\\_affairs/laws\\_policies/laws.aspx?menuid=6](http://www.ansi.org/government_affairs/laws_policies/laws.aspx?menuid=6)

Additional Information is available at the website of the National Institute for Standards and Technology – U.S. Department of Commerce: <http://ts.nist.gov/Standards/Conformity/nttaa.cfm>

In summary, [OMB Circular A-119](#) and the [National Technology Transfer and Advancement Act \(Public Law 104-113\)](#) are an administrative circular and landmark legislation, respectively, which contain the following key provisions pertaining to standards and conformity assessment:

- All Federal agencies and departments shall use technical standards that are developed or adopted by private-sector consensus standards bodies, using such technical standards as a means to carry out policy objectives or activities determined by the agencies and departments;
- Federal agencies and departments shall consult with private sector, consensus standards bodies and shall, when such participation is in the public interest and is compatible with agency and departmental missions, authorities, priorities, and budget resources, participate with such bodies in the development of technical standards;
- Federal agencies and departments choosing to develop their own mandatory standards are required to report to the administration (OMB) and Congress (via data collected by NIST) the reasons they are using public funds to do so instead of relying upon the private sector.

2006 marked the tenth anniversary of the NTTAA and we are happy to report that it has been a great and continuing success. Thousands of government agency technical regulations and laws refer to private sector standards which can be updated at the pace of market and technology development. However, a strong benefit is that standards such as those developed under ANSI accredited processes are developed in private sector technical committees with the participation of government experts as equal partners with their private sector peers. Today, slower paced government regulations need not get into the detailed technical criteria, but rather can make reference to the (often internationally harmonized) private sector standards.

The vast majority of “rules” which apply to products and services are really these private sector standards which industry already has the lead in developing. Too often today, businesses go up to the Congress or to agencies asking the government to do something, without realizing that the power is already in their hands to make the necessary changes using the existing private-sector standardization framework.

13.

ANSI does not record this but what is measured is the number of standards and regulations which reference private sector standards. The National Institute for Standards and Technology – U.S. Department of Commerce measures this and makes the data available at: <http://ts.nist.gov/Standards/Conformity/ntaa.cfm>

14.

Yes.

65% of ANSI's \$25 million annual budget comes from the sale of publications. 20% comes from Membership dues and fees. U.S. federal, state, and local governments are dues-paying ANSI members together with the private sector members. Including occasional government grants, approximately 5-10% of ANSI's annual budget derives from public-sector sources.

It should be noted that National Standards Bodies (NSBs) may be either public or private sector organizations, or combinations of the two. For example, the three NSBs of Canada, Mexico and the United States are respectively the Standards Council of Canada (SCC), the General Bureau of Standards (Dirección General de Normas, DGN), and the American National Standards Institute (ANSI). SCC is a Canadian [Crown Corporation](#), DGN is a governmental agency within the Mexican Ministry of Economy, and ANSI is a [501\(c\)\(3\)](#) non-profit organization with members from both the private and public sectors. The determinants of whether an NSB for a particular economy is a public or private sector body may include the historical and traditional roles that the private sector fills in public affairs in that economy or the development stage of that economy.

15.

Yes and no. When a high percentage of an NSB's budget comes from government, the activities of the NSB become tied to political budgeting and events. This can both be beneficial and detrimental to specific standardization activities.

16.

Frequently. All of the NSBs of APEC (less Chile at the moment) are already constantly engaged via their membership in the Pacific Area Standards Congress (PASC). PASC holds annual meetings of all of its members and it holds three Standing Committee meetings per year. In addition to the APEC region, the United States, via ANSI, is a member of the Pan American Standards Congress (COPANT).

17.

Opportunities for additional collaboration are good, however PASC is doing quite a bit already. More important is increased linkage between the business community and standardizers at both the regional and individual economy level.

18.

Need more information to properly respond. Conformance can be demonstrated via a broad spectrum of tools ranging from Supplier Self Declaration of Conformity (SDoC) to 3<sup>rd</sup> party testing, certification, inspection, and government enforcement. The majority of standards are complied with via voluntary conformance schemes and these are different for each sector. The question incorrectly assumes that conformance requires auditors for all sectors.

19.

See the response to question 18.

20.

See the response to question 18.

21.

A better question might be “Do you have any other comments on how APEC can assist your organization achieve APEC’s high level objectives including the Bogor goals, the Osaka Action Agenda and the Busan Roadmap?”

The answer to this question would be yes.

Harmonizing to international standards is but one of hundreds of specialized areas in which the APEC Specialist Regional Bodies including PASC can help the APEC economies achieve the overarching APEC goals. Each SRB contains the specialized knowledge required to solve complex high-level problems. Increased ABAC leverage of, and communication with, the Subcommittee on Standards and Conformance (SCSC) and the five SRBs can forge a mechanism that combines business needs with specialist advice.

Each of the National Standards Bodies of the APEC region, known collectively as the Pacific Area Standards Congress (PASC), is currently working together with their partners in the other APEC Specialist Regional Bodies (SRBs) in support of APEC goals. The SRBs currently support the Committee on Trade and Investment (CTI) via its Subcommittee on Standards and Conformance (SCSC). The SRBs, including PASC, wish to better support the goals of the APEC business community as represented in ABAC as well. **The ABAC is invited to increase its connection and communication with the SCSC and the SRBs. The ABAC could survey its business constituencies to identify specific standards and conformance related issues it wishes the SCSC and the SRBs to address and resolve. A critical and unique role that the ABAC can fill in APEC is to provide this specific market data to the standards and conformance experts for resolution.**

22.

APEC can help the United States economy by having ABAC increase its support of the existing APEC standards and conformance infrastructure embodied in the SCSC and SRBs including PASC. This cooperation model is the most dynamic and market responsive in the world and can be made even stronger through increased linkage of the ABAC to the SCSC and SRBs and their respective work plans.

Again, we appreciate the opportunity to respond to this survey. We look forward to a constructive ABAC-PASC meeting in April and to working more closely with ABAC in 2007 and beyond.

**Gary W. Kushnier**

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Chair – Pacific Area Standards Congress (PASC) – Standing Committee

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## Annex A

The five APEC-SCSC recognized Specialist Regional Bodies (SRBs) are:

- [Pacific Area Standards Congress \(PASC\)](#)
- [Pacific Accreditation Cooperation \(PAC\)](#)
- [Asia Pacific Laboratory Accreditation Cooperation \(APLAC\)](#)
- [Asia-Pacific Legal Metrology Forum \(APLMF\)](#)
- [Asia-Pacific Metrology Programme \(APMP\)](#)

### Matrix of economies' membership in various organizations in the region

Economies	APEC (Trade Officials)	Specialist Regional Body (SRB)				
		APLMF Legal Metrology <a href="http://www.aplmf.org">www.aplmf.org</a>	APMP Measurement Standards <a href="http://www.apmpweb.org">www.apmpweb.org</a>	PASC Standards <a href="http://www.pascnet.org">www.pascnet.org</a>	PAC Accreditation (of Certifiers) <a href="http://www.apec-pac.org">www.apec-pac.org</a>	APLAC Accreditation (of Laboratories) <a href="http://www.aplac.org">www.aplac.org</a>
Australia		Member	Member	Member	Member	Member
Brunei Darussalam		Associate Member	Not a member	Member	Not a member	Associate Member
Canada		Associate Member	Not a member	Member	Member	Member
Chile		Associate Member	Not a member	Member	Not a member	Not a member
People's Republic of China		Member	Member	Member	Member	Member
Hong Kong, China		Member	Member	Member	Member	Member
Indonesia		Member	Member	Member	Member	Member
Japan		Member	Member	Member	Member	Member
Republic of Korea		Member	Member	Member	Member	Member
Malaysia		Associate Member	Member	Member	Member	Member
Mexico		Associate Member	Not a member	Member	Member	Member
New Zealand		Member	Member	Member	Member	Member
Papua New Guinea		Member	Not a member	Member	Not a member	Member
Peru		Associate Member	Not a member	Associate Member	Not a member	Not a member
Philippines		Member	Member	Member	Member	Member
Russian Federation		Member	Associate Member	Member	Not a member	Not a member
Singapore		Member	Member	Member	Member	Member
Chinese Taipei		Member	Member	Not a member	Member	Member
Thailand		Member	Member	Member	Member	Member
United States		Member	Not a member	Member	Member	Member
Viet Nam		Member	Member	Member	Member	Member

Legend

Member
Associate Member
Not a member