

ANSI Comments [Docket Number USTR-2022-0002] Request for Comments on The Proposed Fair and Resilient Trade Pillar of an Indo-Pacific Economic Framework April 11, 2022

The American National Standards Institute (ANSI) welcomes the opportunity to provide its input to the Office of the United States Trade Representative (USTR) in support of its negotiations on the Pillar of Fair and Resilient Trade for the development of the Indo-Pacific Economic Framework (IPEF).

ANSI respectfully submits comments addressing the following topics:

- ANSI's role in facilitating U.S. companies' competitiveness and their access to foreign markets
- Issues related to technical barriers to trade
- The role of market-driven standardization activities in enhancing trade and competitiveness
- ANSI's engagement with Indo-Pacific partners through our technical assistance and capacity building programs
- Conclusion and recommendations

ANSI's Role

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 270,000 companies and 30 million professionals worldwide. 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 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.

In its role as coordinator of the U.S. voluntary consensus standardization system, ANSI oversees the creation, promulgation, and use of thousands of norms and guidelines that directly impact businesses in nearly every sector. Through its wholly-owned subsidiary, the ANSI National Accreditation Board (ANAB), ANSI is also actively engaged in the accreditation of conformity assessment bodies – assessing the



competence of organizations in determining conformance to standards. And via its affiliate, Workcred, ANSI supports efforts to strengthen workforce quality by improving the credentialing system, ensuring its ongoing relevance, and preparing employers, workers, educators, and governments to use it effectively.

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 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 nearly 80% of ISO Technical Committees (TC) and Subcommittees (SC) and administer 14% 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 92% of IEC TCs and SCs and administers over 14% of TC and SC Secretariats.

Technical Barriers to Trade and Market-Driven Standardization

Standards and technical barriers to trade are consistently identified by the U.S. industry as top barriers to export – adding significant time and cost to the market. A June 2016 report¹ from the U.S. Department of Commerce estimates that 92% of U.S. exports are subject to 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. When foreign governments recognize and use these standards, this expands market opportunities – particularly for small and medium-sized businesses that do not have the resources to comply with highly diversified homegrown requirements in different markets.

Conversely, where countries arbitrarily limit their consideration of standards to particular bodies rather than selecting the best standards 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 trade policy tool to discriminate against products from other countries or regions.

U.S. law and policy encourages the public and private sectors to follow the World Trade Organization (WTO) Technical Barriers to Trade (TBT) principles guiding the development of international standards, guides and recommendations. These principles include transparency, openness, impartiality, and consensus, and are the hallmarks of the flexible and responsive U.S. system. ANSI recommends that the Indo-Pacific Economic Framework (IPEF) uphold the observation of these principles by all IPEF partners.

¹ <u>https://legacy.trade.gov/td/osip/documents/osip_standards_trade_full_paper.pdf</u>



This allows for the actual technical qualities, relevance, and effectiveness of specific standards to be the basis for selection, regardless of the developer.

ANSI and its members support the inclusion of measures that support transparency in both negotiations over trade agreements and the regulations that may result from them. This includes the ability for all stakeholders, including relevant industry representatives, to provide comments. In addition, ANSI recommends that regulatory cooperation mechanisms developed by the U.S. and our trading partners ensure that regulators, companies, and consumers can choose international standards from multiple sources. Allowing Indo-Pacific regulators this flexibility will enable them to select standards that best meet their requirements and will provide an important mechanism for greater regulatory alignment between the U.S. and our partners in the Indo-Pacific region. These mechanisms will also ensure more predictable market access for U.S. businesses by promoting the development of our partners' regulatory infrastructure.

Additionally, the coordination and alignment forged through the IPEF will establish an important foundation for broader standards and regulatory harmonization. This is particularly true as some countries in the Indo-Pacific region continue to develop plurilateral trade arrangements that could otherwise weaken the U.S. position in global markets.

ANSI recommends the negotiators use language that is inclusive of both governmental and nongovernmental standardization bodies, that promotes private sector involvement and the use of publicprivate partnerships. Negotiators should look toward the agreed text of the U.S.-Mexico-Canada Agreement (USMCA) Chapter 11 on Technical Barriers to Trade² and Chapter 28 Good Regulatory Practices.³ This textual language supports the inclusion of both governmental and non-governmental standardization bodies, which promotes private-sector involvement and reliance onpublic-private partnerships. Implementation of a comprehensive TBT framework, along with provisions on Good Regulatory Practices, provides the regulatory reform that results in U.S.-friendly systems.

ANSI's Engagement and Capacity Building Programs in Indo-Pacific Region

ANSI closely engages with partners in the region to facilitate trade and economic collaboration. As a member of the Pacific Area Standards Congress (PASC)⁴, a specialist regional body of the Asia-Pacific Economic Cooperation (APEC), ANSI represents the U.S. and networks regularly with the national standards bodies of Indo-Pacific countries. ANSI also works closely with its members on APEC projects of interest to U.S. stakeholders on standards-related subjects.

Capacity building is recognized as critical to assisting developing countries in implementing trade agreements and assuring U.S. trading partners can meet their requirements. Capacity building provides a wide array of immediate and strategic benefits to U.S. trade policy and U.S. industry. The most fully

³ https://ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/28 Good Regulatory Practices.pdf

² <u>https://ustr.gov/sites/default/files/files/agreements/FTA/USMCA/Text/11_Technical_Barriers_to_Trade.pdf</u>

⁴ <u>https://pascnet.org/</u>



developed text to support partner implementation of trade commitments was included in the former Trans-Pacific Partnership, specifically Article 8.9 Cooperation and Trade Facilitation⁵, Article 21 Cooperation and Capacity Building⁶, and Article 23 Development⁷. These provisions are increasingly important as the U.S. seeks to create fair and resilient trade relationships with a broader range of partners. Without these strategic provisions, partners will be unable to comply with free-trade commitments and the economic benefits will be negatively impacted. For this reason, ANSI emphasizes the importance of the Fair and Resilience Trade Pillar of the IPEF negotiations that support capacity building and cooperation in the region.

However, capacity building provisions alone cannot meet the immense needs of Indo-Pacific trading partners. These provisions must be backed by technical assistance programs that work directly with partners to support the implementation of the Framework. Ideally, these programs incorporate the U.S. private sector, which allows industry to build relationships with partners while improving the institutional capacity to fulfill our commitments.

As the USTR is developing the key elements in the Fair and Resilience Trade Pillar, ANSI highlights the importance of capacity building in addressing partner nations' technical gaps and strengthening the implementation of the IPEF. ANSI encourages the consideration of public-private partnership and capacity building mechanisms to support a partner's ability to realize the full economic benefit of the Framework.

Leveraging its international responsibilities and experience, ANSI operates a robust portfolio of technical assistance and capacity building programs. These activities are often geared towards assisting developing countries through capacity building, encouraging the adoption of international best practices, and promoting the U.S. standardization principles of consensus, due process, and transparency – particularly when altering or developing national technical regulations. In the Indo-Pacific region, ANSI has a history of successful activities as below:

Standards Alliance

A public-private partnership between the United States Agency for International Development (USAID) and ANSI, the Standards Alliance (SA) provides capacity building for developing countries in the areas of legal and regulatory framework, standards development, conformity assessment procedures, and private sector engagement. Achieving these goals helps companies succeed globally by increasing market access for U.S. companies through more predictable and transparent avenues for trade and investment in the Indo-Pacific region.

From 2013 to 2017, SA Phase 1 included programs targeted at ASEAN countries, especially in Indonesia where ANSI facilitated a workshop series on good regulatory practice (GRP), as well as the Water for Indonesia Now (WIN) Project in partnership with the International Association of Plumbing and Mechanical Officials (IAPMO) addressing water security and sanitation. The activities improved the

⁵ <u>https://ustr.gov/sites/default/files/TPP-Final-Text-Technical-Barriers-to-Trade.pdf</u>

⁶ <u>https://ustr.gov/sites/default/files/TPP-Final-Text-Cooperation-and-Capacity-Building.pdf</u>

⁷ <u>https://ustr.gov/sites/default/files/TPP-Final-Text-Development.pdf</u>



relevant regulatory performance in Indonesia and generated long-lasting impacts, such as the adoption of a series of standards and testing/certification facilities for water and plumbing products.

The current SA Phase 2, with a contract period between 2019-2024, builds upon the success of Phase 1, and develops capacity building programs to promote medical device regulatory convergence (MDRC) in the context of COVID-19, as well as Water, Sanitation and Hygiene (WASH) in India, Vietnam, Indonesia, and the Philippines. The MDRC projects establish an efficient medical device regulatory environment and framework that will facilitate the COVID-19 response and diminish technical barriers to trade. The WASH projects strengthen the WASH sector globally by supporting a strong legal framework, improving the implementation of plumbing codes, improving the efficiency of water utilities, and enhancing safe drinking water.

U.S.-Indo-Pacific Standards & Technology Cooperation Program (STCP)

Sponsored by the U.S. Trade and Development Agency (USTDA), the STCP provides another platform for the U.S. public and private sectors and Indo-Pacific countries to cooperate on issues related to standards development, technical regulations, and conformity assessment policies and procedures in sectors such as transportation, energy, information and communication technology (ICT), healthcare, and agriculture. The recent activities include workshops with governments of Thailand and Vietnam on the standardization in cybersecurity, data protection, 5G networking, and 6 GHz spectrum band allocation for license-exempt applications. With more programs planned, more strategic focus on U.S. business, such as medical device procurement and digital healthcare, cold chain logistics management and green port infrastructure will be addressed in more ASEAN countries within this year.

U.S.-India Standards and Conformance Cooperation Program (SCCP)

Sponsored by the USTDA and coordinated by ANSI in partnership with the Confederation of Indian Industry (CII) and supported by the Bureau of Indian Standards (BIS), the U.S.-India SCCP Phase II convened government officials and industry representatives from the U.S. and Indo-Pacific region to share important commercial, industrial, and technical standards information and best practices. Doing so enables decision-makers to develop and implement relevant standards, testing protocols, and regulatory procedures that align with international best practices specifically as it relates to smart and sustainable cities, water and sanitation, and clean energy sectors. From 2018 until 2021, a series of workshops have been organized for the public and private sectors of both countries to communicate and exchange insights on WASH, sustainable buildings and smart cities, photovoltaics and other clean energy, standards and application of 5G network technologies, and electric vehicles and relevant power utilities.

Capacity building activities like those described above support the resilience of the partner countries. As they increase their capacity to fulfill trade commitments, they establish a culture of quality and growing mechanisms that decrease the future need for similar assistance. Together, ANSI's capacity building programs serve as an important strategic tool for the U.S. government and industry to pave the way for more consistent, predictable, and fair trade and investment opportunities. For example, the recent U.S.-Vietnam 5G Standards Workshop provided a platform to support Vietnam's efforts in leading the adoption



and implementation of 5G standards. It also offered an opportunity for U.S. industry experts and government officials to engage with key Vietnamese representatives and to share solutions for meeting 5G demands, while addressing and promoting security needs, market openness, an enabling regulatory environment, and industry best practices. After the event, the Vietnamese government and industry participants highlighted that they believe the workshop has a positive impact on 5G policies and standards through knowledge and experiences sharing, and also increases the understanding of policymakers on standards alignment across markets.

Conclusion and Recommendations

Rapidly evolving and disruptive technologies are presenting new standards development challenges. As competition for technology-driven advantages intensifies—and economic, security, and public health challenges continue to raise the stakes at home and around the globe—the push to develop globally accepted standards is greater now than ever before.

An open, rules-based standards system that is participatory in nature is key to enabling worldwide participation of stakeholders and facilitating an innovative environment that reflects changing needs in the global marketplace. Maintaining the integrity and impartiality of international standards development processes continues to be a priority.

ANSI looks forward to continued international engagements that support the Administration's Indo-Pacific Strategy and the Indo-Pacific Economic Framework (IPEF) by promoting fair and resilient trade as one of the crucial pillars. Government-to-government dialogues like the IPEF present an important opportunity not only to advance trade objectives, but to reinforce the consistency of government and private sector messaging, including messaging on standards. Ensuring that the IPEF will emphasize highquality trade standards that are coupled with adequate capacity support will encourage compliance and enrich trade and investment opportunities for U.S. industry in the Indo-Pacific region.

ANSI believes that capacity building provisions and accompanying programs greatly enhance the effectiveness of the IPEF and lay the foundation for more U.S.-friendly business environments internationally. Strategic capacity building efforts, like those of the Standards Alliance, will unlock the full benefit of a high-quality and comprehensive economic framework for U.S. business and provide supplemental opportunities for the industry to build relationships with our partners.

Thank you for your consideration and the opportunity for ANSI to comment. ANSI stands ready to provide clarification or engage further with you in any way deemed useful as the U.S. government designs and implements the IPEF to support strong and effective partnerships in the Indo-Pacific region.