

ORGALIME POSITION PAPER ON INTERNATIONAL STANDARDISATION

Brussels, 03-07-2006

Executive summary

1. Orgalime considers the standards making process as an essential tool to develop and underpin global markets for engineering products. Orgalime therefore strongly supports the ISO/IEC standardisation system in order to ensure true harmonisation and to underpin the global consistency of standards for new and emerging markets
2. Orgalime believes that the financial situation of standardisation needs to be improved by reducing costs and increasing cost-efficiency and participation. The operating performance of standards development organisations (SDOs) should be subject to continuous improvement programmes including through:
 - Continuous improvement programmes including the renewal of both participants and work programmes. This is urgent. However, Orgalime does not consider to date that mergers between SDOs are either a cost-effective or performance-enhancing solution
 - Increase in participation of authorities in standardisation, including in its financing, especially when standards are aiming to support societal requirements
 - A project-oriented technical organisation with a view to attract young experts and modern managers to European and international standardisation;
3. Both traditional standardisation and private fora/consortia are needed and complementary in most areas. New deliverables offered by established SDOs should be adopted according to strict and generally known rules. Therefore all new deliverables cannot be produced by SDOs with today's structures and processes. Separate or additional structures and processes are therefore unavoidable.
4. SDOs should develop an evaluation and decision model together in order to identify issues and standardisation projects relevant for industry and other stakeholders.

Orgalime's 35 trade federations in 24 countries represent some 130,000 companies in the mechanical engineering, electrical, electronic and metalworking industries, which account for over a quarter of the manufacturing output and a third of the industrial exports of the European Union. Our industry covers a major share of all direct and indirect standardisation costs generated by the European standardisation organisations.

In Orgalime's view, the first goal and priority of the standardisation organisations should be to bring standardisation closer to the market and to provide high-quality standards in answer to the demand of its stakeholders.

Orgalime has recently stated its position on enhancing co-operation between CEN and CENELEC¹ and has also previously issued a position paper on "International standardisation – Comments on the Commission discussion paper *Proposed elements for European guidelines on international standardisation*" (2001)².

¹ [Enhanced CEN-CENELEC co-operation - Orgalime position paper 23/12/2005](#)

² [International standardisation – Orgalime position paper of 24/01/2001](#)

International standardisation in rapidly emerging markets

Orgalime believes that the present organisation and structure of standardisation in Europe works reasonably well, although certain improvements are desirable. The co-operation agreements established between ISO and CEN (Vienna Agreement) and IEC and CENELEC (Dresden Agreement) give European industry and its customers the benefits of both:

- Global standards for wider market access, a larger base of suppliers and greater competition, and
- European standards to cater for the special needs and conditions of the EU market including specificities of our regulatory environment.

The international and European standardisation systems are sufficiently aligned to be perceived as well harmonised and coherent.

The European standardisation system with a strong base in the New Approach is supported by industry since it is perceived as being industry-driven and non-legalistic. The transparency in the Vienna and Dresden cooperation agreements has contributed to ensuring support and loyalty from industry for the international systems on the global market and for the European systems on their home markets.

With “globalisation” and the consequent rapid emergence and development of new professional and consumer markets, it is important that products and services be traded under an umbrella of international standards. Local and regional standards should be considered as such and developed in those specific areas only, where international standards cannot be achieved. The common denominator of international trade must be the drive towards achieving international standards, which favour competitive volumes and economies of scale. For new standards and in regions where there are voids to be filled, the preferred option must always be to seek the maximum acceptance and support, i.e. by opting for the global solution.

Orgalime strongly supports ISO/IEC standards system in the new markets in order to guarantee true international harmonisation and coherence of the standards. National and regional deviations from international standards should be gradually eliminated.

Improving financing and efficiency of the standards making process

While it is true that there seems to be general agreement and appreciation on the benefits that standards provide both for the economy and for the individual company, there are diverging views and knowledge about the standards-making process and the cost attached to it. Whereas the financial data of the standardisation organisations is readily available, the far higher cost for the participation of the stakeholders can only be estimated.

Orgalime believes that improvements in the financial situation for the standardisation system should be sought mainly by reducing cost and increasing efficiency and participation:

- On the revenue side, most national SDOs rely on a mix of sales of products, participation fees and (government) contributions. We believe that the most realistic increase can be made by increasing the participation of authorities in the process and hence in the financing. In particular, we believe that authorities reap benefits that are not matched by their contributions through using standards in their market surveillance and other supervision activities. They should be encouraged not only to participate but also to pay their fair share in the national technical committees
- The efforts to improve efficiency of the international and regional SDOs must not only be directed to shorten development times but also to improving the working methods within the organisations and the relations between them. The current plethora of technical committees and other groups (working groups, ad hoc groups, task forces, advisory groups, management committees, etc) consume too many resources.

Therefore, we believe that SDOs' organisational system should be regularly reviewed by the management. The renewal of both participants and work programmes must be considered an urgent matter for the SDOs. Groups that are low performers or badly attended should be either disbanded or merged with others. Technical committees, which have completed their tasks, may also be considered for disbandment

- All efforts should be made to increase the use of ICT tools, e.g. discussion fora, in all stages of the process
- Orgalime would support the introduction of a project oriented work organisation of technical committees: Technical Committee (TC) working methods and their very low attendance turnover is sometimes perceived as a hindrance for the recruitment of potentially interested younger or forward-looking experts
- The rejuvenation of the technical committees may lead to participation in the work by experts with more contacts and involvement with the market and R&D. This would certainly be beneficial to both the process and the products
- All SDOs should install a strong and focused project control function
- Before adopting a new work item, an evaluation of its market relevance is essential. In horizontal areas, such as management systems, industry needs to prioritise its efforts in participation. With scarce resources, both in terms of manpower and financially, industry can only give priority to a limited number of new work item proposals and participate in the relevant TCs
- For the identification of issues and standardisation projects relevant for industry and other stakeholders, the SDOs should together develop an evaluation and decision matrix. Orgalime would willingly contribute in such a process.

Tackling company management's shrinking interest

The growing lack of interest, involvement or even knowledge about standards and the standardisation process among CEOs and corporate management is a problem, for both companies and standardisation organisations. Companies therefore run the risk of higher cost for development and production and loss of markets, while SDOs suffer from declining participation in the technical work. However, standardisation is a long-term process; CEOs must be aware that any immediate return on investment is not to be anticipated.

The problem is probably more serious for SMEs than for larger companies where standardisation is often considered as a strategic issue in particular with regards to markets. Their participation and knowledge should therefore in principle remain on a high level; however, relocation of production and, to a lesser extent, R&D and product development to third countries, may negatively affect their participation in European standardisation technical committees.

Therefore, Orgalime believes that the lack of support from CEOs should be tackled in the following ways:

- SDOs should go on planning and developing marketing packages aimed at explaining standards benefits to corporate management
- Further efforts should be made to demonstrate the economic benefits both at company level and in general, but the identification of success stories ("case studies") may also be helpful. Further clarity on this issue might be provided by the development of a tool to determine the benefit for companies of investing in standardisation
- SDOs must be able to show to their stakeholders that they are efficient and modern organisations, working with restructuring and cost reductions in the same ways as their stakeholders ("industry") do

- SDOs should improve the management (organisation, priorities) of the large amount of documents provided to experts; documents abstracts should be provided in order to allow experts and managers to identify quickly the relevance of documents and topics to their business.

Participation in the process

Participation in the technical work and in the management work of the process is not only a responsibility and opportunity for manufacturers and their customers. It is critical for the quality and credibility that also authorities, environmental interests, unions and other NGO's are invited and encouraged to participate.

Therefore, Orgalime believes that:

- National authorities and NGOs should participate, like other stakeholders, in their national mirror committees. It should be then up to each NSO to decide on its representation on an international or regional level.

Benefits for national authorities are obvious: when standards come in support to legislation, early participation from authorities brings assurance that public concerns are taken care of

- The participation of NGOs should be welcomed in all work where they have a genuine interest and therefore can contribute constructively.

National standards organisations (NSOs) as the basis for participation?

The international and regional standardisation systems today rest on the principle of membership of national bodies, the main reason for this being that proper and democratic inquiry must be guaranteed in order to give the products the necessary legal mandate and market confidence. There are other positive effects in addition: the participation of SMEs is facilitated and the necessary marketing, sales and other services get a beneficial local touch.

However, the current system based on NSOs entails drawbacks:

- The system with national inquiry and voting is time-consuming and contributes to the sometimes extremely long development times for standards, which do not match the needs of the market
- The participation of multinational companies becomes complex and leaves the field open for imbalances in their representation and influence
- The maintenance of a national structure means that extra cost is added to the total system. Many national bodies today face problems in financing their operations. Some are heavily dependent on government contributions and others have diversified their earnings going beyond their standardisation activity, for example . by operating in the certification area. Such a mix of a standardisation mission with the intrinsic commercial interests of national SDOs has in a number of cases led to standardisation proposals in which the interest of certification services seemed higher than that of the market. In order to avoid such situations, Orgalime favours independent national SDOs focusing on their standardisation mission without financial links to certification services
- The standardisation system cannot always meet the requirements of consortia or for a, for example when the basis for consensus is too limited or when the time to market is short.

Despite the system shortcomings mentioned above, Orgalime believes that national standardisation organisations should remain the basis of regional (European) and international standardisation for many reasons:

- Standards produced in this way gain the consensus of the widest group of stakeholders, provided that NSOs remain independent, that is without financial ties with certification services
- International standards, as do European standards, benefit from the legitimacy provided through national inquiries. Moreover, through the legitimacy thereby acquired, market access to national markets is obtained, for example with the EU accepting transposition of international standards for providing presumption of conformity to EU legislation
- In a global economy the participation of multinational companies in the national bodies can develop into a resource
- Delays in standards development must not be overestimated: they have been already significantly shortened and further improvement is possible thanks to stakeholders' steady willingness and broader use of ICT tools.

Can the traditional standardisation system meet all requirements?

The established (traditional) standardisation system will never be able to meet the expectations of companies that sometimes would like to have a standard available before placing a product on the market. Conversely, the increasing number of fora constitutes a threat to the traditional standardisation system, if it is seen as the consequence of its inability to satisfy the needs of many stakeholders.

Orgalime believes that both traditional standards and fora/consortia deliverables are needed and in most areas do not conflict with each other.

- In areas where there is competition this should be seen as a healthy challenge to the traditional system and an encouragement to improve efficiency, to critically evaluate new work items and to stay focussed on the market relevance of its products. Orgalime suggests a tighter selection of new work items, by introducing a requirement to underpin votes in support of new work items with a solid argumentation. Such a system would be more selective than the current one, and would avoid computing abstentions as a supportive vote. Enhanced selectivity in new work items gives more focus on items that are backed by a real commitment
- In certain areas (e.g. those related to utilities and infrastructure) it is even crucial that the standards are kept within the traditional system. In sectors where there is an increasing convergence of products it is necessary for ISO/IEC to adjust structures and procedures in order to secure the consistency and coherence of standards and to work efficiency. This can be done by better coordination of activities among TCs dealing with similar activities (for example safety standardisation for machinery). In such cases, common ISO/IEC technical management body would give better use of synergies and improved coordination in projects with potential overlap problems.

Needs of fast moving and mature technologies

The challenge for traditional standardisation lies in addressing the needs of fast moving technologies. This is mainly a matter of improving efficiency and satisfying the needs of industrial stakeholders.

Orgalime believes that the following methods should be evaluated and tested in this respect:

- The technical work in some areas would benefit from a project-oriented approach to complement or even replace the traditional TC system
- Current consensus procedures are essential for standards that are often connected to regulations, in particular in safety, EMC, EMF and environment areas. In other areas, e.g. where the number of real stakeholders is smaller, less time-consuming

and more flexible procedures can be applied, even if they lead to full international standards

- The technical and administrative management of SDOs must be perceived as alert, keen and focused
- In strategic areas such as ICT, it is important that established standardisation organisations are seen by their stakeholders as transparent, efficient and market-driven. Co-operation between SDOs should be improved to avoid work duplication
- Orgalime does not believe in mergers between SDOs as a general method to increase efficiency or reduce cost
- A pragmatic attitude should be maintained towards private or fora standards. If these have demonstrated their value in the market, they should be considered for transformation into formal standards.

Nevertheless, Orgalime acknowledges that much of the strength, legitimacy and credibility of the present system lies in its structure with “permanent” TCs, which are rooted in a national mirror system. It also adds technical competence and market intelligence.

New deliverables

The so-called new deliverables cover a whole range of different products. Characteristically they are often developed in specific and fast-moving technologies by a few stakeholders, outside regular standardisation structures without public/national inquiries.

International and European standardisation organisations have made adjustments in their procedures in order to accommodate new products intended to compete with fora and consortia deliverables. The main reasoning has been to take advantage of their generally high credibility and large number of stakeholders. So far these efforts have met with mixed success.

Orgalime believes that the new deliverables are there because the market has a need for them. The decision to develop them outside the SDOs is probably most often made because of the need for short time-to-market and a desire to do the work among the really interested parties only. Should established SDOs offer the making of new deliverables, these should be proposed to their work programme and adopted according to strict, well-defined and generally known rules. Therefore, this means that not all new deliverables can be produced by the SDOs, and separate or additional structures and processes are unavoidable.

It should also be pointed out that the new deliverables produced by consortia and fora are usually within areas of limited consumer and government interest; the problem with the lack of public inquiry is therefore not a serious one.

Global relevance of standards

The global relevance of standards is an important issue, identified by the WTO. Global relevance is the required characteristic of an international standard that it can be used/implemented as broadly as possible by affected industries and other stakeholders in markets around the world. The criteria for standards to be recognised as globally relevant cannot be contested. They should:

- effectively respond to regulatory needs (which requires agreements on common regulatory objectives) and market needs (in the global marketplace)
- respond to scientific and technical developments in various countries
- not distort the market and have no adverse effects on fair competition
- not stifle innovation and technological development
- not give preference to characteristics or requirements of specific countries or regions when different needs or interests exist in other countries or regions
- be performance based as opposed to design prescriptive.

ORGALIME appreciates the work undertaken by the SDOs to provide fuller advice to committees on global relevance.

Orgalime is of the opinion that international standards should meet the criteria of global relevance and, at the same time, respect the meaning of an international standard, which is to provide a unique international solution.

When legitimate market differences are identified for a specific product or service, standardisation work should run a streamlining process and strive for the ultimate objective to publish an international standard that presents one unique international solution in all of its provisions. This streamlining process should not be seen as a way to transform international standards into empty shells, which would refer only to regional/national standards for detailed requirements, nor to transform international standards into catalogues of regional/national standards, nor to accumulate so-called options in the international standard, if they implicitly result in different performance or safety levels. When these market differences are in fact different regional or national regulations, an international standard cannot supersede them. Where needed, an informative document can explain these differences

In conclusion then:

- Orgalime considers the standards-making process as an essential tool to develop and underpin global markets for engineering products. Orgalime therefore strongly supports the promotion of the ISO/IEC standards system in the new and emerging markets in order to guarantee true global harmonisation and coherence of standards
- Orgalime believes that global relevance initiatives must not impede the main task of the international standardisation organisations, i.e. to publish international standards, globally accepted and used instead of private, national or regional conflicting standards
- Orgalime believes that improvements in the financial situation of the standardisation system should be sought mainly by reducing cost and increasing the efficiency of SDOs, including through regular review of both work programmes and participation in TCs. Increasing the participation of authorities in the process and hence in financing the process is highly desirable
- Orgalime does, however, not believe in mergers between SDO's as a standard solution for increasing efficiency or reducing cost
- Orgalime believes that both systems (traditional standardisation and private fora/consortia) are needed and that in most areas there is no real competition. New deliverables offered by the established SDO's must have strict, well-defined and generally known rules for their adoption. This means that not all new deliverables can be produced by the SDO's, and separate structures and processes are therefore unavoidable
- To identify issues and standardisation projects relevant for industry and other stakeholders, the SDOs should develop an evaluation and decision matrix.

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