



## Comments of the American National Standards Institute Regarding Docket DOC 2017-0003, Administration Report on Significant Trade Deficits

May 10, 2017

The American National Standards Institute (ANSI) welcomes the opportunity to provide its input to aid in the preparation of the administration report on significant trade deficits pursuant to Executive Order 13786, issued March 31, 2017.

ANSI respectfully submits the following comments addressing three main issues:

- The role of market-driven standardization activities in enhancing trade and competitiveness
- Issues related to technical barriers to trade
- ANSI's role in facilitating U.S. companies' competitiveness and their access to foreign markets

### Standardization and U.S. Competitiveness

ANSI is a federation whose members are government agencies, trade associations, standards developing organizations, professional societies, companies, academic and international bodies, and consumer organizations. ANSI represents the interests of more than 125,000 companies and 3.5 million professionals. As the voice of the U.S. standards and conformity assessment system, ANSI empowers its members and constituents to strengthen the U.S. marketplace position in the global economy while helping to assure the safety and health of consumers and the protection of the environment.

The U.S. standardization system is fundamentally built on the needs of the marketplace, where users decide which standards best meet their needs, and in which standards development venues they wish to work. Ultimately, the U.S. standardization community supports the fact that there are multiple paths to global relevance – as articulated by the World Trade Organization Technical Barriers to Trade Agreement – and that it is the marketplace that decides the utility or applicability of any given standard.

Voluntary consensus standards for products, processes, and services are at the foundation of the U.S. economy and society. The United States has a proud tradition of developing and using voluntary standards to support the needs of our citizens and the competitiveness of U.S. industry in world markets.

But the system is facing new challenges. Increasing global concern for health, safety, and the protection of the environment combined with dramatic increases in world trade and competition from other countries have altered the business and standards landscapes. The exclusion of technology supporting U.S. needs from international standards can be a significant

detriment to U.S. competitiveness. The U.S. will lose market share as foreign competitors work hard to shape standards to support their own technologies and methods. Equally important, standards are the basis for protection of health, safety, and the environment. When our standards in these areas are not accepted elsewhere, we are all at risk.

ANSI oversees the creation, promulgation, and use of thousands of norms and guidelines that directly impact businesses in nearly every sector: from acoustical devices to construction equipment, from dairy and livestock production to energy distribution, and many more. ANSI is also actively engaged in accreditation – assessing the competence of organizations determining conformance to standards.

The Institute promotes the use of U.S. standards internationally, advocates U.S. policy and technical positions in international and regional standards organizations, and encourages the adoption of international standards as national standards where they meet the needs of the user community. ANSI is the sole U.S. representative and dues-paying member of the two major non-treaty international standards organizations, the International Organization for Standardization (ISO), and, via the U.S. National Committee (USNC), the International Electrotechnical Commission (IEC). As a founding member of the ISO, ANSI plays a strong leadership role in its governing body while U.S. participation, via the USNC, is equally strong in the IEC.

ANSI is a permanent member of both the ISO Council and Technical Management Board. ANSI and its members participate in more than 75% of ISO Technical Committees (TC) and Subcommittees (SC) and administer 15% of TC and SC Secretariats. ANSI's USNC is a permanent member of the IEC Council Board, Standardization Management Board, and Conformity Assessment Board. The USNC participates in over 94% of IEC TCs and SCs, and administers over 13% of TC and SC Secretariats. Jim Shannon, former CEO, National Fire Protection Association (NFPA), is IEC President.

### **Technical Barriers to Trade**

Together with IPR enforcement, standards and technical barriers to trade (technical regulations and related compliance programs) are consistently identified by U.S. industry as top barriers to export – adding to significant time and cost to market. A June 2016 report by the Department of Commerce estimated that 92% of U.S. exports may face foreign technical regulations that make it difficult to compete in key markets. U.S. industry is increasingly global and invests in relevant international standards forums to develop standards. If foreign governments use these standards, this expands market opportunities – particularly for small businesses, which don't have the resources to comply with different home grown requirements in different markets.

Conversely, where countries arbitrarily limit their consideration of standards to particular bodies rather than selecting the best standard for their regulatory needs, the result can be unnecessary regulatory divergences; suboptimal health, safety, and environmental solutions; and trade disruptions. Standards development and use should not be employed as a tool of trade policy to discriminate against products from other countries or regions. ANSI

wholeheartedly supports the positions of both the National Association of Manufacturers (NAM) and the U.S. Chamber of Commerce regarding designation of technical barriers to trade as a strategic issue in bilateral, regional, and multilateral negotiations.

### Transparency Is Key

Lack of transparency with respect to changes to standards, regulations, and other requirements in foreign markets is a top U.S. business complaint. Transparency is particularly important in emerging markets, such as China and India, which are creating hundreds of new standards and product requirements each year, most created by government and often developed with little or no industry consultation.

ANSI has established close working relationships with Chinese officials involved in standardization policy and has been closely monitoring China's ongoing standardization reform efforts. At the policy level, a top-level China Standardization Expert Committee is populated by senior policy, technical, scientific, and academic leaders. Last fall, five global standardization experts from outside China were appointed to provide guidance and to help China in international standardization policy making and implementation. ANSI president and CEO S. Joe Bhatia is honored to be one of the five invited global experts. ANSI views this as an important opportunity to help properly guide the implementation of China's reform activities.

More broadly, it is important that the full U.S. standardization community understands what is going on in China, and how changes to the Chinese system may impact us all. Certainly China's efforts to reform its standards system are welcome, and their stated emphasis on a more coordinated, structured, and transparent system is a positive signal. To that end, ANSI has hosted several events, prepared and shared translations of key documents, and offered insights to our members via our ANSI in China newsletter.

The U.S.-China Standards and Cooperation Program (SCCP), managed by ANSI with sponsorship from the U.S. Trade and Development Agency, has provided a forum through which U.S. and Chinese industry and government representatives can cooperate on issues relating to standards, conformity assessment, and technical regulations, foster relationships, and exchange up to date information on the latest issues and developments. ANSI will host Tian Shihong, administrator of the Standardization Administration of China (SAC), in Washington in early June for the latest round of discussions with industry and government officials.

Relationships with counterpart standards organizations are key in advanced economies as well. For over twenty years, ANSI has convened a cooperative dialogue with the three European standards organizations: CEN, CENELEC, and ETSI. Chief among ANSI's goals for this dialogue is to further mutual understanding of our respective U.S. and European standardization systems. We strongly advocate for globally relevant standards in these dialogues, and continually reinforce that ISO, IEC, and the International Telecommunication Union (ITU) are not the only developers of international standards. Through this dialogue, ANSI has facilitated U.S. industry comments on draft European standards, facilitated collaboration on biofuels and toy safety

standards, fostered transparency in the European system, and enhanced the U.S. ability to influence European initiatives and recommendations put forward to ISO and IEC.

As our colleagues in Europe continue to develop their vision for a single market, including in the digital space, ANSI and the broader U.S. standardization community stand ready to work collaboratively with CEN, CENELEC, ETSI, and other stakeholders in the European standardization system to bring vision to reality in a way that embraces globally relevant standards and conformance for the benefit of all.

### Importance of Public-Private Partnerships

ANSI strongly believes that international advocacy works best through public-private partnerships, and the Institute's long history of successful cross-sector standardization initiatives bears that out. ANSI works in partnership with numerous U.S. government agencies, including the Department of Commerce's (DOC's) National Institute of Standards and Technology (NIST), on standards, conformity assessment, and international trade initiatives to address national and global priorities. ANSI and NIST work collaboratively on standards and conformity assessment activities across a broad range of sectors and focus areas, including smart grid interoperability, cybersecurity, and the digital economy.

The Standards Alliance, launched in 2012, is a public private partnership between ANSI and the U.S. Agency for International Development (USAID) that has also yielded important results. Alliance activities, in the form of workshops in targeted markets, focus on improving transparency in the development and/or modification of technical regulations. Target markets are determined jointly by U.S. government and private-sector experts, taking into consideration bilateral trade opportunities, available private-sector expertise that may be leveraged, demonstrated commitment, and readiness for engagement and potential impact. The following two examples illustrate impact:

- **Automotive standards and regulations in Ecuador and Colombia:** The U.S. auto industry has faced market access concerns worldwide due to the proliferation of EU-promoted UNECE standards, which the United States does not recognize as international. As part of a Standards Alliance activity in partnership with COPANT in 2016, related concerns in the Ecuador and Colombia markets were significantly reversed or eliminated.<sup>1</sup>
- **Uniform plumbing code adopted in Indonesia:** As a Standards Alliance-funded activity, the International Association of Plumbing and Mechanical Officials (IAPMO) has worked with the National Standardization Agency of Indonesia, BSN, to adopt its uniform plumbing code as an Indonesian national standard. The code is now being implemented

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<sup>1</sup> "Standards Alliance Workshop Focuses on Automotive Standards and Regulations in the Americas," [https://www.ansi.org/news\\_publications/news\\_story?menuid=7&articleid=823c86ac-3cd3-4332-bfb9-9d50071d7336](https://www.ansi.org/news_publications/news_story?menuid=7&articleid=823c86ac-3cd3-4332-bfb9-9d50071d7336)

through a series of training programs for code officials and installers, and paves the way for U.S. suppliers to sell plumbing products that conform to standards referenced in the code.<sup>2</sup>

ANSI also works in partnership with the Office of the U.S. Trade Representative (USTR) and the DOC's International Trade Administration (ITA) on activities that foster trade development, market access, and standards capacity building across the globe. ANSI's unique role in these partnerships is as a neutral forum – acting as the convener of diverse parties and sectors in a problem-solving approach that is focused on results.

A recent example of the success of this partnership involved ASTM standards for footwear and apparel, which have been replaced in markets such as Ecuador and Saudi Arabia, in favor of EN/ISO standards that pose unnecessary burdens for U.S. companies. Through combined efforts by USTR, Commerce, and ANSI, these concerns were recently mediated and market access restored for the affected companies.

### **ANSI Leadership of the U.S. Standardization System**

The U.S. standardization system is a vibrant and effective process that thrives on the active participation and engagement of all affected stakeholders. Industry and market forces determine prioritization for the most part. The government participates actively and also signals the private sector regarding national priorities. The system is fundamentally built on the needs of the marketplace. As such, it supports and enables innovation – market-driven standards play a role in promoting and sustaining technology breakthroughs and fostering competition by providing a common platform for broad technology deployment.

Currently, the United States has the most robust standards system in the world and has held a competitive advantage because of the strength and flexibility of this system and the results it delivers. In the United States, any entity or individual can participate in standards development activities. Hundreds of SDOs and consortia are engaged in the creation and maintenance of standards for virtually every industry sector, and often work cooperatively and collaboratively, in response to marketplace needs.

The U.S. approach to standardization makes it very unlikely that the United States will be the source of divergences when it comes to international standards. A key premise of the U.S. system is that the global relevance of a standard cannot and should not be measured by which organization developed it. Rather, the critical issues are whether it is fit for purpose, and whether it was developed through a process that is equitable, accessible, and responsive to all stakeholder needs. Ultimately, the degree to which a standard is used in the marketplace is the best measure of an international standard.

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<sup>2</sup> <https://standardsalliance.ansi.org/Countries/Indonesia/Default.aspx>

### Recommendations for Action:

- Actively use all channels, including the relationships ANSI has developed with counterpart national standards bodies – in China, India, and EU countries, for example – to promote harmonization of standards and regulatory requirements in ways that benefit U.S. businesses.
- Ensure that the definition of “international standard” is not limited to those developed by international bodies such as ISO and IEC, but also includes other globally recognized standards that are broadly used around the world.
- Continue to encourage public-private collaboration in standards development, including cooperation between standards development organizations and government agencies.

### Conclusion

ANSI welcomes the administration’s focus on improving global trade relationships and looks forward to working closely with both the Office of the U.S. Trade Representative and the U.S. Department of Commerce to address standard-related market distortions and trade barriers identified in bilateral and global trading relationships in order to enhance U.S. competitiveness. ANSI would be pleased to meet with appropriate DOC and USTR leadership to discuss any aspect of our submission or to respond to questions about the U.S. standardization system and ANSI’s leadership role.

We thank you for this opportunity to provide comments.



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