

OPENING STATEMENT

The Honorable Ben Quayle (R-AZ), Chairman

Subcommittee on Technology and Innovation

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

February 29, 2012

Good Morning. I'd like to welcome everyone to today's hearing, which is being held to examine the principles of effective standards development; the process by which the Federal government, industry and other stakeholders promote those principles internationally; and the ways some of our trading partners use standards as technical barriers to trade.

Standards play a critical role in both the domestic and international economies. Standards provide certainty for both producers and consumers, enabling technologies to emerge and markets to develop. While standards are pervasive throughout the economy, their role in the marketplace is not widely appreciated. Standards enable cell phones from different carriers to communicate with each other. They allow microprocessors to operate in computers made by different manufacturers. And, standards ensure that electrical appliances can be used throughout the United States.

Along with providing market certainty to producers and consumers, the process by which standards are developed is also crucial to competitiveness and innovation.

In the United States, standards development has historically followed a market-driven, voluntary consensus approach. This system has proven to be effective because it allows relevant stakeholders, including small and medium-sized enterprises, to contribute in the development process, ensuring the final standards have broad market relevance. As a result, our standards development process has promoted innovation and competition.

However, different industries have unique needs for standards. Whereas mature industries require standards to provide product specifications to producers, emerging technology industries may want to avoid standardizing at an early stage, as this could stifle innovation and the development of potentially superior technology. Timing, therefore, is a critical issue. It is also important that standards remain dynamic, allowing opportunities for incorporation of new technologies.

These principles have proven to be effective in promoting innovation in standards development processes. However, they have not been universally adopted.

Many countries have taken a top-down approach to standards development. In some instances, trading partners have mandated standards as a means of protecting their domestic industries. In other cases, countries have implemented standards without adequate notification periods. This can be especially burdensome for small and medium sized enterprises, which do not have abundant resources available to comply with changing rules. Other countries require a local presence or partner to participate in their standards development processes. In each case, these

approaches to standards development can inhibit competition and innovation, and can hurt U.S. producers seeking to export their products.

Today, we will be looking at the principles of effective standards development processes, and will seek to understand the ways in which the Federal Government and stakeholders promote these principles abroad. We will also analyze some of the ways that standards and conformance assessment can be used by trading partners as technical barriers to trade. Finally, we will seek to understand the ways in which the Federal Government, industry, and other stakeholders can act to address instances where standards are used as technical barriers to trade.

We have an excellent panel of government, industry, and stakeholder witnesses who will share their insights on these topics with us. I'd like to extend my appreciation to each of our witnesses for taking the time and effort to appear before us today. We look forward to your testimony.