

Subcommittee on Technology and Innovation
2318 Rayburn House Office Building
Washington, D.C. 20515
February 29, 2012

Promoting Innovation, Competition, and Economic Growth: Principles for Effective
Domestic and International Standards Development

Testimony of James L. Seay
President, Premier Rides
Baltimore, MD

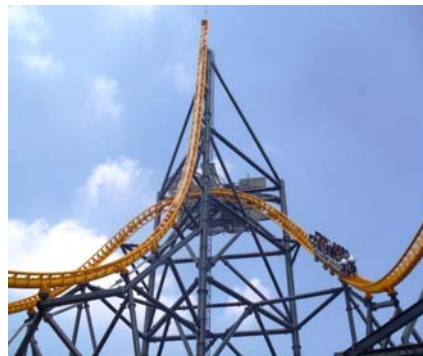
Chairman, ASTM International Committee F24 on Amusement Rides and Devices

Introduction

Good morning Mr. Chairman, members of the Technology and Innovation Subcommittee - my name is Jim Seay and I am the president and owner of Premier Rides, a small company in Maryland that is recognized globally as an industry leader in the design and manufacture of innovative amusement rides and attractions. Premier Rides focuses on the development of high tech rides that incorporate advanced elements such as non-contact magnetic drive systems that can both dramatically accelerate multi-ton trains to high velocities in seconds and stop them just as quickly. As an exporter, we ship millions of pounds of millimeter accurate, U.S. fabricated steel to locations like Singapore, Indonesia, and China. I am also the Chairman of the ASTM International's Committee F24 on Amusement Rides and Devices. Along with five hundred other members of ASTM Committee F24 from 24 countries worldwide, we provide thousands of voluntary hours annually towards the development and enhancement of amusement standards that improve safety in our industry by addressing design, operations, maintenance, quality control, measurements, testing and terminology. I am before you today to discuss how strong standards are vital to the success of a small company like Premier.



"Mad Cobra", Discoveryland
Dalian, China



"Yamaha Racing Coaster", Trans Studio Theme Park
Bandung Supermal, Indonesia

About ASTM International

ASTM International (ASTM) is a leading non-profit organization devoted to the development of voluntary consensus standards that are utilized by ninety industrial sectors in the US and in most geographic regions of the world. For more than 100 years, ASTM has served society as a leading venue for consumers, industry and regulators to work together in the development of voluntary consensus standards that promote health, safety, the environment, and that improve the overall quality of life. ASTM is accredited by the American National Standards Institute and meets World Trade Organization principles for the development of international standards. ASTM has a long and vibrant relationship with the National Institute of Standards and Technology (NIST) and over 150 researchers currently are engaged in ASTM's standards development activities. In all, there are 35,000 individual members of ASTM coming from 135 nations.

Public/Private Collaboration in Standards Development

Standards development organizations (SDOs) - such as ASTM International - help to drive innovation and advance our nation's competitiveness through the development of voluntary consensus standards used in research and development, commercialization, product testing, and quality systems. Current policies for the development and use of private sector technical standards continue to be extremely effective benefiting the Federal government and the regulated community alike. Such policies include reliance on the Office of Management and Budget (OMB) Circular A-119 (which implements Section 12(d) of P.L. 104-113, the National Technology Transfer and Advancement Act of 1995) to utilize voluntary consensus standards for regulatory purposes; and the U.S. government's commitment to base technical regulations on international standards that meet World Trade Organization (WTO) Technical Barriers to Trade (TBT) Agreement¹ principles. The government's commitment to these policies has led to an increased use of voluntary standards in the U.S. and elsewhere, and made government regulation and procurement more efficient and globally relevant.

Small and Medium Sized Companies

Premier Rides is a growing company of approximately twenty technical and marketing employees, plus a fabrication base of over 200 craftsmen. The expansion of global business is allowing us to add more staff. In the last month, Premier has added five new engineers, both entry level and senior level. We are currently interviewing to hire more engineers. Additional engineers mean more projects can be handled, which in turn means more work for our manufacturing facilities. I can honestly say without fair global standards that ensure a high level of quality and safety, Premier would not be delivering equipment overseas on the scale we are presently accomplishing. Simply put, the standards level the playing field.

¹ See the USTR TBT Agreement web page for a review of the Agreement, Decisions and Annexes at: <http://www.ustr.gov/trade-agreements/wto-multilateral-affairs/wto-issues/technical-barriers-trade>

The key principal to effective standards participation is fair treatment to all that take part in the process. Just over one-half (51 percent) of the ASTM membership comes from companies or organizations that have 250 employees or less. At a time when policymakers worldwide are examining ways to boost the engagement of small companies in international standards development activities, these individuals are well represented in the important work of ASTM by actively contributing their technical expertise to inform and shape standards, and – in many cases – leading committees, task groups, and even serving on the ASTM Board of Directors. The ASTM committee structure ensures balanced participations from stakeholders. While I am from a small company, my technical input and vote is equal to that of my colleagues on the committee from large multinational companies such as Walt Disney and Six Flags. Members from small companies play a critical role in today’s global economic infrastructure and their voice and technical expertise is crucial as ASTM works to meet the standards related demands and expectations of our stakeholders. In my committee, where our members are passionate about safety, any one of us can bring up safety issues to raise the bar. That is powerful.

Another reason for the success of small company engagement is the ever-evolving use of technology to lower barriers to participation and speed the process. ASTM has committed significant resources to provide an integrated electronic process from the inception of an idea for a new standard or revision to an existing standard through to its approval, publication and delivery. For example, virtual meetings, which combine teleconferencing with Internet document viewing and editing, have been a valuable tool in engaging additional experts and accelerating the development process. This is an especially important tool for small and midsize companies like Premier that do not have unlimited manpower and financial resources. Other resources such as electronic balloting with accompanying project management functionalities, the electronic distribution of meeting minutes, website tools for committee members and online collaboration areas for task group work add efficiencies to the process and further facilitate timely response to industry needs. While speed is important, the steadfast commitment to the principles of quality, transparency and consensus amongst all interested parties is never compromised in the standards development process.

Innovation and Competitiveness

To ensure that our nation’s vital Public/Private collaboration in standards development is positioned to respond to new challenges and opportunities created by advanced technologies of tomorrow, it is crucial that we remain committed to allowing industry and regulators the ability to choose from a broad portfolio of relevant international standards based on important considerations such as technical quality, market relevance, and global coherence. Government policies – whether in the U.S. or elsewhere – that limit government engagement to specific standards organizations, or that create preferences for standards from specific standards development organizations, threatens innovation and undermines the effectiveness of legislative or regulatory initiatives. In today’s complicated business environments, industries and regulators need standards from

multiple sources because no single standards developer is able to satisfy the standards needs of every industry or cross cutting regulatory challenge.

Standards, Regulations, and Barriers to Trade

The U.S. government is a signatory to the WTO TBT Agreement and is pledged to use international standards as the basis for technical regulations whenever possible, with a view towards eliminating the use of standards as barriers to trade. Our standards system is rooted in the principles of consensus, openness and assistance to others. Unfortunately, the standards policies of other countries and regions are more restrictive and often result in U.S. companies (including small companies like mine) having to comply with unfamiliar technical standards that were developed with limited U.S. input. In some instances, foreign governments dictate that international standards can only emanate from organizations such as ISO and IEC where countries are represented by a single “national body” organization.

The flexibility of our national standards process empowers the U.S. government and private sector to participate in international standards activities in a variety of ways: through organizations such as ISO and IEC where the United States is represented by a single “national body” organization; through treaty organizations where governments are members; through consortia, whose membership is typically technology based; and through professional and technical organizations and U.S.-domiciled SDOs whose membership is on an individual or organizational basis. Our national standards process offers enormous benefits to businesses, consumers, and society, facilitating innovation and strengthening economic competitiveness. But this process is not well understood by many outside the United States.

Accordingly, the U.S. government should do more to help foreign stakeholders understand the benefits of the approach embodied in the U.S. Standards System. To advance the diverse international standards objectives and interests of U.S. stakeholders, the U.S. government should continue to seek full implementation of the WTO TBT Agreement and annexes as well as decisions taken in the WTO TBT Committee. To that end, the U.S. government should continue to foster and support the unique character and strengths of the Public/Private partnership in standards development as it pursues trade and other international agreements, regulatory harmonization, and legislative and regulatory approaches. U.S. companies of all sizes invest their technical resources in the development of standards that match their interest and business objectives. In the case of F24, Premier participates because of a passion for safety that translates into setting a high bar for entry into the marketplace which benefits those that invest in quality. When barriers to the acceptance of such standards impair their ability to utilize them, it is these U.S. companies who are most affected through the need for additional product testing or possibly the need for product redesign to achieve the desired market access.

While it is possible for European standards to make reference to existing standards from ASTM and other standards bodies allowing some limited level of acceptance, there is currently no legal mechanism that exists in the European regulatory infrastructure to allow standards from U.S. domiciled organizations to achieve the same acceptability as

European standards or ISO standards. To this point, the U.S. government should engage their European Commission counterparts and recommend that they incorporate the international standards principles outlined in the Decision of the WTO TBT Committee into its legal framework and, in the context of Europe's New Approach to Technical Harmonization and Standardization, extend the presumption of conformity to any standard that fulfills the essential requirements of a Directive and is developed in accordance with these principles. Implementing this internationally agreed-upon approach would have far-reaching and significant effects, including: increases in harmony, efficiency, choice, flexibility, and much needed relief from expensive, duplicative procedures for companies that trade internationally. Fast moving areas involving advanced technologies stand to benefit the most from the ability to utilize a broader array of international standards through lower costs and time spent in developing standards.

Challenge to Small Businesses: Lack of Standards Coherence Internationally

A WTO TBT principle addresses coherence as follows, "In order to avoid the development of conflicting international standards, it is important that international standardizing bodies avoid duplication of, or overlap with, the work of other international standardizing bodies. In this respect, cooperation and coordination with other relevant international bodies is essential²".

For over 30 years, ASTM Committee F24 on Amusement Rides and Devices has brought together experts from around the world in an open forum to share best practices and develop safety standards for our industry. Out of this process has come a set of truly international standards that support the global amusement industry and promote amusement ride safety for people everywhere.

Despite the fact that our industry relies upon ASTM standards worldwide, the ISO has recently formed a new technical committee ISO/TC 254 Safety of Attractions, under the Chairmanship of the Federation of Russia. Working through ANSI, the U.S. objected to the creation of this ISO activity as it could lead to duplication of effort, divergence of performance requirements and impact patron safety.

There are a limited number of international experts in the field of amusement safety and they are currently over committed. Another initiative to develop yet another standard on amusement ride safety may fall short of expectations without the involvement of these key individuals. Members on the current ASTM F24 committee include regulators (including 20 state regulators), inspectors, engineers, technicians, designers, owner/operators and other interested parties. These professionals come from Australia, Brazil, Canada, France, Germany, India, Italy, Japan, Russia, Switzerland, the United Kingdom, and the United States. While several of the countries involved in ASTM F24 voted no to the ISO proposal, the proposal received approval through the support of

² See the USTR TBT Agreement web page for a review of the Agreement, Decisions and Annexes at: <http://www.ustr.gov/trade-agreements/wto-multilateral-affairs/wto-issues/technical-barriers-trade>

countries that do not currently have amusement ride standards nor do they have experts in the area of amusement ride safety.

Development of additional amusement ride safety standards under a different process will be expensive and time consuming, which can be avoided by recognizing ASTM F24 standards as the global standard practice for amusement ride safety. These standards meet the WTO criteria, have multinational involvement, and have global reach. For the amusement industry and others, ASTM International is a proven international SDO and F24 standards are recognized as relevant international standards as they meet the needs of the global amusement industry.

Even though Premier is experiencing success in China, a similar situation to the ISO issue is occurring. The field of entertainment is rapidly expanding in China. Opportunities for U.S. companies in the entertainment field are significant. However, in the rush to provide new entertainment experiences to the public, developers in China incorporated subpar equipment made in China with virtually no safety standards oversight. Serious accidents occurred and China reacted not by adopting the ASTM Standards, but by writing their own, which to the technical experts of the industry have significant challenges. A past NIST's Standards and Trade workshops with delegates from Chinese industry identified amusement park rides as one potential sector of interest, educating and creating linkages for industry and standards experts worldwide. I see a major opportunity to assist in promoting existing standards and without such an effort, the independent efforts might result in trade barriers and affect the growth of companies like Premier.

Global Recognition for Small Businesses

In a global environment, it is extremely difficult for a company like Premier Rides to stand out. As noted, participation in a standards process where a small company's contributions carry weight (ASTM's one company / one vote policy) help level the competitive field. Recognition programs are another important element. Premier is a member of the International Association of Amusement Parks and Attractions (IAAPA). Annually, IAAPA holds multiple expositions throughout the world with the largest here in the United States; up to 30,000 in attendance. IAAPA has encouraged industry participation in NIST's Malcolm Baldrige National Quality Award Program. Awards such as this, which require significant dedication, can provide instant global credibility, open doors, and such programs should be both supported and encouraged.

Conclusion

In summary, existing U.S. standards policies promote Public/Private sector standards development efforts that reduce the cost and improve the management and effectiveness of government, while reducing global technical barriers to trade. Small and medium sized companies have an effective voice in the process. In order to advance the global competitiveness of U.S. companies of all sizes, the U.S government should promote global implementation of WTO TBT Agreement principles for international standards

and avoid the unnecessary and costly obstacles that are created when our trade partners create policies that create preferences for European or ISO standards. I appreciate the opportunity to appear before you and look forward to working with you.