

**DIN contribution
on cooperation between the USA and Europe
in using standardization to support negotiations on
the Transatlantic Trade & Investment Partnership (TTIP)**

Introduction

Transatlantic trade is very important for many European countries. For better understanding the needs of trade partners, DIN has organized a workshop which took place on 24 June 2013. The results mainly reflect the needs and expectations of stakeholders in Germany. However, it is our presumption that stakeholders in other European countries may come to similar conclusions.

Removal of non-tariff barriers to trade

During the preparations for the negotiations on the Transatlantic Trade & Investment Partnership (TTIP), the reduction of non-tariff trade barriers was identified as an area in which significant progress and economic growth can be achieved. Reducing non-tariff trade barriers is especially helpful for small and medium size businesses.¹ The upcoming negotiations will focus on non-tariff barriers such as the differences in regulatory approaches, conformity assessment systems and technical rules. The standards organizations are being presented with a historic opportunity and a chance to take advantage of the political will. The aim is to discover new forms of cooperation that will make uniform standards and specifications available to companies in the US and in Europe, helping to lower costs and open up markets rather than creating obstacles.

The roles of Germany and of DIN

Being a high-export economy, Germany fully supports the objectives of a free trade agreement. As a member of CEN, DIN sees its task as a facilitator in the harmonization of the European and US standards collections, providing a service to industry and society as a whole. As one of the major players in European standardization, DIN takes on the responsibility of representing German interests in this endeavour while at the same time maintaining a firm focus on Europe and an international orientation.

The challenges

The past has shown that attempts at developing international standards and at applying them in transatlantic trade have often failed due to the different approaches to international standardization, different forms of cooperation with legislators, and different business models and conformity assessment models. For example, the Europeans' recommendation that the US implement ISO/IEC Standards as national standards has yet not been taken up. And various US standards developing organizations (SDOs) have on their part failed to get American standards recognized as ones which indicate compliance with European "New Approach" Directives.

The opportunities

Because of this past experience, German businesses, associations and organizations active in standardization all agree that the most promising solution would be to single out certain areas in which bilateral standards and specifications can be developed. Such areas include highly innovative topics and technologies for which an established body of standards does not yet exist. The less formal specifications can serve as catalysts for developing innovative technologies. International Standards provide investment security and easier access to international markets - factors which ensure a faster return on investment.

Topics involving several industrial sectors lend themselves especially well to such bilateral standardization work because their heterogeneity makes the danger of diverse solutions all the greater. Working in newer areas also makes it possible to harmonize legal frameworks on both sides of the Atlantic at an early stage.

Possible topics for cooperation are:

Automotive technology

(Source: German Association of the Automotive Industry (VDA))

Different regulatory systems increase the cost and time needed for vehicle registration.

Europe requires: Type approval according to Framework Directive 2007/46 and the UN/ECE regulations

The US requires: Self-certification on the basis of Federal Motor Vehicle Safety Standards (FMVSS) and environmental certification e.g. according to regulations of the Environmental Protection Agency (EPA) or the California Air Resources Board (ARB).

The following differentiation should be made during the upcoming negotiations:

1. For existing regulations, the highest goal is to ensure mutual recognition of whole vehicle certifications. The minimum goal is to achieve functional equivalence of legal provisions (with certification in each country still being necessary).
2. For future regulations: The VDA recommends initiation of a joint regulatory harmonization process that will support the joint development of voluntary standards prior to regulation.

Development of common standards

The VDA supports DIN's efforts in coordinating the work of SAE, UL and ASTM with ISO and IEC on harmonizing projects.

Objectives/advantages:

- No divergent requirements for vehicles and their components
- Creation of a uniform platform for standards work
- Bundling capacities of experts for developing standards

High-priority projects:

- Electromobility (inductive charging)
- Uniform terminology for future systems and technologies
- Uniform human-machine interfaces (HMI)
- Uniform definition of requirements and test processes for subsystems such as camera monitoring, parking assist, vehicle recognition, environment detection, road sign recognition
- Definition of and requirements for road boundaries, road surface markings and shoulder markings
- Definition of safety-relevant traffic information and the associated data transmission requirements

Mechanical engineering

(Excerpts from: VDMA Focus on Regulatory Cooperation in the Mechanical Engineering Sector, <http://www.vdma.org/article/-/articleview/1664962>)

VDMA has identified five topics within the field of regulatory cooperation to be focused on:

1. Mechanical safety

Since there are different legal systems in the U.S. and in Europe concerning the mechanical safety of machinery, the VDMA proposes the harmonization of technical requirements for machines in line with the principle of consensus-based (technical) standards.

2. Electrical Safety:

Technical harmonization

Most appropriate and quickest route: bilateral agreement to accept internationally recognized IEC-standards
Alternative route: Check of relevant U.S. standards regarding relevant safety requirements in comparison with the IEC counterparts used in Europe and subsequent harmonization of existing significant differences

3. Pressure equipment

It would be of considerable help for European manufacturers if the results from standardization activities on welding or NDT on the ISO level would be implemented (and acknowledged) in the existing product standards in ASME.

Resume talks between EU representatives and ASTM experts to find possibilities to facilitate an easier mutual acceptance of materials (steel grades) for pressure equipment as far as this is technically feasible.

4. Explosion protection

In the field of electrical explosion protection an alignment of the requirements on the basis of IEC standards – already elaborated by experts from both sides of the Atlantic Ocean - is just hindered by established different procedures; a mutual agreement seems to be realizable by negotiations about the technical differentials.

5. Food contact material in machinery

More possible topics:

- Biotechnology
- "Industry 4.0" (advanced manufacturing)
- Supply chain security
- ICT/Data flow/Data protection/eCommerce
- LED technologies
- Smart Cities
- "Smart grid" (understood in America as a modernized electrical grid)
- Liquefied petroleum gas, liquid methane gas

New options for operative cooperation in technical harmonization

US SDOs have reservations regarding work within ISO/IEC at international level, and regarding the national implementation of the standards resulting from this work. There is only a limited number of examples, namely in the mechanical engineering sector, of successful collaboration within ISO/IEC and the subsequent implementation of results in the USA. A new approach is therefore needed to make progress in the transatlantic harmonization of technical rules.

One approach would be the mutual recognition of existing standards and specifications such as European Standards (ENs), DIN Specifications (DIN SPEC), ANS Standards or SAE Standards.

Here is an example from the electromobility sector: SAE has aligned its SAE Recommended Practice J2847/2 "Communication between plug-In vehicles and off-board DC chargers" with DIN SPEC 70121.

Another approach is the bilateral development of specifications, for example suitable topics could be identified on which DIN/CEN, DKE/CENELEC and US SDOs would draw up identical specifications, producing initial results that could serve as "best-case scenarios" for further projects. In a second step these specifications could be introduced to international standardization at ISO and IEC - at this point they will have been accepted by two large economies, thus encouraging the opening of markets as required by the WTO.

Preconditions

Efforts towards the bilateral harmonization of new standards and specifications can only be successful if they are embedded within a framework set up by political as well as economic actors. Such efforts not only involve regulatory harmonization within the scope of the TTIP negotiations but also shaping the details of the approaches discussed above. To this end it is necessary to assess and prioritize topics for development with the full participation of industry and technical associations.

Work structure in Germany and Europe

In Germany it should be investigated as to whether national working groups can be set up with the strong participation of industry who can push forward with their work with economic interests behind them. Such groups should also be able to work well with US structures. The objective of such working groups would be to identify, prioritize and develop relevant topics.

It is also recommended that a coordinating body be set up at European level modelled on the CEN/CENELEC/ETSI Cyber Security Co-ordination Group.

Background

The US and Europe have very different standardization structures and approaches. The American National Standards Institute (ANSI) is responsible for the accreditation of Standards Developing Organizations (SDOs) within the US, although it does not carry out technical standardization itself. At present over 250 SDOs have been accredited by ANSI, some of which endeavour to develop standards that are international in nature. In the US, standards are products that sometimes compete with each other when they are on the same topic. The American SDOs work with ISO and IEC, with the resulting standards only in a few cases being adopted as national standards within the US.

In Europe, each country has a national standards organization that is a member of the European standards organizations CEN and CENELEC. These organizations send experts to represent their national positions in European technical committees. European Standards are then adopted as national standards, with any conflicting national standards being withdrawn. In Europe international standardization at ISO/IEC takes precedence over European and national standardization. Some International Standards are also adopted as national standards. The aim is to build a collection of standards that is as international in nature and as consistent as possible.

ⁱ According to the study conducted by the Ifo Institute for Economic Research in Munich "Dimensions and Impact of a Free Trade Agreement Between the EU and the USA"