

Dr. Mark W. Hurwitz, CAE

Remarks and Introductions

**ANSI Annual Conference 2004
East Meets West: Facing Challenges and Making Connections**

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WEDNESDAY – OCTOBER 13, 2004

Opening Remarks

Good morning. For those of you who I have not yet had the opportunity to meet, my name is Mark Hurwitz. As President and CEO of the American National Standards Institute, it is my pleasure to welcome you, on behalf of the officers of ANSI's Board of Directors, members and staff, to the Institute's 2004 Annual Conference, "*East Meets West: Facing Challenges and Making Connections.*"

During the past several months, global industry and the media have kept a keen eye on standardization developments in the People's Republic of China. Some reports even went so far as to allege that China may have been considering the establishment of trade barriers as a strategy to shelter its growing domestic high-technology industry.

A recent article from *China Daily* pointed to the rise of the Chinese economy, industrial transformation and reserves of technological capability as elements that have led to a "critical juncture" for China's high-tech industry.

As you may have read in the conference materials, China has become a key priority for U.S. standards developers and testing organizations. American exporters to China rank standards as one of their greatest market access concerns.

Whether approaching the issue from the perspective of an importer or an exporter, standards and conformity assessment programs have always been key factors impacting the global economy.

As an example, most of you are probably familiar with the recent issue involving Wi-Fi technology, the chips that allow various devices to communicate through local wireless networks. The case was covered heavily in the mainstream media during 2003 and earlier this year when a Chinese policy was issued requiring adherence to a national standard that would have locked many U.S. manufacturers out of the expansive Chinese market. The issue was elevated to such a high level that in March 2004 U.S. Commerce Secretary Donald Evans, U.S. State Department Secretary Colin Powell, and U.S. Trade Representative Robert Zoellick sent a letter to Chinese Vice Premiers Wu Yi and Zeng Peiyan urging Beijing to repeal the proposed encryption standard. The letter said the new security standard violates World Trade Organization rules under which governments are not allowed to treat foreign firms differently from domestic companies.

This afternoon, we will engage in a case study exploring the specific issues that arose during the Wi-Fi case, which was drawing much attention to China, its economy and its standardization system – especially since the nation had only ascended to full membership in the WTO in 2001.

The trade challenges facing U.S. industry – and all those who were interested in doing business within China – were seen by many as closely tied to the mandated conformance to national standards developed in a closed process. Serious intellectual property rights concerns were affecting certain standards development organizations and high-tech companies.

ANSI has been following this issue carefully. In June, under the lead of the ANSI Patent Group, the Institute issued a report on “Intellectual Property Rights Policies in Standards Development Organizations and the Impact on Trade Issues with the People’s Republic of China.” This report apprises U.S. government officials of the nature and gravity of the linkage between standards-related IPR and trade. It also calls for the widespread implementation of consensus-based international standards.

(pause)

Recent commentary suggests that neither China's current standards system – nor its national standards strategy – is properly aligned on technical or legal issues, ethics, or interests. Several of these points will be addressed by today's panelists.

But it is also important to recognize that groups *within* the People's Republic of China acknowledged that there are issues and concerns with the current standardization infrastructure.

Our colleagues at the Standardization Administration of China (SAC), which is the national standards body of China, conducted their own review of the Chinese standards system. The SAC report, which was issued in June, contains recommendations for revamping the Chinese standards-making system to bring it into line with those in the developed economies. The report specifically cites the United States, the European Union, and Japan as model systems.

The SAC report indicates that our respective nations each recognize the importance of a market-driven system supporting the development of voluntary, consensus-based standards that are suitable for worldwide implementation. Their plan will enhance the aspects of openness, balance, due process and consensus in the Chinese standardization process. These are the same principles that ANSI subscribes to.

Via our Regional Standing Committee for Asia-Pacific and the International Policy Committee, ANSI is preparing a letter commending the SAC for undertaking the study and producing an insightful paper. We have seen SAC and China's State Administration of Quality Supervision and Inspection and Quarantine (AQSIQ) take very positive steps to explore and revise the Chinese national standardization system – many of these steps have been taken since ANSI's last delegation visits and the signing in 2002 of our latest Memorandum of Understanding between our two organizations.

Others within the standards community, including several organizations that are represented here today, have also taken steps to either strengthen alliances or to open standards offices in China. We applaud all of these efforts that are geared toward strengthening cooperation and collaboration.

(pause)

Five months ago, Commerce Secretary Evans announced the results of a year-long initiative aimed at maximizing the development and use of globally-relevant standards as a tool for reducing technical barriers to trade.

In the report, Secretary Evans declares that “The international language of commerce is standards.”

No community of interests understands better than we do that the path to global markets must begin with the endorsement of an open, consensus-based process for the development and implementation of standards and the programs that assess conformance to those standards.

A level playing field is required so that participants from all economies – whether representing a developing or a developed nation – can participate as equal partners.

The field can only be level if all the players understand each other –from technological, political, legal and cultural perspectives, and *today’s conference will help us in advancing that goal.*

We have brought together standards and conformity assessment professionals, manufacturers, business leaders, legal experts and government representatives to provide their perspectives on working with China and in Asia.

We are honored to have a highly-qualified group of expert panelists representing a diverse range of sectors and groups from within and outside the traditional voluntary standards system. Discussions will focus on the challenges and opportunities of standards and conformity assessment, commerce and trade in the Chinese market and Asia. We will learn of specific experiences related to:

- China’s national standards system,
- compliance with China’s standards and regulations,
- challenges and complexities U.S. industries face in China,
- cultural differences,
- threats to intellectual property, worker’s rights, and
- additional panels that will address the international recognition of product certification in Asia and beyond, and homeland and global security.

TRANSITION - BEGIN THANKS TO SPONSORS

In gratitude to those that have made this event possible, I would like to give special thanks to our conference sponsors, who are also identified in the conference program. If I may acknowledge them now:

Our **Diamond Sponsor** is:

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We would also like to welcome representatives of the *U.S.-China Business Council* and its magazine, *The China Business Review*.

It is through their generous contributions that ANSI is able to present such a top-quality event. We thank them for their support, and each of you for your participation. I look forward to a very informative and productive conference.

(pause)

Now, it is my pleasure to introduce and welcome today's keynote speaker . . .

Dr. Robert A. Kapp.

Dr. Kapp is president of The U.S.—CHINA Business Council. Founded in 1973, the Council is the principal organization of American companies engaged in trade and investment with China, and is supported by well over two hundred leading U.S. corporations and firms. In addition to guiding the business services, publications, and program activities of the U.S.—China Business Council through its Washington, DC, headquarters and its Beijing and Shanghai representative offices, Dr. Kapp contributes regularly to informed U.S. dialogue on China, through Congressional testimony, published articles, frequent media appearances, and presentations to educational and community organizations nationwide.

Dr. Kapp has also served as president of the Washington Council on International Trade, and was the founding executive director of the Washington State China Relations Council.

Dr. Kapp is a member of the U.S. Department of State Advisory Committee on International Economic Policy, the Council on Foreign Relations, and the National Committee on U.S.—China Relations.

We are very pleased that he has joined us today. Please help me welcome Dr. Robert Kapp.

Introduction of Panel One

<<After Kapp speaks, return to podium for summary remarks and a thank you to Dr. Kapp.>>

Thank you. Now we are going to begin our first Panel of the day, on “Free Trade, Fair Trade and WTO Compliance.” We’ll hear from people doing business with the People’s Republic of China and gain their perspectives on compliance with Chinese national standards, our nations’ respective approaches toward standardization and conformance assessment, intellectual property rights, workers’ rights, trade tensions, and the influence of cultural differences. The Panel will be led by our moderator Mr. Robert Noth, chairman of the ANSI International Policy Committee and Engineering Standards Manager at John Deere.

Introduction of Panel II

<<Panel One concludes. Return to podium for summary remarks, and introduction of Panel Two.>>

Thank you. Our second panel is on “U.S.—China Cooperation” and will explore U.S. and Chinese government policies supporting the economic ties between our nations, perspectives on China’s economic growth, the complexities U.S. industries face in China, and the future of U.S.—Asia relations. Panel Two will be moderated by Mr. Donald Marlowe, Standards Administrator at the U.S. Food and Drug Administration.

<<At conclusion of Panel Two, return to podium to thank panelists and invite the group into the adjacent room for the luncheon.>>

