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| <p>S. Joe Bhatia President and CEO American National Standards Institute</p> | <p style="text-align: right;">IFAN International Conference, IEC 2010 Seattle, WA</p> <p style="text-align: right;">U.S. views on international standardization, including those of the BRIC countries October 13, 2010 – 3:00 – 3:15 p.m.</p> |
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Good afternoon, everyone.

My name is Joe Bhatia, and I am president and CEO of the American National Standards Institute.

I am very pleased to be part of the IFAN Conference, and am honored to share my thoughts on the current international standardization landscape.

For those of you who don't know us, ANSI is a non-profit organization that coordinates the U.S. private sector standards and conformance system – a system that relies upon close collaboration and partnership between the public and private sectors. I am here representing thousands of member companies, organizations, and individuals who rely upon standards and conformance to increase efficiency, improve competitiveness, and foster international commerce.

For more than ninety years, ANSI and its members have worked to demonstrate the strength of market-driven, standards-based solutions that are characterized by consensus, openness, and balance. Currently, we are tackling such front-page issues as cybersecurity, electric vehicles, anti-counterfeiting, and environment and climate change.

Standards and conformance play a critical role in the economy, impacting more than 80% of global commodity trade. The jury's still out on what that meant for 2010 . . . but in 2009, that 80% impact came to more than 13 trillion dollars.

It is clear that effective utilization of standards and conformance promotes technological interoperability and the global competitiveness of all businesses. And greater cooperation and information sharing will improve the bottom line – clearly a top priority in today's economic landscape. When individual businesses do well there is a corresponding improvement in our national economies.

In my remarks this afternoon, I will share some of my thoughts on international, regional, and bilateral standardization trends.

And given where we are meeting, I would be remiss if I did not begin my discussion with IEC and ISO!

Both of these organizations, which count National Standards Bodies or National Committees as members, rely on a “one country – one vote” system. ANSI is the U.S. member body to ISO and, via our U.S. National Committee, to the IEC. We work hard to ensure that U.S. technical experts are fully engaged, and that the U.S. is well represented from all key segments of our constituency, both from the policy and technical perspectives.

As one of the most active member bodies at the ISO and IEC table, we have been able to get a broad picture of each organization’s activities. I can tell you that more and more developing countries are getting involved, often through ISO’s correspondent member program and IEC’s affiliate member program. Progress is slow in this arena, but I believe it is critically important to seek even more participation.

Just as greater cooperation between developed and developing nations is a key goal, so too are we focused on greater cooperation between ISO and IEC. In a world where technologies converge and standards cross industry sectors, it is no longer easy to divide standards development work along clear lines of responsibility.

Beyond ISO and IEC, it is important to note that other international SDOs are also developing globally relevant standards, and in some cases, have been doing so since the late 1890s. Co-existence is not always easy for all of these international groups. There are two primary matters standing in the way of greater collaboration. The first is the way that the standards are developed. In ISO and IEC, we see national delegations, but in other international SDOs, individuals are empowered. The second concern is intellectual property and the commercialization of the “product” that is a completed standard.

The U.S. endorses the globally accepted standardization principles of the WTO Technical Barriers to Trade Agreement. We believe that – as long as these principles are followed – the standard that emerges is one that can be accepted globally, regardless of which SDO produced it.

From the U.S. perspective, we have been spending an increasing amount of time building bilateral relationships. Doing so is key to building international support for U.S. positions, especially within ISO and IEC.

To help you visualize what I am talking about, picture a three-tiered pyramid. On the broadest bottom tier are all of the national concerns, with some bilateral relationships thrown into the mix. On the middle tier, you find the regional standardization concerns. And on the smallest top tier is the international level. One tier leads to the other, and it is increasingly difficult to maintain an effective global presence if national, regional, and international standardization concerns are totally segregated.

And when you think of the phrase “global presence,” chances are that China is at the top of your list. There is no question that China is the large actor on the standardization stage today. Though they hold only one vote in ISO and IEC, China’s market share is huge and growing. Take ISO, for example, where Chinese experts have been assuming secretariats and chairmanships at increasing rates. In the long term, I think it is very possible that they will control the direction of many ISO and IEC technical activities, from older areas such as textiles to newer ones such as alternative energies and technologies.

Why is China likely to be so successful? Because the cost of participation is not as big of an issue for their centralized standardization system. You can do a lot when the central government has trillion plus dollar surpluses. Increasingly, whenever a U.S. expert retires or a program loses funding, we look to fill the void, and sometimes, regrettably, end up giving up the leadership position. Who are we to blame China for being ready and willing to take up the mantle?

I just mentioned that China has seen some advantages from its centralized standardization system, which is government-run. But sometimes, the bureaucracy inherent in that kind of approach can impede progress . . . and I think in some instances we have seen that happen to other up-and-coming nations such as Brazil, India, and several Southeast Asian countries. Their presence in technical activities within ISO and IEC is growing rapidly. In fact, India has already held an IEC General Meeting, and they are slated to host the ISO 2011 General Assembly.

In addition to our very strong collaborative and friendly relationships with the top leaders in both the IEC and ISO domains in China, ANSI is proud to have excellent relationships with BIS – the Indian national standards body – and ABNT – the Brazilian national standards body. We even share a twinned secretariat with ABNT on ISO Project Committee 242, the group that is working to develop ISO 50001, the energy management system standard.

Brazil and the U.S. are also working closely together as part of FINCA – the Forum of IEC National Committees of the Americas. Established in 2007, the Forum now includes membership from Argentina, Brazil, Canada, Chile, Mexico, and the United States.

Here's another exciting development to report out of Latin America. The Pan American Standards Commission, COPANT, has a new, dynamic Executive Secretary. This organization has been stagnating for many years in rules and process, not to mention the Spanish/English language divide. But now we have a chance to move it a few steps forward with outreach initiatives, training, website improvements, and more. As COPANT vice president I will admit to some bias, but I do feel that this is our moment to grow the Commission's impact and make its 26 member economies more influential on the international stage.

Across the ocean in India, ANSI has an active working agreement with both BIS and the Confederation of Indian Industries, CII. Our Standards and Conformance Cooperation Program (SCCP) has been a tremendous success over the last two years, and it is still going strong.

I am sure that everyone in this room is aware of the European Commission's efforts to examine the European standards system. EXPRESS, the Expert Panel for the Review of the European Standardization System, was formed in January 2009 to examine how the existing strengths of the European system could be built upon and enhanced. Over the course of a year-long study, EXPRESS also looked at issues surrounding coordination between the various standardizing bodies in the marketplace: both the formally recognized ESOs and others, such as fora and consortia. Additionally, issues surrounding free availability of standards, and particularly the impact on SMEs and NGOs, have also been in the lime light.

Finally, the Panel saw a need to rearticulate the benefits of, and need for, standardization in a changing world, and to address how standardization can and should meet the needs of policymakers and public authorities.

To date, a formal EXPRESS Report has been issued in March 2010, and a Consultation Document was circulated for comments. In the end, several hundred comments were received, including input from ANSI. There have been hearings in the European Parliament, and a plenary review by the Parliament is expected in early November. I have had the privilege to have a personal meeting with Malcolm Harbour, the Chairman of the European Parliament Committee on Internal Market and Consumer Protection – at his request. And I believe that our formal input and such discussions have

had an impact. A draft report has already been issued, and it does not propose any substantive changes to the current European standardization system.

This has been quite a process that also affected and engaged many non-European nations, and potentially could have affected IEC and ISO. However, it appears that the current draft recommendations will be broadly accepted which means that we do not expect any “major” changes to the European system as we know it. As much talk as there has been about China’s explosive growth, Europe remains a dominant global player regardless of how their system operates.

For more than twenty years, ANSI has met with the leadership of the European Standardization Organizations, or ESOs, as well as representatives from the European Commission and the European Free Trade Association. This transatlantic dialogue promotes mutual transparency and offers an opportunity to address policy issues that impact both the U.S. and Europe.

Here is a provocative example for you to consider. Should standards be freely available at no cost?

Just as an experiment, I would be curious to see a show of hands from this group. Please don’t be shy!

- How many of you personally believe that standards should be free?

- Now, how many of you are hearing pressure about the need for free standards from within your own organization or country?

Clearly, this is an issue that affects everyone, and it is not going to simply go away. I believe that the future holds even more pressure for SDOs to provide their products free of charge or at a heavily discounted price, especially when standards are referenced in regulations or when NGOs, consumers, or SMEs are involved. It goes without saying that this has the potential to change many business models completely – including ANSI’s!

Those of us who believe that we should charge for standards have our reasons. There are only so many ways to pay for the infrastructure needed to support robust, consensus-based standards development. And I am not just referring to private sector-led systems like we have in the U.S. The National Bodies or the National Committees in other countries, which are often part of a government agency, need to budget for this activity as well. I think we all need to do a better job of putting this into perspective by documenting and describing the infrastructure costs that need to be supported to develop the highest quality standards.

My colleague from AENOR, the Spanish standards body, said it best. “The cost of a taxi ride across Madrid costs more than the average standard, but no one is proposing free taxi rides!”

To me, it is clear that international trade partnerships are more important now than ever as we seek out standards-based solutions to the challenges that face us all.

Simply put, standards boost business. When used effectively, standards and conformance can build consumer confidence and restore trust, provide extra cost savings, increase efficiencies, attract and retain customers, foster innovation, and facilitate trade – enabling companies to survive, grow, and thrive.

Thank you for your kind attention this afternoon. I look forward to any questions you may have.

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