

<p>S. Joe Bhatia President and CEO American National Standards Institute</p>	<p style="text-align: right;">GE Energy Standardization Summit Albany, NY</p> <p style="text-align: center;">U.S. and/or Global perspective on standardization, including emergent issues/trends, who the major influencers are, and how GE Energy could improve its role in standardization December 3, 2010, 8:00 a.m. (20 min + 10 min Q&A)</p>
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Good afternoon, everyone, and thank you for that introduction. I am very pleased to be part of the GE Energy Standardization Summit. In my remarks today, I will share my thoughts on the current international standardization landscape, and how GE can use strategic standardization to meet your business objectives.

GE has been an active ANSI member since 1970 . . . but for those of you who don't know us, I will offer a brief introduction. 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. ANSI represents 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 critical issues as electric vehicles, environment and climate change, renewable energy, nuclear, and anti-counterfeiting. We are involved in many more, but I have mentioned the ones that may be of particular interest to you.

Standards and conformance play a critical role in the economy, impacting more than 80% of global commodity trade – or an estimated 13 trillion dollars, in 2009 alone.

It is clear that effective utilization of standards and conformance promotes technological interoperability and the global competitiveness of all businesses. And greater cooperation, information sharing and harmonization will improve the bottom line – clearly a top priority in today's economic landscape.

This morning, I will share some of my thoughts on international, regional, and bilateral standardization trends, particularly in the area of alternative energy technologies.

On the international front, the biggest players in the game are, of course, the International Organization for Standardization – ISO – and the International Electrotechnical Commission – IEC. 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.

And for those of you who are not already aware, GE is also very well represented at the IEC table by Phil Piqueira, the global standards leader for GE Industrial Solutions Business. Phil will assume the role of USNC president on January 1. GE was also a platinum sponsor of the IEC 2010 General Meeting, which was hosted by the U.S. just a month and a half ago. Because of GE’s generous contribution, we were able to host the largest and most successful IEC meeting in the history of that organization – an effort that goes a long way toward cementing our nation’s leadership role in international standardization. Congrats Phil.

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. And 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, with some of their Asian neighbors not too far behind. Though they hold only one vote in ISO and IEC, China’s market share is huge and growing, and their active participation in standardization has reached new heights, and is continually growing.

To put it in number terms, China currently participates in an impressive 697 ISO Technical Committees. South Korea, even one more – 698. The U.S.? 601. India is catching up to us too, with 596. And in terms of leadership, Chinese experts have been assuming ISO secretariats and chairmanships at increasing rates. In the long term, I think it is very possible that these countries 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, in particular, 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 a two trillion-dollar surplus. 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.

This has been a dangerous trend for U.S. influence in global standardization in recent years. More and more, corporate standards and compliance professionals are not being adequately supported, nor are they replaced when they retire. Combined with the lingering effects of the economic downturn, the result has been some companies decreasing their levels of involvement. Not only are these individual companies hurting their own bottom line when they miss out on the growth opportunities standards provide, U.S. industry as a whole is shooting itself in the foot in terms of global market share and long-term economic strength.

As we relinquish our power and position at the tables where global technologies are developed, the Chinese, Koreans, Brazilians, and many others, with funds in hand, are eager to snatch up the chance to exert greater influence. And who could blame them? It's an incredibly powerful opportunity. Particularly in areas of emerging technology, with ever-widening markets, the value of this opportunity can not be underestimated.

Take electric vehicles, for example. A few weeks ago I was asked to present keynote remarks at the U.S. National Electric Vehicles Safety Standards Summit in Detroit. It is an incredibly active and interesting time in the development of standards and compliance solutions for this technology, especially since it is a critical component of the national – and global – Smart grid initiative. And ANSI is taking a leadership role in addressing the standardization needs.

On behalf of Battelle Energy Alliance, operator of the U.S. Department of Energy's Idaho National Laboratory, ANSI will be convening a cross-sector workshop this spring to assess and report on the codes and standards needed to facilitate the deployment of the charging requirements for Electric Drive Vehicles (EDVs). This is a terrific opportunity to bring together the experts and leaders from the public and private sectors and make concrete progress in streamlining the technological innovation that is going on in this emerging industry. And not a moment too soon, as other countries are ramping up their EDV development to a remarkable degree.

In the most notable example, the Chinese government has allocated \$15 billion in seed money for its leading auto and battery companies to create an electric car industry. Their goal: to put one million cars on the road in China by 2020 – just ten years from now. Time will tell how successful their endeavor will be, as top-down economic dictates don't necessarily produce the best, most innovative results . . . but what is assured is that the Chinese will be active, well-funded, and most likely a key player in this emerging market. Of course Japan, Germany, and Brazil are already actively engaged.

I 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 some of the other up-and-coming nations such as Brazil, India, and several Southeast Asian countries. Yet their presence in technical activities within both ISO and IEC is growing rapidly, as is our need to engage them in fruitful collaboration.

In addition to our very strong collaborative and friendly relationships with the top leadership in both the standards and conformity assessment 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.

Recently, the European Commission undertook an extensive examination of 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.

A Consultation Document was circulated for comments. In the end, several hundred comments were received and considered, including input from ANSI. In late October, the European Parliament approved the Report on the Future of European Standardization – a document aimed at setting a strategic approach for the future of European standards activities. The report was developed by the Parliament's Internal Market and Consumer Protection Committee (IMCO). I have had the privilege to have a personal meeting with Malcolm Harbour, the Chairman of the IMCO – at his request. And I believe that our formal input and such discussions had an impact. The report released aims to build on the strengths of Europe's existing system while avoiding changes that would undermine the system's core values.

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 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 technical and policy issues that impact both the U.S. and European industries.

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. ANSI’s lengthy history of effective communication and collaboration with leaders in Europe, Latin America, and now more than ever, the growing powers in Southeast Asia, will serve us well as our member companies look to expand business opportunities in both emerging industries and emerging markets.

And the clean energy sector offers the most promising growth – according to the Pew Environment Group Climate and Energy Program, investments have grown 230 percent since 2005. In 2009, \$162 billion was invested in clean energy globally, and analysts forecast that investments will reach \$200 billion in 2010. But as of now, the United States is not among the biggest winners in this investment game.

The countries dominating the clean energy landscape have national policies, and funds, to reduce global-warming pollution and provide incentives for companies to use renewable energy, such as solar and wind power. Again, China is demonstrating its power, topping the world in production of compact fluorescent light bulbs, solar water heaters, solar photovoltaic, and wind turbines. In the U.S., we have some state programs forming a patchwork of policy and incentives, but what we need is standards and conformance to fill in the gaps. This is not just about improving the environment – it is a vital investment in our energy security and our economic future.

When used effectively, standards and conformance can increase efficiency, drive innovation, provide cost savings, and facilitate trade, all without the restriction and bureaucratic challenges that can come with regulation – ultimately enabling companies to grow and thrive. This is what ANSI is working toward on all fronts, and also in the areas of renewable and clean energy. And what is critical to our success is to get key players like GE further involved.

GE Energy is doing incredible things in energy innovation, particularly with regard to the evolution of a smarter national power grid. I congratulate you on your success. But opportunities exist for even further growth. In areas like electric vehicles, and wind and solar technologies, among others, standardization can help U.S. business shape the future of an enormous growth industry, and reap the rewards from that influence.

Through active participation in standards development, conformity assessment programs, and the standardization process, GE can exert influence on technical content and align its products and services with the changing market demands. It is a simple matter of business strategy . . . when your technical experts are at the table, they gain insiders' knowledge and early access to information on emerging issues. Businesses not only decrease the economic risk of their R&D activities by participating in standardization, they can also lower their costs by relying on previously standardized technologies.

As an executive, you have two choices: Position your organization to take a seat at the table and be part of the standardization process, or let your competitors, both foreign and domestic – or the government – or foreign governments like the Chinese or the EU Commission – dictate the way you will be doing business. Standards and conformance are critical business tools that must be managed alongside your organization's quality, safety, and environmental policies.

To get this message heard by U.S. business leaders and senior level policy makers, ANSI has coordinated an outreach initiative called Standards Boost Business. This campaign is meant to serve as both a helpful tool and a call to action for corporate America to invest resources in the standardization system, and gain its rewards.

This is not solely an ANSI program: The Institute is coordinating the effort, but a number of key trade associations, companies, and organizations already joined the initiative.

I invite you to visit the website, standardsboostbusiness.org, to read real case studies of the cost reduction and revenue generation standardization has provided to a range of large U.S. companies such as Boeing and Deere and Company.

I hope that my words today have given you a bit more insight into the current international standardization landscape, and the importance of seizing the opportunities for leadership and influence that can help you position GE – and the U.S. – for the greatest success. Working together, we can harness the power that standards and conformity assessment wield for U.S. businesses in the global market.

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

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