



Standards Council of Canada
Conseil canadien des normes

A Perspective on U.S. Standardization:

**A Strategic Session with Joe Bhatia,
President and Chief Executive Officer
of the American National Standards Institute**

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About the Standards Council of Canada

The Standards Council of Canada (SCC) is a Crown corporation within the Industry Canada portfolio. With the goal of enhancing Canada's economic competitiveness and social well-being, SCC leads and facilitates the development and use of national and international standards. SCC also coordinates the efforts of Canadians in the development and use of national and international standards. Accreditation services are provided by SCC to various customers, including product certifiers and testing laboratories. SCC represents Canada at the International Organization for Standardization (ISO) and oversees the Canadian National Committee of the International Electrotechnical Commission (CANC/IEC). For more information on SCC, visit www.scc.ca.

About the American National Standards Institute

As the voice of the U.S. standards and conformity assessment system, the American National Standards Institute (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 Institute 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 accrediting programs that assess conformance to standards – including globally recognized cross-sector programs, such as ISO 9000 (quality) and ISO 14000 (environmental management systems).



< SCC's Chief Executive Officer, John Walter (left) with ANSI's President and Chief Executive Officer, Joe Bhatia, at the 63rd Annual Society for Standards Professionals Conference in Ottawa, Ontario, on August 14, 2014



**A Message from John Walter,
Chief Executive Officer,
Standards Council of Canada**

“Canada-U.S. cooperation on standardization issues has resulted in positive benefits for industry, consumers and governments on both sides of the border.”

– John Walter



On August 14, 2014, in conjunction with the 63rd Annual Society for Standards Professionals (SES) Conference in Ottawa, I had the honour of introducing Mr. Joe Bhatia, the President and Chief Executive Officer (CEO) of the American National Standards Institute (ANSI), as part of SCC's ongoing series of best practices exchanges on setting national standardization priorities.

SCC invited Mr. Bhatia to speak to a select group of senior government officials, industry leaders, representatives from SCC-accredited standards development organizations (SDOs), and consumer groups. The session offered participants a better understanding of the U.S. standardization network and its strategic engagement with key stakeholders.

“Joe Bhatia has become a valued advisor to SCC and is an individual who I can depend on for honest and fair guidance.”

Mr. Bhatia took on his present role as president and CEO of ANSI in 2006, coming from a long history of working within the U.S. standardization network. Before taking the helm at ANSI, Mr. Bhatia was the Executive Vice-President and Chief Executive Officer of the international group at Underwriters Laboratories Inc. (UL), where he worked for more than 30 years. Mr. Bhatia held leadership positions within UL's global business operations in the areas of engineering, governmental and congressional liaisons, external affairs, certification services and international operations.

In addition to his work at the national level, Mr. Bhatia takes a leading role in international standards development. He is a member of the International Organization for Standardization (ISO) Council and its standing committee on strategies. In 2013, Mr. Bhatia was also elected to serve as president for the Pan American Standards

Commission (COPANT), an organization that represents 33 countries in North, South and Central America.

Through COPANT and other international standardization organizations that I have been involved with, I have had the pleasure of working closely with Mr. Bhatia on numerous occasions in my five years as the CEO of SCC. He has become a valued advisor to SCC and is an individual who I can depend on for honest and fair guidance. One of the things that we both fundamentally agree on is that when it comes to standardization, the Canada-U.S. relationship is a vital one.

Canada-U.S. cooperation on standardization issues has resulted in positive benefits for industry, consumers and governments on both sides of the border. Our strong relationship is proof that standardization can contribute to economic growth and social well-being, not just nationally, but regionally and globally.

Both Mr. Bhatia's presentation, and the subsequent discussions held during the SES conference, clearly highlight why cooperation between our two countries will become increasingly important in the years to come. The following report contains a summary of the information presented during the session. This information gives a better understanding of the U.S. standardization network and how our two nations can pursue our common goals and interests in the spirit of collaboration and future prosperity.

John Walter
Chief Executive Officer,
Standards Council of Canada
Vice-President (Policy) of the International
Organization for Standardization



*Excerpts from A Perspective on
U.S. Standardization: A Strategic
Session with Joe Bhatia, President
and Chief Executive Officer of
the American National
Standards Institute*

“I do strongly believe in
Canada and the U.S. working
together and achieving not
only bilateral progress, but
regional progress and
international progress.”

– Joe Bhatia

ANSI's Role in the Standardization System of the United States

In many countries, including Canada, the standardization system is run by a government agency (by a Crown corporation in Canada's case) or an SDO. In the United States, the standardization system is coordinated by ANSI. ANSI is a private, non-profit organization that was created in 1918 by a group of private-sector organizations and U.S. government departments, including the Department of the Navy, the Department of Defense, and the State Department.

Today, the ANSI Federation represents more than 125,000 companies and organizations and some 3.5 million professionals worldwide. The Federation has approximately 1,000 members from varying backgrounds. The four key pillars of its diverse membership are government, industry, consumer groups and organizations such as SDOs and certification bodies. Each of these pillars has an equal role to play in the U.S. standardization system and must be satisfied with how it functions. ANSI's job is to ensure that everyone at the table has the same opportunity to participate and have their voice heard.



Range of Participants Gives ANSI its Strength

The U.S. standardization system is led primarily by the private sector. ANSI's belief is that a standard has no value without compliance, and if industry is not on board, ensuring that compliance takes place is a challenge.

ANSI also believes that a healthy standardization system needs a broad range of participants, such as government agencies, business groups and other stakeholders having an interest in standardization. All of these stakeholders must have the chance to participate in the process and seek standardization solutions that meet their needs. That is what gives the U.S. system its strength. ANSI's role is to create that balance and to ensure no one group dominates the process and the resulting standardization solution.

Strength in Numbers

There are approximately 500 U.S. SDOs and another 500 in the consortia area (standards developers not part of or recognized by the standardization network), such as in the high-technology sector. These organizations are responsible for the development of approximately 100,000 U.S. standards. ANSI has accredited about 235 of these SDOs – a number that is always growing.

SDOs can submit their standards to ANSI, to become American National Standards (ANSs), whose designation means the standards meet the essential requirements of ANSI. These requirements stipulate that a standard must be developed in an open, balanced, consensus-based system, and with due process; as well, it must provide an opportunity for all stakeholders to participate and reach consensus.

There are presently 11,000 American National Standards. The development of these standards is primarily driven by industry, but the U.S. government is a tremendous user of standards and an important partner in their development.



This is due, in part, to a U.S. Act of Congress, entitled the *National Technology Transfer and Advancement Act* (NTTAA), which requires U.S. federal departments and agencies to consider using voluntary standards before developing standards of their own. The NTTAA has saved the U.S. government countless resources, including manpower, technical capability and billions of dollars. It has also reduced redundancy in the system, as well as the cost of compliance and procurement.

involvement in 80 per cent of the work done at the IEC and 90 per cent of the work done at ISO. Through its involvement with these organizations, ANSI is helping to ensure that international standards support U.S. industry and that U.S. experts are participating in their development, especially when it comes to new and emerging sectors.

Convincing experts who work within these emerging sectors to participate in the standards development system is a challenge for ANSI. The benefits of participation are not widely understood within these sectors, and their experts do not have the same experience with standards development.

Finding creative ways to encourage industry experts to become involved in the system is difficult, especially as international involvement is expensive, and its benefits are not immediately apparent, appearing only over the long term. ANSI is actively searching for ways to get experts in these new areas to believe in the fundamental value of standards to global competitiveness and to become involved in the international development process.

ANSI and the International Standards Community

ANSI represents the United States at the International Organization for Standardization (ISO) and at the IEC. As a founding member of both international organizations, ANSI has taken on a leadership position from the very beginning. The organization occupies one of the six permanent seats on the ISO board and is a member of the IEC, through its U.S. national committee. Playing a leadership role within these organizations is a priority for ANSI, especially as an increasing number of U.S. industry sectors seek global standardization solutions.

Large-sized SDOs, especially those with international footprints, are developing standards of equal quality to those of ISO or the IEC. That being said, ANSI is a strong supporter of these two organizations, as demonstrated by its



Regional engagement is another ANSI priority. The organization is helping to create global and regional collaborations with SCC in Canada and with other organizations around the globe, to encourage stakeholders from all of ANSI's targeted regions to become involved in standards development. Through organizations such as COPANT and the Forum of the IEC National Committees of the Americas, ANSI has been trying to advance common national economic objectives held by both Canada and the United States, in the standardization area, including the electrotechnical area.

New Players on the International Stage

As emerging nations gain an increasingly influential voice on the international stage, Canada and the United States need to work together more than ever before, to represent our common interests. Countries such as China, India and Korea are all gaining clout internationally.

China, for instance, has the advantage of a centralized and centrally funded government system with a surplus of two trillion dollars to support its efforts. China's government is paying significant attention to standardization and is providing funding to attract the best and brightest Chinese experts to sit on international technical committees.



As technical experts retire and openings appear on these committees, Canada and the United States must collaborate to fill these vacancies with North American experts, to ensure our common interests are represented.

More than three-quarters of ISO's membership now comes from developing countries. ANSI is doing its part to provide outreach and training to these countries, so that they can become more effective and influential trading partners.



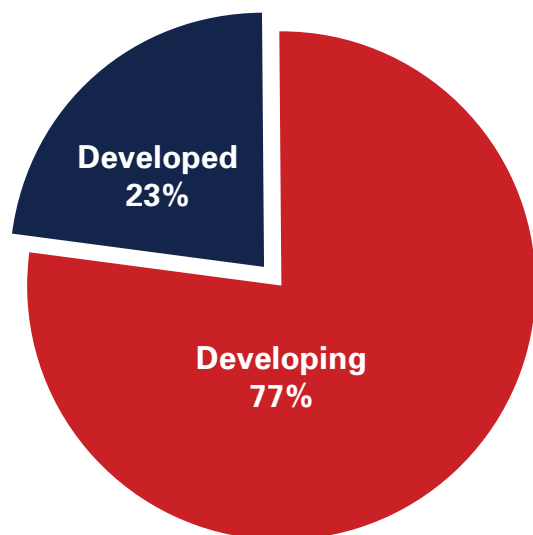
“I think countries such as China, India and Korea are putting their manpower – and their money – where their mouths are. And I think we need to find a way to do that. We also need to do that as a partnership, Canada and the U.S. We need to do that as a region, as the countries of the Western Hemisphere.”

– Joe Bhatia



Through a program called *Standards Alliance*, a partnership with USAID, ANSI is working with nations that are new to the international standardization system, to help them better understand how to develop, use and demonstrate compliance with international standards, and how to meet the requirements of the *World Trade Organization Technical Barriers to Trade (WTO-TBT) Agreement*. Twinning arrangements between more-developed countries, such as the United States and Canada, and between less-developed countries, are also set up through ISO and the IEC, to help them integrate into the international standardization system.

Membership Base of the International Organization for Standardization



Protecting the Standards Ecosystem

ANSI is committed to supporting and protecting the standards *ecosystem*, or network. This has become a concern in the standards community in recent years, as the issue of access to standards referenced in legislation has become increasingly prominent.

In the United States, Incorporated By Reference (IBR) standards are those that are referenced in U.S. legislation and, as a result, become components of law. Some argue that because IBR standards are the law, they should therefore be free to access and use.

But the reality is that if these documents were available free of charge, many SDOs would not have the resources needed to support standards development. The funding would have to come from other sources, such as the government, which would upset the balance of the private-sector standards development ecosystem. This balance depends on the equal engagement of all stakeholders, with no dominant player.

ANSI has been working hard to find an acceptable solution and has developed a portal, on which any SDO can post documents for public viewing. Many SDOs are providing similar services on their own websites. By doing this, ANSI hopes to provide a central knowledge source of IBR standards, while still protecting the standards development ecosystem.

Standardization Boosts Business

The need to foster a stronger relationship between the business community and the standards system is a key focus for ANSI. The contribution of the private sector to the system is fundamental to its continued success. Industry leaders must have a basic understanding of standards and conformity assessment and how engagement in the system contributes to their bottom line. Almost all aspects of industry, particularly those related to the manufacturing of products, are impacted by standardization and its application.

It is estimated that 80 per cent of all commodity trading is affected by standards,¹ which means that in the United States alone, \$13 trillion worth of trade was influenced by standards last year. From aligning products with consumer demands, to gaining and maintaining market access, to learning about initiatives at the international level, the list of benefits derived from participating in standardization is a long one.

The most successful exporting nations in the world, such as Japan, Germany, South Korea and China, have all made standardization a top priority. Simply put, standards boost business. That is the message ANSI wants to deliver to the U.S. business community and to government leaders. And it is a message ANSI has been working hard to disseminate.

Over the past several years, ANSI has developed an independent program, supported by more than 30 organizations, to help industry leaders understand that participation in standardization is critical to their long-term success as an organization, and as an industry. The **StandardsBoostBusiness.org** website



“Constantly, we need to be sending the message to our industry and our governments that the value and benefits of engaging in long-term standardization solutions is of interest to our companies, our economies and our nations.”

– *Joe Bhatia*

gives business leaders a clear picture of how standards can affect their bottom line, by providing relevant information, testimonials by CEOs, and examples of significant economic gains realized through standards.

Although the independent program is an ANSI-led initiative, it is one the organization hopes Canada and others around the world will contribute to. Encouraging industry to become more involved in the standardization network – whether in Canada, the United States or other nations – is in the best interest of citizens around the world.

¹ United States Department of Commerce, *Standards and Competitiveness – Coordinating for Results*. Washington, D.C., May 2004, p.1.



Going Forward

(by SCC)

It has been said that the international language for commerce is standards. This is why SCC works with key stakeholders within government and industry, to identify and support Canada's standardization priorities.

As more than 75 per cent of Canada's exports are destined for its NAFTA partner nations, we have everything to gain by deepening our understanding of standardization priorities of industry, government and consumers in the United States. As you have read, the forum with Joe Bhatia generated valuable insights on opportunities to enhance competitiveness and support trade between Canada and the United States, while maintaining the highest health and safety standards.

SCC will continue to promote the development of joint Canadian-U.S. standards and certification programs in sectors of strategic importance to our countries. As well, SCC will maintain engagement with industry, government, consumers and accredited SDOs, regarding the benefits of aligning standards between jurisdictions.

Demonstrating Success Within the NAFTA Marketplace

Leading trade experts have recently proposed that the best way for Canadian exporters to achieve global competitiveness is by first demonstrating success within NAFTA's marketplace of 460 million consumers.² Aligning standards and conformity assessment requirements between Canada and the United States would certainly support that goal.

There are thousands of different standards incorporated by reference in government regulations in Canada and the United States. It has been estimated that unnecessary regulatory differences and duplication in certification and testing methods between Canada and the United States can add between two and 10 per cent to the final cost of a product, creating higher prices for producers and consumers.³

² Laura Dawson, Christopher Sands and Duncan Wood: *North American Competitiveness: The San Diego Agenda*, November 2013, Dawson Strategic.

³ Michael Hart: *Trading Up: The Prospect of Greater Regulatory Convergence in North America*, 2007, United Nations Economic Commission for Latin America and the Caribbean (ECLAC).

ANSI-SCC Collaboration Generates Success

Over the past 20 years, ANSI and SCC have collaborated on several activities to increase standardization cooperation between the United States and Canada. ANSI routinely encourages its members to engage their respective cross-border collaborators to align standards and conformity assessment programs that can be used by governments.

Recently, with ANSI's assistance, SCC launched a pilot project to facilitate the development of a joint Canadian-U.S. standard in the plumbing/heating sector for the balloon-type ball backwater valve. There is currently no standard or conformity assessment program available for this product. Through the pilot project, SCC is documenting the steps involved in the development and implementation of joint Canadian-U.S. standards, to determine future best practices. This endeavour will help Canadian and U.S. industry assess the costs and timelines of developing joint voluntary standards.

SCC and ANSI also support greater alignment of standards and certification requirements embedded in relevant Canadian and U.S. regulations. In a recent joint submission to the Canada-United States Regulatory Cooperation Council, SCC and ANSI outlined possible approaches to align Canadian-U.S. standards embedded in regulations. It is clear that industry in both nations should continue to drive the development of future joint Canadian-U.S. standards by determining the standardization priorities for their respective sectors.



Ensuring the Highest Health and Safety Standards

Looking forward, ANSI and SCC can facilitate this process by helping industry identify instances where joint voluntary standards make sense. The incorporation of aligned Canadian-U.S. standards in regulations would help to reduce redundancy, while ensuring the highest health and safety standards for consumers. Both organizations believe that regulators should use the existing standardization, accreditation, testing, certification and inspection network in place within Canada and the United States, as we investigate, together, new approaches to regulatory cooperation.

As well, SCC and ANSI are working closely with sister organizations from the Americas, through COPANT, to establish the right standardization priorities for the region. Together, our actions will help to strengthen the level of competitiveness of our nations and the well-being of our citizens.



